LOS ANGELES CONVENTION CENTER ANNUAL REPORT 2015-2016



LOS ANGELES CONVENTION CENTER



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BRAD GESSNER Senior Vice President of AEG Facilities and General Manager of the Los Angeles Convention Center

I am honored and pleased to present the 2015–2016 LACC Fiscal Year (FY) Annual Report.

LACC has had an outstanding and record breaking year. We not only achieved financial success for the Convention Center, but also for the City of Los Angeles; all while remaining an enduring symbol of environmental sustainability and social responsibility. In this past year we have significantly exceeded revenue expectations and nearly tripled the prior year's profits to a record-breaking profit of \$8.1 million. LACC also completed a myriad of Capital Improvement (CIP) and Alteration & Improvement (A&I) Projects to further enhance building operations and received LEED® EB:O+M Gold recertification. In the following pages, you will find highlights of our past year and testament to our commitment to excellence.

On the financial front, LACC ended this fiscal year with an operating profit of \$8.1 million. This was the ending profit after reimbursing the City of Los Angeles \$1.6 million for the Department of Convention & Tourism Development (CTD) overhead. Moreover, the City also profited from our success garnering a total economic impact of \$548 million annually and creating and sustaining over 5,900 local jobs all based on indirect and direct spending from the events hosted at our facility. To top it off, our financial goal for establishing a \$2.1 million reserve in the first five year term of our management agreement has already been surpassed with \$6.1 million in the reserve at the conclusion of FY 2015-2016. In addition to financial success we completed 10 Capital Improvement Projects (CIP) and over 40 completed and in progress Alteration & Improvement (A&I) Projects. These projects included carpet replacement, roof repairs, installation of waterless urinals, and the addition of high-end lobby furniture, security cameras and more. All of these CIP and A&I projects are focused on enhancing the guest experience, providing a safer and more secure facility and improving sustainability. In 2015 LACC was the largest convention center in the U.S. to receive LEED® EB:O+M Gold recertification from the US Green Building Council; an award that serves as a symbol of our commitment to environmental sustainability and social responsibility.

Our accomplishments are the result of a talented and hardworking staff, working in tandem with our partners at the CTD and LA Tourism and Convention Board as well as AEG Corporate. Going into our third full fiscal year, we look forward to continuing to deliver the highest level of service and experiences.

from the GENERAL MANAGER



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LACC MISSION STATEMENT

To serve the city of Los Angeles by providing exemplary facilities and services to our event producers and attendees and to generate significant economic benefits for the Greater Los Angeles region. Additionally, our goal is to leverage our assets within the Sports and Entertainment District to provide event and entertainment opportunities to our citizens.



2015-2016 HIGHLIGHTS

SIGNATURE EVENTS

Los Angeles Convention Center (LACC) is proud to offer clients and guests versatile, flexible space capable of accommodating a myriad of events ranging from the largest Japanese animation convention to the Special Olympics.

E3 2016

Electronic Entertainment Expo aka E3 is the world's premier trade show for computer, video and mobile games and related products. At E3, the video game industry's top talent packs the LACC, connecting tens of thousands of the best, brightest, and most innovative professionals in the interactive entertainment industry. This year E3 announced over 50,000 people were in attendance. E3's record setting social media in 2016 included 7 million posts on Twitter alone.

WonderCon 2016

WonderCon is the sister show of Comic-Con International in San Diego. 2016 marked WonderCon's 30th anniversary and first time in Los Angeles. As one of the fastest growing and most popular shows on the comic convention circuit, WonderCon boasts a large and varied exhibit floor with a diverse programming schedule that covers everything from comics, television shows, movies, video games, toys and more.

Kaskade Concert 2016

The 2016 Kaskade Concert made LACC history! The multiple Grammy Award nominee, world-renowned recording artist, DJ, and producer held the first electronic dance music happening ever at LACC. 20,000 enthusiastic fans danced in over 300,000 sq. ft. of exhibit space specially outfitted with extensive lights and sounds to create an exceptional experience.

Anime Expo 2015

Anime 2015 continued its tradition of growth attracting over 90,000 registrants. The 2015 event featured expanded exhibits, over 70 notable guests and performers, and a turnstile attendance of 260,700 people. Anime Expo also extended its contract with the LACC and will remain at the venue through at least 2019.





Kaskade Concer



Anime Expo







Los Angeles Auto Show



Comikaze Expo



Special Olympics

KCON 2015

KCON is the premier Korean-culture and K-Pop convention and festival. 2015 was the first time the event was held at the LACC and neighboring STAPLES Center. Attendance increased by more than 10%. The bi-coastal event brought more than 227 special guests and 127 programs offered on site including workshops, panels and meet-and-greets.

Los Angeles Auto Show 2015

The Los Angeles Auto Show, an LACC staple annual event, is known as the first major auto show of the season. The large 720,000 sq. ft. exhibit featured the latest cars and new technology. The event brought together industry, press, and consumers to experience the latest in automotive technology. The LA Auto Show returns November 2016.

Comikaze Expo 2015

Stan Lee's Comikaze Expo is a multi-media pop culture convention, held annually at the LACC. Comikaze assembles the most exciting and innovative in comics, video games, sci-fi, fantasy, horror and all things pop-culture. For its 5th year the event attracted 75,000 fans from around the country hosting over 700 diverse artists and vendors, selling exclusive, rare and limited editions of comics, collectibles, art, toys and other hard-to-find merchandise.

Special Olympics 2015

In 2015, LACC had the distinguished honor of being part of the Special Olympics World Games LA. The event featured 25 Olympic-style sports, 7,000 athletes and 3,000 coaches representing 177 countries, along with 30,000 volunteers and an anticipated 500,000 spectators. The 2015 Special Olympics World Games was the largest sports and humanitarian event anywhere in the world in 2015, and the single biggest event in Los Angeles since the 1984 Olympic Games. Events hosted at LACC included Table Tennis, Bocce, Roller Skating, Handball, Badminton, and Powerlifting.



AWARDS & RECOGNITION

LACC prides itself on being the prime site for events, trade shows, and conventions. This 2015–2016 year we have been recognized for our excellence and hailed for our sustainability efforts.

- 2016: Los Angeles Business Journal Business Hall of Fame Award Certificate of Excellence – TripAdvisor Facilities & Destinations Prime Site Award
- 2015: USGBC LEED EB:O+M GOLD Recertified

USGBC-LA Sustainable Innovation Awards: Materials & Resources Category Facilities & Destinations Prime Site Award Los Angeles Business Journal - Business Hall of Fame Award County of Los Angeles Commendation (AEG) - LA Veterans and Families Stand Down

















ENVIRONMENTAL INITIATIVES & SUSTAINABILITY

Environmental sustainability is embedded in the Los Angeles Convention Center's culture and permeates every aspect of our day-to-day operations.



INCREASED WASTE DIVERSION RATE TO

Replaced 710 conventional toilets with 710 low-flow toilets, self-flushing 1.28 GPF units plus, installed 15 waterless urinals

Retrofitted existing T-12 (non-energy efficient lamps) in approximately 80% of wall washers, throughout the facility with 14-watt LED tube lamps

Replaced 30,000 sq. ft. of turf around the facility with drought-tolerant landscaping; estimated water conservation of 320,000 gallons/per year





New trash and recycling bins made from 97% recycled milk jugs were purchased for the meeting rooms and exhibit halls



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CORPORATE SOCIAL RESPONSIBILITY

AEG 1COMMUNITY

AEG's mission, "giving the world reason to cheer," applies to our business approach, but more importantly, the role we all have as citizens. We provide community outreach and leadership development opportunities to LACC staff by encouraging participation in volunteer activities. This fiscal year, LACC employees took advantage of a number of volunteer opportunities.



Distributed turkeys during the **THANKSGIVING TURKEY GIVEAWAY**



National Wear Red Day



Served as mentors to middle school students through the **YOUNG STORYTELLERS FOUNDATION**



Wore denim in support of **DENIM DAY** in observance of Sexual Assault Awareness & Prevention Month and wore red in support of American Heart Associations' National Wear Red Day – Go Red for Women

Participated in the **READ-TO-A-CHILD PROGRAM** at 10th Street Elementary



THE LACC TEAM

EXECUTIVE TEAM



Brad Gessner Senior Vice President & General Manager



Ellen Schwartz Assistant General Manager



Keith Hilsgen Vice President, Finance



Ruben Lechuga Vice President, Security & Guest Services



Carisa Malanum, CMP Vice President, Event Services

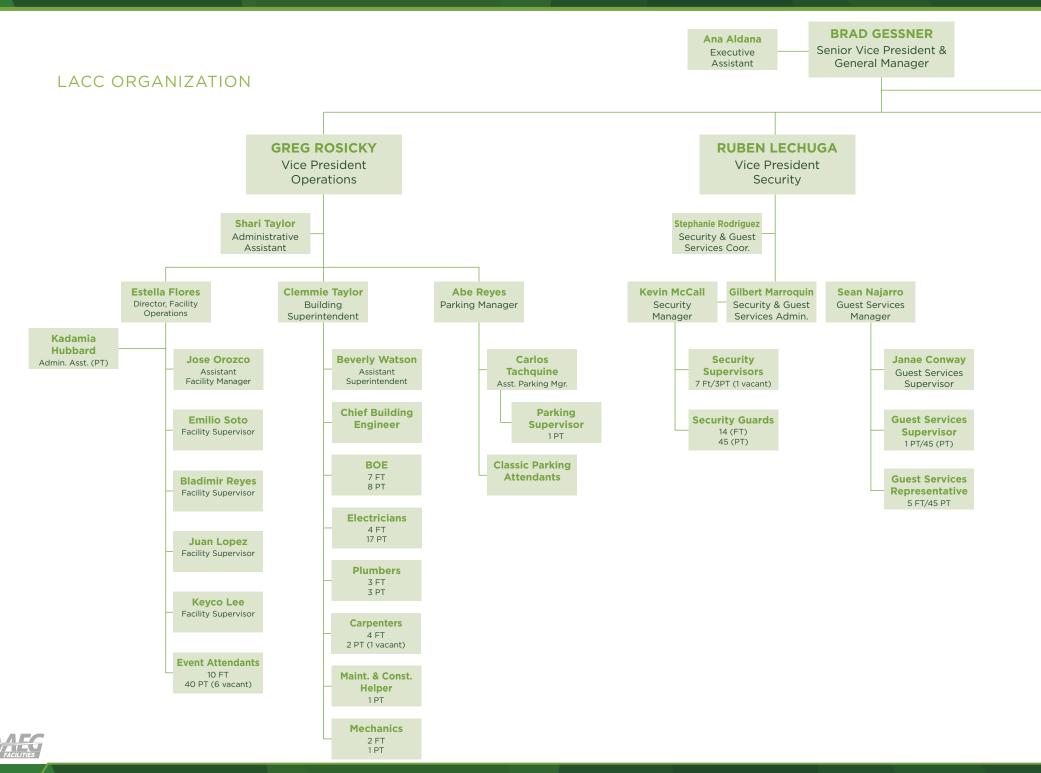


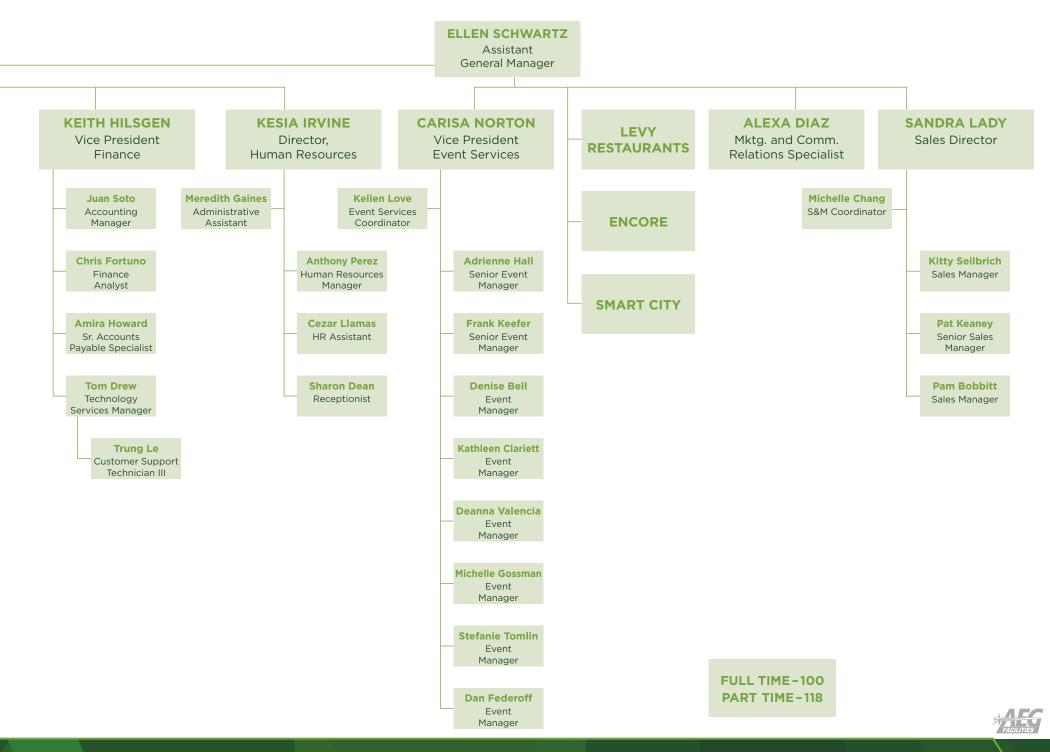
Greg Rosicky Vice President, Operations



Kesia M. Irvine Director, Human Resources







FINANCIAL PERFORMANCE

FISCAL YEAR 2015-2016

Under AEG Facilities management, the Los Angeles Convention Center (LACC) exceeded revenue and operational expectations for the third consecutive year.









Operation profit funded \$4.4 million in Alteration and Improvement projects

Operating Profit

The LACC concluded the fiscal year with an operating profit of \$8.1 million before reimbursing the City of Los Angeles \$1.6 million for the Department of Convention & Tourism Development (CTD) overhead.

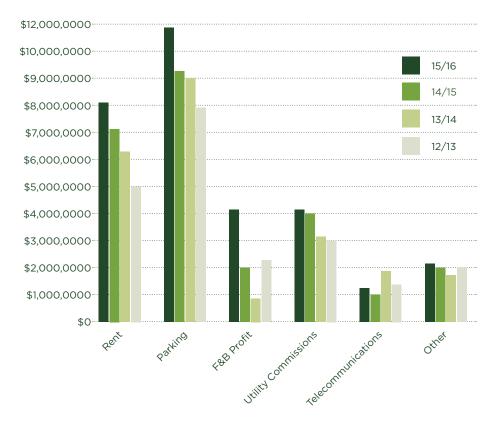
Since taking over management in December 2013, AEG Facilities has generated a total operating profit of approximately \$11.8 million.



LACC OPERATING PROFIT



Revenues by Category



Note: Utility Commissions for 12/13 and 13/14 are projected using commission % achieved since electrical model was changed to three approved vendors providing electrical distribution.

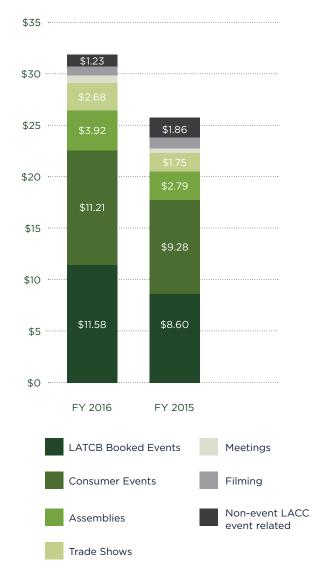


27% increase in parking revenue

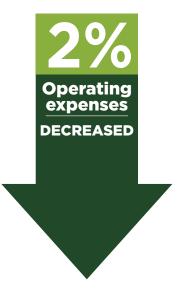


101% increase in food and beverage

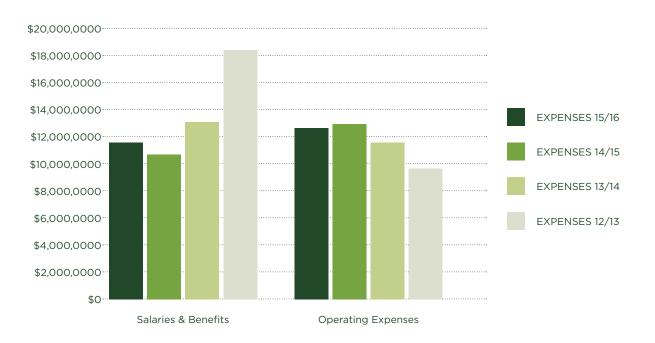
REVENUE BY EVENT TYPE (MILLIONS)



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Expenses



Notes:

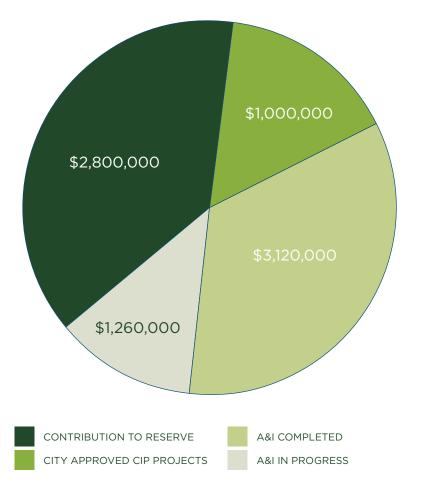
- 12/13 and 13/14 expenses are per the City annual financial statements
- 13/14 represents a half year of City of LA management and half year of AEG management
 Salaries and benefits in 12/13 and half of 13/14 include additional expenses to service exclusive in-house electrical distribution

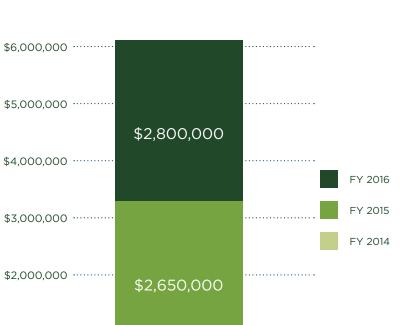


Building Reserve

In keeping with convention center management best practices, AEG Facilities set out to build a financial reserve of \$2.1 million within the 5 years of its initial management agreement.

This goal has been surpassed well before the 5 year mark adding almost \$3 million in the reserve this year. At the conclusion of this fiscal year the LACC reserve has reached \$6.1 million.





RESERVE BALANCE - INCLUDES PROJECTS IN PROGRESS

LACC RESERVE CONTRIBUTION BY YEAR

\$7,000,000

\$1,000,000

\$0

FACILITIES

As of June 2016, the LACC reserve has reached \$6.1 million

Economic Impact



Notes:

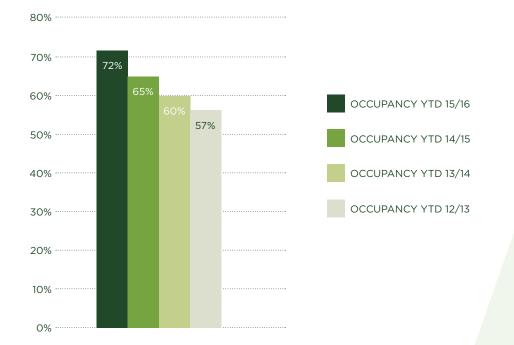
- A \$421.0 provided via Los Angeles Tourism & Convention Board (LATCB) PKF audit and using DMAI formula
- B \$127.4 calculated by LACC staff using International Association of Venue managers (IAVM) formula

C Calculated by Charles Johnson of Johnson Consulting



Occupancy Rate

This year LACC saw a 7% increase in facility usage and occupancy from last year. This includes an increase in consumer events, LATCB citywide booked events, assemblies, and movie/TV filming. The calculation established by the industry association IAVM takes into consideration 365 days of availability, number of days of utilization including move-in, event and move out, and size of space utilized. According to industry standards, the LACC was fully occupied for FY2015-2016.







FACILITY & OPERATIONS

OPERATIONAL IMPROVEMENTS

Operational improvements and enhancements completed in the past fiscal year include both facility upgrades and preventative maintenance while also reducing the venue's environmental footprint. Approximately 470,000 gallons of water per year were saved with several water efficiency projects including replacing 30,000 sq. ft. of lawn with drought-tolerant vegetation, installing waterless urinals, and replacing 710 conventional toilets with low-flow 1.28 GPF toilets. Additionally, innovative projects to improve energy efficiency were implemented from the cool roof project covering 500,000 sq. ft. of South Hall to the LED re-lamping project that improved safety and visibility along the backside of the building; all while reducing energy consumption. The savings recorded to date bring LACC very close to realizing the 20% reduction in water use targeted by the Better Buildings Challenge, Mayor Garcetti's Sustainable City pLAn, and AEG's 2020 Environmental Goals.

RELANDSCAPING

30,000 sq. ft. of lawn was removed and replaced with drought tolerant vegetation; water savings for this project are forecasted to be about 320,000 gallons per year





afte



before

TOILET PROJECT

710 conventional toilets have been replaced with low-flow 1.28 GPF units; water consumption for toilet use is expected to decrease by 20–25%











LACC spent \$4.4 million of the operational surplus on A&I and CIP projects. Between 2014 and the conclusion of calendar year 2016, \$28.9 million will have been invested in the Convention Center in the form of CIP and A&I projects funded through the City of Los Angeles and the annual operating surplus achieved through AEG Facilities' management of the LACC.



- Elevator/escalator modernization
- 20 magnetometers to further elevate safety and security procedures
- Roof repairs to 2,500 sq. ft. of 500 series meeting rooms
- Landscape upgrades
- High-end lobby furniture in public spaces
- Added 400 new tables and 20 pieces of staging equipment to inventory
- Waterless urinals
- Lighting updates
- Replacement of chilled water condenser pump
- Mobile concessions carts
- Additional painting project

- Boardroom carpet
- Parking trash receptacles
- Parking LED signage
- Cooling tower pump package
- Access control (Levy offices, Facilities offices, South corridor)
- Carpet replacement in concourse foyer and South Hall public space
- Graphic command control
- Marquee programmable sign upgrade
- Floor remediation
- HVAC system for IDF
- Compactor replacement
- Radio upgrade



SECURITY DEPARTMENT

Bringing the Security Department in-house when AEG Facilities assumed management in January 2014, and adding the Guest Services program this past fiscal year has drastically improved safety and security at the LACC, as well as enhanced guest satisfaction of our clients and event attendees.

As of June 30, 2016, the Security Department added 20 magnetometers and wands; an inhouse option to enhance safety and event security. Additionally development and training requirements were amplified.

Enhanced Training Programs Include

- All security employees are required to take online FEMA training courses which have included Workplace Security Awareness and Active Shooter Awareness
- AEG Facilities established a standardized field training program for security officers and a leadership orientation program for security supervisors
- Trained all staff in CPT and AVADE (workplace violence prevention)
- Select staff have been trained as TLO (terrorism liaison officers); ILO (infrastructure liaison officers); administration attended "Special Event Safety Seminars" (crowd management and liability prevention course)
- Implementation of security bike patrol program, as opposed to patrolling in carts and vehicles, assisted us toward our USBGC LEED recertification





GUEST SERVICES

The Guest Services program was established in 2015. The department consists of a manager, supervisor, and seven part-time representatives all taking a proactive approach towards customer service. The Guest Services team excels with our Citywide Events and large signature events. Since the program began overall client rating has hit a 93% satisfaction rating and an overall 4.5 out of 5 stars.

Guest Services Highlights include:

- Creation and implementation of a Guest Services Reference Guide. The reference guide is a small pocked-sized booklet detailing event information for the shows taking place on a given day. The booklet also includes detailed maps of the facility and the surrounding area. This helps our staff and encourages AEG's Encore program.
- Lost and found program
- Partnership with national non-profit organizations and donating all unclaimed found property to those in need
- American Red Cross training



MARKETING & COMMUNITY RELATIONS

DIGITAL MARKETING

Developing a social media strategy plan is key to ensuring that our communication is aligned across all channels and is synced with our website.

The LACC regularly collaborates with clients to assist with social media co-promotion, which generates positive exposure for both the event and the facility. Editorial calendars are utilized to ensure accuracy in event-specific messaging and content is approved by the client prior to being disseminated.

The LACC primarily utilizes Facebook, Twitter, and Instagram. These channels are used to participate in social conversations such as engaging with LA-focused content posted by Discover LA, responding to feedback/comments, sharing environmental sustainability tips, as well as assisting clients with promoting their events.

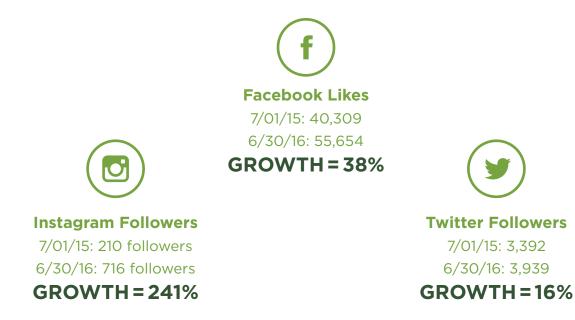
WEB ANALYTICS

(JULY 1, 2015-JUNE 30, 2016):

Average session duration: 01:47

Total users (new & returning): 442,214

Total page views: **1,507,719**



All social media channels have consistently grown

6 Today, we take another

concrete step in the implementation of our Sustainable City pLAn—a plan that sets some of the boldest environmental targets in America. Green building, energy efficiency, and water conservation are central to our efforts to clean our air, reduce our waste, and build a more livable city, Congratulations to the Los Angeles Convention Center for its continued environmental stewardship, which has once again earned LEED Gold certification.??

- Mayor Eric Garcetti

Fiscal year press releases included:

- Smart City Networks Upgrades and Expands Services at the Los Angeles Convention Center • July 2015
- The Los Angeles Convention Center Announces USGBC LEED O&M Recertification at the GOLD Level Sept. 2015
- Los Angeles Convention Center wins USGBC-LA's Sustainable Innovation Award • *Nov. 2015*
- Los Angeles Convention Center Named as Water Efficiency Project of the Year Finalist • Jan 2016

- Los Angeles Convention Center Goes
 Dark for Earth Hour *March 2016*
- Increase in Citywide Conventions in 2016 to Generate Significant Revenue for Los Angeles Convention Center and City of Los Angeles • April 2016
- AEG Facilities Announces Promotions at the LA Convention Center June 2016

In addition to distributing press releases, the LACC also developed an online Media Kit to ensure LACC branding and initiatives as well as invested in aerial photos that were used digitally and in print.

6 Our goal is to attract the industry's top events to Los Angeles and propel the LACC to consistently being recognized as a leading destination for meetings, conventions, and events. We're very pleased with the 26% projected Economic Impact growth from Citywide Conventions in 2016 and we look forward to a very busy and rewarding year for the City and the LACC.

- Ernest Wooden Jr., President and CEO of the Los Angeles Tourism and Convention Board

6 The AEG 1EARTH team is responsible for overseeing sustainability programs at AEG-owned and managed venues. We're incredibly pleased with the LACC's achievements in environmental sustainability and believe that the venue upholds the highest standards of responsible operations.

- John Marler, Senior Director of Energy and Environment at AEG





LACC management strives to create a workplace that rewards excellence, promotes inclusion, and encourages collaboration across departments.

PROFESSIONAL DEVELOPMENT & TEAM BUILDING

PROFESSIONAL DEVELOPMENT

Conference Participation by Team Members

- American Society for Industrial Security (ASIS) Security Management Annual Conference
- International Association of Venue Managers (IAVM Venue Connect)
- International Association of Venue Managers Oglebay School of Facility Management
- International Association of Venue Managers International Conference of Convention Centers (IAVM-ICCC)

- International Association of Exhibitions and Events (IAEE) Annual Conference
- Los Angeles Economic Development Corporation (LAEDC) Annual Economic Conference
- Meeting Professionals International (MPI)
- Professional Convention Management Association (PCMA)
- Society for Human Resource Management (SHRM)

Senior and Mid-Level Leadership Team Building

PERFORMANCE-BASED RECOGNITION

- Employee of the Month Award
- Leader of the Quarter Award

COMMITTEES

Employees can elect to participate in one or more of the following committees: Security, Green, and Fun. Each committee is tasked with different initiatives, which ultimately bring the workforce together. For instance, the Green Team plans Earth Day activities for all employees while the Fun Team plans the end of year Holiday Party for all to enjoy.

TEAMWORK AND MORALE BOOSTING ACTIVITIES

Monthly birthday celebrations bring together all departments for a brief yet enjoyable period of desserts, games, and fun! Each month a different department is assigned to plan the birthday celebration. HR provides the department in charge with a \$50 gift card to cover expenses related to purchasing food and activities/games. Additional events include holiday potlucks and the much anticipated, end-of-calendar-year holiday party!



CUSTOMER SERVICE & CLIENT TESTIMONIALS

LACC strives to deliver exemplary service to its clients and attendees. Year after year, we have shown growth and model service to be known as the prime site for conventions, trade shows, meetings, and events in Los Angeles.

6 AEG Facilities' management of LACC has proven to be a financial and operational success. It changed LACC's financial direction in a short period of time, saving millions of dollars for the Los Angeles' general fund. Moreover, in compliance with industry best practices, AEG Facilities has surpassed its initial goals by adding to the facility's financial reserve. Also, thanks to AEG Facilities' efforts, in 2015 LACC became the largest convention center in the U.S. to achieve U.S. Green Building Council's LEED EB+OM Gold recertification. **? ?**

- Mayor Eric Garcetti

******4.5/**5

Currently, the LACC holds an overall rating of 4.5/5.

TripAdvisor 4 out of 5 stars

Google Business Reviews 4.5 out of 5 stars

Facebook

4.3 out of 5 stars

• • We were impressed with the hard-working and dedicated Convention Center staff and received service of the highest caliber. All levels of staff were knowledgeable, efficient, patient, flexible, and wonderful to work with. The passion and commitment to excellence was evident in every step of the planning and execution process and it was refreshing to work with a team of professionals who truly shared our goal of executing a flawless convention. **2 2**

- Leslie Zeck, Director of Meetings at AADR

• Our 2015 event proved to be an enormous success in large part due to the collaborative efforts of the AEG LACC staff. We appreciate the professional manner in which the Center is run and were grateful to the staff for being proactive and anticipating our and our attendee's needs throughout the planning and execution process. The staff and in-house partners were incredibly knowledgeable, accommodating, and delivered on every agreed upon deadline. **?**

> - Cynthia A. Stark Event Director of SmithBucklin Corporation/Siggrap



 AEG Facilities is the hospitality and professional venue management leader and we have enjoyed a productive and fruitful partnership with the LACC team. We have found them to be consistently engaged, available, and forward thinking. Simply put, they are a major factor in our continued success. 22

- Terri Toennies, EVP and GM, Los Angeles Auto Show and Connected Car Expo

In 2015, we observed a 12%
increase in attendance (total of 90,500 attendees) and the AEG team was integral to our overall success and the smooth running of our show. From the event management team to operations to guest services staff, we found the team to be supportive, professional, quick on their feet, efficient, and customer-service oriented. 22

- Raymond Chiang, CEO of Anime Expo

6 AEG's team has been a pleasure to work with and together we've hosted momentous events such as E3, LA Auto, and Mary Kay at LACC. AEG has an unwavering reputation for strengthening and improving the infrastructure of the communities in which it operates. We are highly impressed with AEG's revitalization efforts in the Downtown Los Angeles area surrounding the LACC. Additionally, we appreciate AEG's commitment to the environment: under AEG's management, the LACC became the largest convention center in the U.S. to achieve LEED Gold EB+OM recertification. **? ?**

- Julia W. Smith CEM, CTA, SVP, National Sales of GES

We are impressed by their professionalism, ability and willingness to collaborate in order to ensure we deliver the best possible experience to our attendees, and their overall commitment to operational excellence.

- Mary Dolaher, CEO IDG World Expo

 AEG has been a reliable and trusted partner for us and our clients over the years. Most recently, we've worked extensively with the AEG Los Angeles
 Convention Center (LACC) team to produce large-scale events such as LA Masters Grand Slam, AAAAI, Wondercon, and Boutique
 Design, which directly support the Southern California economy and are of critical importance to the City of Los Angeles and its constituents. 22

- Ron Brown, VP and GM of Freeman

6 The AEG-LACC team is comprised of individuals who are diverse in their talents, work effortlessly well together, and always bring their best foot forward to deliver exceptional service to their shows and attendees. ??

- James M. Foster and Judy S. Gray Co-founders of Ski Dazzle

ENCORE

In order to align service standards and expectations, HR administers AEG's Encore Guest Services training to all employees, partners, and contractors. The trainings focus on four major service spotlights:

SAFETY

"See something, say something," follow all emergency procedures.

SMILE

Create positive, memory-making moments for guests.

SIZZLE

Seek opportunities to enhance the guests' experience.

SYNERGY

Work together to ensure every guest returns for an Encore! Encore also features an incentive program; employees who demonstrate Encore service receive Star cards from senior staff, which are redeemable for prizes.

Enhancing Guest Experience

The LACC recognizes the importance of consistently delivering exceptional services in order to both retain existing clients and attract new business. The addition of a Guest Services department has helped to elevate the overall "guest experience," while adhering to AEG's Encore Service Standards. Encore emphasizes exceeding expectations, which complements the LACC's overall commitment to excellence.



CREDITS

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