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REPORT NO. R 1 8 - 0 0 3 6
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REPORT RE:

**DRAFT ORDINANCE ADDING CHAPTER 178 TO DIVISION 5 OF THE
LOS ANGELES ADMINISTRATIVE CODE TO CREATE THE CAMBRIA HOTEL
PROJECT TRUST FUND FOR THE RECEIPT AND DISBURSEMENT OF HOTEL
DEVELOPMENT INCENTIVE PAYMENTS RELATED TO THE APPROVAL OF THE
CAMBRIA HOTEL DEVELOPMENT PROJECT**

The Honorable City Council
of the City of Los Angeles
Room 395 City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 16-1128

Honorable Members:

Pursuant to the request of the City Council, this Office has prepared and now transmits for your consideration, the enclosed draft ordinance, approved as to form and legality. The draft ordinance adds Chapter 178 to Division 5 of the Los Angeles Administrative Code to create the Cambria Hotel Project Trust Fund for the receipt and disbursement of hotel development incentive payments to be made by the City to the Developer of the Cambria Hotel Project (Project) to fund a portion of Project costs.

Background and Summary of Ordinance Provisions

On December 13, 2017, the City Council approved the Cambria Hotel Development Incentive Agreement (Agreement) between the City and 926 James M. Wood Boulevard, LLC (Developer) to fund a projected financing gap for the Project. The Agreement provides that the City will pay up to \$15,700,000, net present value, in

yearly incentive payments (Incentive Payments) to fund the financing gap over a term not to exceed 25 years. Deposits into the Fund will be measured by net new tax revenues generated from the Project and cannot exceed 50 percent of the projected net new revenues received by the City over the term of the Agreement. The City's obligations to make the Incentive Payments to the Developer are conditioned upon the Developer's continued compliance with all material terms of the Agreement.

The acceptance and disbursement of the Incentive Payments requires the creation of a fund to ensure that monies are received and expended in accordance with the terms of the Agreement. The enclosed draft ordinance establishes the required fund within the Administrative Code and designates the Chief Administrative Officer (CAO) as the fund administrator. The CAO, in its role as fund administrator, will be required to ensure that the Developer is in compliance with the terms of the Agreement and to establish the amount of the yearly budgetary allocation to be made into the Fund. The City's Economic and Workforce Development Department will be required to maintain records, issue reports, schedule public hearings and perform any other activity required by State law in regards to making these type of economic development subsidies pursuant to California Government Code Section 53083.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Chief Legislative Analyst, the City Administrative Officer and the Economic and Workforce Development Department, and their comments have been incorporated.

If you have questions regarding this matter, please contact Senior Assistant City Attorney Noreen Vincent at (213) 978-7730 or Deputy City Attorney Miguel Dager at (213) 978-7740. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM:NV:MD:vw
Transmittal