

## **Football Stadium: Focus on the Brass Ring**

The protracted public focus and discussion of how to finance the relocation and expansion of the convention center is a diversion from the real game. Other minor diversions are parking, traffic, light rail connections, the infrastructure is there already and it can be enhanced as needed.

The brass ring here is the long term revenue stream from hotel rooms, ticket sales (football, baseball, soccer, other events), endorsements, food concessions, etc. The longer AEG keeps the talking points focused on the diversionary points, the more likely the public and the elected officials will lose focus on the big brass ring, the long term revenue stream.

The City of Los Angeles needs to take control of the framework of the discussion on how to strike a partnership with a mega entertainment and sports conglomerate like AEG. It should look no further than the County of Los Angeles for a reasonable solution.

LA County developed Marina del Rey into the largest man-made marina in the world by leasing the land and retaining a share of the future revenue stream. Restaurants, marinas, apartments, yacht clubs were all developed and the developers were savvy enough to know that a good deal benefits all parties. This is a known concept of revenue sharing similar to shopping center development which leases out grocery stores at a base rent and a share of the revenues.

The county leases were for 60 years, many are now renewed or in the process of being renewed. The leases are structured so that tenants (building owners/managers) pay over a small share of the revenues from apartment rent, slip rents, food and beverage sales, etc., back to the county. As revenue increases over time, the property owners (lessees) benefit and the county benefits with a continuing stream of income.

There are many obvious advantages to this type of revenue sharing lease for the city of Los Angeles in the stadium and other future development proposals:

1. Revenues to the city are made off the gross, the top line, easy to figure.
2. Inflation will benefit all parties.
3. City officials do not need to worry about the unknown future benefits inuring to the proposed stadium, all revenue can be accounted for and shared
4. A true partnership between the city and the developers (AEG) with the same end-game goals is achieved.
5. The benefits for the City of Los Angeles are far greater than the short term employment boost from the development, yes that, too, but that is only the beginning.

It is not too late to reframe this discussion into one of a true partnership with long-term benefits accruing to all the players, City and AEG. It is not too late for the city of Los Angeles to drive a smart deal with benefits accruing to future generations.

***Joseph M. Ebin is president of Los Angeles-based Turnkey Holdings.***