

## There Is No Demonstrated Need to Expand Convention Center

By WAYNE AVRASHOW

**T**HE Los Angeles Convention Center has been a financial drain on the city's precious general fund and has publicly been described as a "money losing taxpayer boondoggle." A massive infusion of public funds to expand this facility is wasteful and counterproductive.

Yet, inexplicably, the Los Angeles Convention and Exhibition Center Authority Commission, on which I sit as a current member and former president, has spent nearly \$1 million for numerous studies to revise the Convention Center's Master Plan which includes an expansion of its facilities and replacing its West Hall, cost estimates commence at \$750 million and rise to a staggering \$1 billion.

I opposed the commission's recent vote to spend another \$100,000 for further studies. None of the previous studies have concluded that an expansion is a wise investment, and no independent study has assessed the full costs, benefits and alternatives.

There is no demonstrated need to expand. The center's occupancy rate averages only 65 percent and a glut of meeting rooms and convention space may soon be on the horizon. The adjacent Ritz Carlton/Marriott Hotel plans to have 100,000 square feet of meeting rooms, banquet halls and ballroom space. This hotel may either diminish or spur demand for convention center space, but hundreds of millions of public funds should be allocated to more certain outcomes. A possible conference center near the Los Angeles airport casts additional doubt on the need to expand the convention center.

Understandably, there is no political or

public will to finance another expansion with large sums of public funds. City voters did not approve last year's municipal bond campaign to increase affordable housing and it is foolhardy to believe that taxpayers would support the Convention Center's Master Plan.

The convention center's last expansion was funded by a \$500 million bond issue, with repayment promised from the center's revenues, but increased convention business and its revenue did not materialize. As a result, city taxpayers have been left holding the bag – more than \$50 million will be diverted from the city's general fund to fully repay these bonds.

There are more productive uses for any additional convention center funds. The convention center spends only one-fifth of the amount our competitors spend on marketing; and only one-fourth of the amount our competitors spend on maintenance and capital improvements.

The city and the Convention Center Authority Commission have plenty of time to act intelligently and prudently – without embarking on an ill-conceived expansion. The city's rights to exercise its option on the adjacent property targeted for expansion do not expire until 2024.

The convention center is a public asset and with downtown's growth there is a great opportunity to maximize this asset. The mayor, City Council and the Los Angeles County Board of Supervisors can improve the convention center without another costly publicly-funded expansion. Here are some alternatives:

■ Amend the existing City-County Joint Powers Agreement to manage the center by one empowered commission instead of today's unwieldy two-commission

structure.

■ Create a public-private partnership to improve the convention center's existing facilities, integrating such with the private sector's investment in the adjacent L.A. Live and surrounding new residential, retail, hotel and commercial developments.

■ The city may realize \$200 million from the sale of air rights derived from the convention center. While expansion is presently not feasible, reserving some of these air rights would allow a future vertical use of the center. An alternative would be to dedicate a portion of the sale proceeds to improve the convention center's existing facilities.

■ Negotiate a return of the city's ability to sell naming rights to the convention center which were waived to facilitate surrounding development.

Mayor Antonio Villaraigosa and the convention center's new general manager should be granted the operational flexibility to improve the convention center without the burden of servicing massive public debt while marketing additional footage that may never be occupied on a sustained basis. It is not prudent to ratchet up the public investment in a facility that has financially struggled for decades.

The mayor and others have colorfully described the convention center as a "white elephant." While it has not achieved its financial potential, needless expansion would be an exercise that defies all economic logic and description.

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