

MOTION

The proposed expansion and modernization of the Convention Center represents a significant investment in a vital City asset and our downtown core. However, the project proposal before the Council includes a number of known and unknown risks, jeopardizing the Convention Center as a venue for the 2028 Olympic and Paralympic Games and putting City finances in jeopardy for decades to come.

Known risks include the cost, which has risen from approximately \$1.4 Billion in June 2024 to \$2.2 Billion in January 2025, and now stands at \$2.7 Billion. Even with \$566 Million incorporated as “city-retained costs” to control for overages, tariffs on construction materials, responsibility and requirements for electrical service delivery, and the uncertainty of freeway-facing signage revenue remain unknown cost risks.

The City Administrative Officer (CAO) now estimates an average net negative General Fund impact of \$111 Million per year over the next 30 years. This assumes the City achieves all other anticipated revenues and does not see increases in cost. In the project’s early years, the impact on the General Fund will be greater, averaging \$160 Million from 2031-2034. The CAO has stated that this debt service obligation will consume all anticipated revenue growth into the foreseeable future, at a time of great economic uncertainty compounded by the loss of federal and state funding.

Another known risk is the schedule, which allows for only 20 days of float and already includes 6-day work weeks. Any delays could compromise the ability to meet the Olympic Readiness deadline of March 31, 2028, at which time a separate contract agreement with LA28 could result in the City assuming the costs to relocate multiple events for the 2028 Games. Additional known risks to this schedule include a full resolution of fire/life safety and spectator egress for these major events, as well as the expectations for the Los Angeles Department of Water and Power (LADWP) to design and deliver power to the project. LADWP does not yet have in writing the final temporary test load or power load specifications, or the timeline by which they will be expected to deliver, let alone whether this project will impact their overall capacity to design and deliver ongoing efforts city-wide, including the Palisades reconstruction and planned efforts with the Port of LA and LA Metro.

Furthermore, the sole-source nature of this project was put together when different conditions were assumed, including issues related to the scope of this project, issues related to AEG’s involvement, and issues related to cost and timing. The City would be in a better position to control costs and deliver a modernized convention center if it initiated a new RFP process.

As proposed, the expansion project before us presents unacceptable risks to both cost and schedule. However, it is critical that we consider alternatives that balance both this needed investment in our downtown with a financially responsible approach, so we can continue to generate high-road jobs and new revenue that does not pit this effort against other General Funded-priorities such as our Public Works, Sanitation, Police, and Fire.

I THEREFORE MOVE that the Council instruct the City Administrative Officer and the Chief Legislative Analyst, with the support of other City Departments to:

1. Close out all activities associated with the current Convention Center Expansion (LACC Expansion) project plan;
2. Use the city's investment in the Early Works Agreement to evaluate and report back within 30 days with deferred maintenance on the existing footprint Convention Center, upgrades necessary and appropriate to bring the Convention Center into the 21st Century, including technology and accessibility, with options that can be completed prior to March 2028, and a competitive bidding process to select project delivery partners (the "Convention Center Modernization Project"). This Convention Center Modernization Project scope of work should include: major activities, such as installation of Figueroa-facing Digital Signage and installation of Freeway-facing Digital Signage to the degree allowed by law; renovation of Gilbert Lindsay Plaza; implementation of electrical system improvements to ensure adequate electrical service to an expanded LACC and enhanced signage program; focused improvements such as ADA improvements in the West Hall and South Hall; cosmetic upgrades to enhance the visitor experience; elevator and escalator improvements; replacement of West Hall airwalls; repair/replacement of existing Fire Pump systems; upgrades to the South Hall Smoke Control System; replacement of existing facility BIMS controls; and other facility upgrades;
3. Identify and report back within 30 days on any infrastructure improvements needed to support the Convention Center Modernization Project, including utility upgrades to support the project, and a plan to initiate and complete those improvements at the earliest possible date, with all work to be completed no later than March 2028;
4. Identify and report back within 30 days on any additional actions necessary to reduce risks and deliver the LACC Modernization Project ahead of the 2028 Olympic and Paralympic Games; and
5. Instruct the CAO, with support of the CLA, BOE, and the City Tourism Department, to report within 30 days with an expenditure plan to fund the Convention Center Modernization Project.
6. Evaluate and report back within 120 days on options to initiate a new RFP for an Expansion project that would expand the footprint of the existing Los Angeles Convention Center upon conclusion of the 2028 Games, and consider and report back on other options for the Convention Center site that would maximize the site's positive economic impacts on the Downtown Los Angeles and greater regional economy; It should include an evaluation of potential closure of Pico Boulevard instead of a bridge; housing and/or hotels on the Convention Center site.