

The Los Angeles **Convention Center** Expansion Project



July 2025

CONTEXT

CONTEXT

April 9, 2025

Instructed the CAO/ CLA to **re-engage in negotiations** with APCLA under the framework of the **Phased Delivery Option**, and report back on a proposed Project Executive & the critical path team of consultants; and the estimated cost and timeline to complete several work streams under existing contract parameters.

Proceed with a phased delivery with APCLA

- Complete PA by June 20, 2025
- Construction start by September 17, 2025
- Debt service payment begins in 2028-29

Report Back on:

- Project Executive and the critical path team of consultants
- Cost / timeline to complete these within existing contracts:
 - A. A Value Engineering process
 - B. Projected revenue ranges, other possible revenue sources
 - C. Projected revenues from signage options
 - D. Projected annual operating expenses for the completed project
 - E. Identification of additional financing mechanisms, timing, and potential deal terms to further reduce the City's overall liability and obligation and increase revenues to the City's general fund
 - F. Timeline and actions required to secure final approval of the necessary amendment(s) / legislative reliefs to the State and Local Agreement
 - G. Impact of tariffs and a weakened economic environment



PROJECT STATUS

OVERALL PROJECT STATUS

**Construction Impacts to Existing Convention Center
Occupancy**

Olympic Readiness

Power Needs for the LACC Project

Schedule Constraints on PA Development



PROJECT EXECUTIVE AND THE CRITICAL PATH TEAM

STATUS UPDATE | Project executive and the Critical Path Team

In-House Team

CAO	Project Co-lead / City Financial Lead
CLA	Project Co-lead
BOE	Project Manager, Technical Lead, & Subject Matter Expert
City Attorney	Legal Support
City Tourism Department	Subject Matter Expert
BCA	Subject Matter Expert
City Planning	Subject Matter Expert

Consultant Team

Psomas	Project Executive Consultant
Ernst & Young Infrastructure Advisors	Project Management and Financial Advisory Services
Rider Levett Bucknall	Independent Cost Estimator
Mott MacDonald	Technical & Subject Matter Expert
Pars Duo	Subject Matter Expert
Nossamon LLP	Legal Support
Sign Value	Subject Matter Expert
Walker	Subject Matter Expert
CSL International	Subject Matter Expert

VALUE ENGINEERING PROCESS

STATUS UPDATE | Value Engineering Process

300+
potential VE ideas
(~\$420M)



Impact to project cost and schedule

Impact on the scope of the project

Level of effort required to implement the
cost saving idea

*No substantial redesigns, complicated
permitting process, or reduced scope
beyond the City's satisfaction*

56
selected VE ideas
(~\$124M)

+ \$27 million under
further review and
analysis

Estimated*
\$10.2M
Reduction in
Annual Debt
Service

* Estimate as of June 10, 2025 interest rates. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.



STATUS UPDATE | Selected Value Engineering Items

Remove Gilbert Lindsey Plaza from Scope of Work	\$52,500,000
Remove Level 270 South Hall Meeting Rooms (x7)	\$19,373,000
Simplification of Multi Purpose Space (MPS) ceiling design strategy	\$7,749,000
GCs/GRs: LACC Free Parking	\$5,005,000
LADOT 3" Conduit	\$3,027,000
PWJV-provided Site Security Guards	\$2,424,000
Building Information Modeling (O&M)	\$2,422,000
Card Readers at Existing Doors	\$2,270,000
Existing facility airwall upgrade	\$2,009,000
Unrealized VE on Wood Paneling	\$1,917,000
Elimination of SS panels at HALO	\$1,792,000
50% Reduction in MPS Floor Box Grid	\$1,695,000
Move PWJV Offices into South Hall	\$1,668,000
50% Reduction in Solatubes	\$1,648,000
Use conduit stubs / J-hooks in lieu of conduit for security	\$1,453,000
Other Recommended VE Items (41 items)	\$17,197,000
Total:	\$124,150,000

STATUS UPDATE | Value Engineering Ideas under Review

Kitchen and Concessions Allowance - CA1	\$19,020,000
Reduction in Pico Soffit Panel SF	\$8,008,000
Reduction in perforated metal lane divider screens at Pico Passage	\$349,000
Total:	\$27,377,000



RECOMMENDATIONS | Gilbert Lindsay Plaza

- Keep the GLP scope out of the LACC Project
- To the extent allowed by existing ordinances and subject to the Department of Cultural Affairs, earmark the Arts Development Fee that is due as a result of the LACC Project to a standalone GLP project
- Form a City GLP project team to initiate a procurement process for design and use the Arts Development Fee from the LACC Project to fund the design
- Once a design is complete identify the construction cost for the GLP project and the funds including but not limited to the Arts Development Fee from the LACC Project
- Initiate a procurement process for the construction of the GLP project



PROJECTED REVENUES

STATUS UPDATE | Projected Revenue from Operations

Convention Center Operating Revenues

New Digital Signage

Parking

Events

Updated Projections
+ \$2.5 million
in annual projected revenues



STATUS UPDATE | Projected Revenue from Signage

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The City and the consultant team do not believe that an expanded signage program would generate a material increase in revenue.



STATUS UPDATE | Projected Revenue from Signage

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Factors considered in the design of signage space:

The aesthetic appeal of the convention center

The current Sign District regulations

Avoid a dilution in market value due to oversaturation

The City's requirement for all signs to be architecturally integrated into the building



STATUS UPDATE | Timeline & Actions Needed for Final Approval of freeway facing signs

AB 770 (Gonzalez) Introduced

Would allow the City to advertise products, goods, or services sold, or marketed or promoted, on the premises of a convention center on its digital signs proposed as part of the LACC Project, thereby facilitating revenue generation assumed from the signage program.

Requires policy input from the Assembly Governmental Organization and Appropriations Committees in addition to the Senate Transportation and Appropriations Committees

Subject to the Federal Highway Beautification Act

If the City receives a notice from the US Department of Transportation, the Federal Highway Administration, or any other federal agency that the operation of that display will result in the reduction of federal aid highway funds the City will have to remedy and revenues would be reduced.

The City should coordinate with the State of California and the federal government to amend the 1968 federal-state agreement ("FSA").



PROJECTED OPERATING EXPENSES

STATUS UPDATE | Projected Operating Expenses

March 2025 Report

Thirty-year Average Annual
Operating Expenses

\$64M

Now

Thirty-year Average Annual
Operating Expenses

\$61M

*\$3M reduction due to VE
Exercise and removing GLP
from the scope*



FINANCING OPTIONS & ECONOMIC CONDITIONS

STATUS UPDATE | Financing Mechanisms

The City has not identified any additional real estate financing mechanisms or other financial options that may further reduce the City's overall liability

The driver of the City's overall liability on the project will be the PA, which is under negotiation.



STATUS UPDATE | Impact of Tariffs and a Weakened Economic Environment

Increased cost of material (e.g. steel / aluminum) & labor

ROM
**\$30M-
\$50M**
Impact on LACC
project costs

Reduced City Revenues (from the project OR overall economic activity)

Reduced tourism, lower consumer spending, declining business activity

Lower attendance at conventions/trade shows → Reduced ROI



