



128 N. Swall Drive, #304 Los Angeles, CA 90048 www.LAneighbors.org

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Los Angeles City Council
City Hall
200 N. Spring Street
Los Angeles, CA 90012

CC: Miguel Santana, City Administrative Officer, City of Los Angeles
Gerry Miller, Chief Legislative Analyst, City of Los Angeles
Pouria Abbassi, General Manager, Los Angeles Convention Center
Chris Essel, Chief Executive Officer, Community Redevelopment Agency of Los Angeles
Richard Benbow, General Manager, City of Los Angeles Community Development
Department
Omar Brownson, Executive Director, Los Angeles River Revitalization Corporation

RE: Additional Comments on Council File No. 11-0023, Otherwise Known as Memorandum of Understanding Between the City of Los Angeles and AEG for Proposed Downtown Stadium

Honorable Councilmembers:

We are pleased to provide these supplemental comments on the Memorandum of Understanding (MOU) between the City of Los Angeles and AEG for the potential development of a new professional football stadium and event center, and a reconfiguration of the Los Angeles Convention Center. Our initial observations, comments and questions were communicated in an August 3, 2011 letter to you. A copy of that letter is in the Council File and is accessible on our website at www.LAneighbors.org.

Public-Private Nature of Proposed Stadium Development Plan Necessitates Further Analysis to Ensure Maximum Economic Benefit for the City of Los Angeles and to Protect Taxpayers

A 360-degree analysis of the proposed stadium deal is particularly important given the public-private nature of the arrangement. The stadium would be developed on publicly owned land. The convention center, including the proposed new Pico Hall, would be publicly owned buildings on public land. The City would issue two sets of bonds to finance part of the building program: \$195 million in lease revenue bonds (which over time will cost approximately \$455 million including debt service) to be guaranteed by the City, and \$80 million in Mello-Roos bonds to be backstopped by investors. If the proposed deal were on private land and completely reliant on private financing, this level of public scrutiny would not be necessary.

The concerns expressed in this letter focus on three key areas: (1) Redevelopment plan alternatives for the convention center site that potentially could provide greater financial returns to the City, including more permanent jobs and more economic activity, without the downside risk of the stadium deal; (2) Alternative sites for a downtown stadium that potentially could be more powerful catalysts for downtown's continued revitalization; and (3) Potentially significant negative environmental impacts of the proposed stadium on the City at large and the Pico-Union neighborhood in particular.

Redevelopment Plan Alternatives for the Convention Center

In its initial study of the AEG stadium proposal, the City undertook only superficial analysis of alternative proposals to modernize and/or expand existing convention center facilities. Specifically, the City: (1) Estimated the cost of modernizing current facilities to be \$50 million to \$80 million, but dismissed a capital improvements program as unaffordable — without considering potential funding solutions; and (2) The City said it considered the cost of self-funding facilities modernization and expansion to include Pico Hall, and dismissed that option, as well, as unaffordable.

With regard to the first alternative noted above, while modernizing existing convention facilities neither would expand the amount of convention center floor area nor directly result in the creation of net-new hotel rooms downtown (two objectives apparently necessary to grow the City's convention center business), the approach would support maintaining the City's position as a mid-level player in the conventions business. Thus, this option should not be dismissed out of hand.

There are funding mechanisms that could be utilized to pay for facilities modernization. For example, the City could enable expansion of LA Live on the City-owned convention center site, including the LA Live Event Deck at the Olympic West parking garage, to allow complementary uses that would be active 365 days a year. The site potentially could include an expanded sign district (though we are not advocating that), with revenues accruing exclusively to the City. Or the City could monetize the unused floor area rights that it holds in relation to the convention center site. Revenues generated from these activities could fund modernization of the existing convention center. This alternative has not been studied by the City.

Thinking more aggressively, the existing convention center site could be redeveloped to include 1,000 or more hotel rooms directly on site. As stated, one of the key impediments to more convention center bookings is the lack of nearby hotel rooms in downtown Los Angeles. Redeveloping the existing convention center site to include a thousand or more hotel rooms would address this problem head on, and could produce additional convention center floor area at the same time. Redevelopment could be accomplished through a public-private partnership that also potentially could include outsourcing of convention center facilities to a third party, and might or might not include some level of bonding.

A number of convention centers across the U.S. have long coupled privately operated hotel facilities with publicly accessible exhibit areas and meeting spaces. New facilities, including the Gaylord hotel and convention center in Prince George's County, Maryland, demonstrate the viability of the concept.

This alternative — a public-private partnership to redevelop the convention center to add hotel rooms directly on site and potentially increase convention center floor area — has not been studied by the City, despite its potential to bring even more permanent jobs (than a football stadium) to downtown and improve LA's standing in the convention center business.

LA Neighbors United could undertake analysis of both of these alternatives, but as a private citizens group we shouldn't have to do that. The City employs brilliant analysts at the Community Redevelopment Agency and in the Community Development Department. Our understanding is that they were not instructed to analyze alternatives including the concepts proposed here. We say unleash the analysts and let them analyze!

Potential Alternative Sites for a Downtown Stadium

It is clear and understandable why AEG would propose to locate a downtown stadium adjacent to the company's LA Live project: The economic benefits of a stadium so located would accrue largely to AEG.

This conclusion is borne out by the research of Robert Baade, an economics and business professor with extensive experience analyzing the economic impacts of professional and intercollegiate sports. Baade was commissioned by former LA City Controller Laura Chick to analyze the economic impacts of Staples Center.

In his 2003 analysis, one of Baade's conclusions is that sports facilities most significantly benefit other businesses within just a few blocks of where the sports facilities are located. This finding suggests that the proposed configuration of the AEG stadium and the convention center will most directly benefit businesses at LA Live and in the already improved South Park district. This would be a reasonable result, but it begs the question: Why not explore developing a stadium in another part of downtown where the facility's catalytic impact could be even more pronounced?

The power of sports facilities to help rejuvenate urban districts is clear, from Jacobs Field in downtown Cleveland to Camden Yards in downtown Baltimore to the new Nationals stadium in Southeast Washington, D.C.

The current vision of Farmer's Field includes a compact stadium situated on 15 acres. There are sites in other parts of downtown that could accommodate a similarly sized facility, though most of them would require the aggregation of a number of privately owned real estate parcels.

Farmers Field at Piggyback Yard Park?

LA Neighbors United advocates revitalization of the Los Angeles River, in particular creation of a 32-mile River greenway in the City of Los Angeles, and a variety of watershed improvements. There are several sites adjacent to the LA River through downtown (from the Union Station area south to the 10 freeway) that could accommodate the stadium, parking and other facilities. Sites along the LA River are particularly attractive for potential stadium development to the extent they could be served directly by on-site rail (literally right on the sites!). A riverfront stadium also would catalyze River revitalization, including hydraulic and hydrology improvements and, potentially, ecosystem restoration.

The Piggyback Yard site on the LA River is approximately 125 acres. It could conceivably accommodate the stadium, parking and other commercial uses, and still have room for recreation and park space that would benefit the nearby residents of Boyle Heights and Lincoln Heights.

We are not suggesting definitely that the stadium be located at the Piggyback Yard, only that there are so many compelling reasons to analyze the site's potential viability. Notably, a number of our members also advocate location of a professional football team at the LA Coliseum, recognizing its historic significance and that the facility would have to undergo a gut rehabilitation.

Potentially Significant Negative Environmental Impacts of Convention Center Stadium Site on Pico-Union Neighborhood

Along with area residents and businesses, we await the publication of the draft stadium Environmental Impact Report. We are particularly concerned about traffic impacts on the Pico-Union neighborhood, and impacts on people from the expanded sign district that is envisioned, including anticipated light shows at the facility.

Thank you for your attention to these important issues. We look forward to seeing additional analysis on a downtown stadium and alternative convention center modernization and expansion plans. For the love of our city, we are hopeful that the ultimate result will be a program we can wholeheartedly embrace.

Sincerely,



Cary Brazeman
Founder, LA Neighbors United

Former Managing Director, CB Richard Ellis Group, Inc. +
Member, Urban Land Institute - Los Angeles District Council +
Member, Los Angeles Area Chamber of Commerce +
Member, Board of Directors, Mid City West Community Council +

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