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Realizing the Full Potential of the Los Angeles Convention Center

In this economic downturn, businesses everywhere are focused on maximizing assets and streamlining their operations. Government should be no different. This week we commend L.A. City Controller Wendy Greuel for her **audit of the Los Angeles Convention Center** and the timely and cooperative response of the Convention Center management. It's now time for the L.A. City Council to take swift action to implement the recommendations of the first audit from our new City Controller.

The L.A. Convention Center is a \$1 billion economic asset for the city and taxpayers. With 867,000 square feet of exhibit halls and 64 meeting rooms, the facility attracts our region's largest trade shows and dozens of smaller events each year. Unfortunately, Controller Greuel's audit reported that it has not reached its full financial potential.

The Controller's audit included some startling findings. Los Angeles may be losing thousands of dollars in fees waived by Convention Center staff because there is no system in place to access the actual costs of each event. Failure to properly maintain the Convention Center and restrictions in city ordinances prevent the staff from adjusting rates to adequately compete with other communities during non-peak booking periods. Perhaps most startling is a labor mandate requiring that the Convention Center utilize city electrical workers, which has resulted in thousands of overtime hours. Twenty-five city electrical workers earned an average of \$94,000 in overtime pay with one topping out at \$146,000.

Greuel's recommendations are smart — and common sense — to many of us in the private sector:

- Determine the actual cost for each event.
- Provide the flexibility to allow competitive rates.
- Enact proper financial oversight to govern fee waivers and other expenses.
- Adopt a long-range capital improvement plan to ensure the facility is kept up-to-date and meets exhibitor demands.
- Save \$700,000 per year by having the Convention Center train its own electricians rather than paying overtime to other city department staffers.

With L.A. LIVE, Staples Center and the brand new Ritz-Carlton and JW Marriott Hotels soon to be in place, Los Angeles is poised to realize its full potential as a global convention destination. This report is a real opportunity for the L.A. City Council to act decisively and make sure that our city and region are ready to take advantage of that opportunity. We congratulate Controller Greuel on the economic importance of her first audit and for including the management of the Convention Center at her side when she announced the results.

And that's *The Business Perspective*.

Comments

Controller Greuel has a limited staff. The City has hundreds of areas that can use improvement. The business community should figure out a way to help expand her staff and let them chase these other areas of opportunities as quickly as possible. With the City in the hole \$400 to \$500 million, they need to find areas of improvement as quickly as possible to help bail themselves out rather than just falling back on their "old standby" of trying to raise taxes.

Posted by: Dave Wright @ 9:14:00 am

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