

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a Memorandum of Understanding (MOU) for a Revenue Participation agreement for the Metropolis Hotel Development.

Recommendations for Council action:

1. AUTHORIZE the Mayor to execute an MOU between the City of Los Angeles and Greenland LA Metropolis Hotel Development LLC concerning terms for agreements necessary to provide a revenue participation agreement to close the financing gap in the Metropolis Hotel Development.
2. DIRECT the Chief Legislative Analyst (CLA) and other City departments as necessary to negotiate the final definitive agreements necessary to provide a revenue participation agreement to support the Metropolis Hotel Development Project for consideration by Council.

Fiscal Impact Statement: The CLA reports that there is no fiscal impact on the City General Fund associated with this action.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on June 24, 2014, the Economic Development Committee considered a report from the CLA relative to an MOU between the City of Los Angeles and Greenland LA Metropolis, LLC (Developer) regarding terms of the agreements to provide a Revenue Participation Agreement to close the financing gap for the Metropolis Hotel Development.

A representative of the CLA provided the Committee with a brief overview of the CLA's report and responded to related questions. The CLA reports that a consultant, Keyser Marston Associates (Consultant), was retained to provide an economic analysis of the hotel component of the Metropolis Development (Project). The Developer originally planned to build two residential towers, but was asked by the City to also include a hotel. The Consultant identified a feasibility gap of \$13.5 million (based on building a hotel and one residential tower). The CLA recommends proceeding with a final Revenue Participation Agreement with the Developer for the City to provide economic assistance for the Project to close this gap.

The Committee Member, in whose Council District the project is located, noted that the feasibility gap exists because the City asked the Developer to build a 350-room hotel rather than an additional residential tower. The Committee Member expressed support for the Project, particularly since the Developer is building on a site that has been vacant for many years, and also based on the return of investment to the City (the CLA reports that the Project is expected to generate \$156 million in local revenues over 25 years).

After providing an opportunity for public comment, the Committee approved the recommendations in the CLA report. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
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| PRICE: | YES |
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| KREKORIAN: | YES |
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| HUIZAR: | YES |
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| CEDILLO: | YES |
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| MARTINEZ | YES |
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REW
6/26/14
FILE NO. 14-0029

-NOT OFFICIAL UNTIL COUNCIL ACTS-