

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to proposed hotel development incentive agreement to assist in the financing and development of the proposed Cambria Hotel Project located at 926 James M. Wood Boulevard.

Recommendations for Council action:

1. FIND, based on the independent judgment of the City Council, after consideration of the whole of the administrative record, the project was assessed a Mitigated Negative Declaration, No. ENV-2015-394-MND, adopted on July 3, 2017, and pursuant to California Environmental Quality Act Guidelines, Sections 15162 and 15164, no subsequent Environmental Impact Report, Negative Declaration, or addendum is required for approval of the project.
2. AUTHORIZE the Mayor to execute the Cambria Hotel Development Incentive Agreement (HDIA), attached to the Council file, between the City of Los Angeles and 926 James M Wood Boulevard LLC (Developer) to provide, as a conditional obligation, financial support of up to \$15.7 million net present value.
3. APPROVE the Government Code Section 53083 report, Attachment B of the December 8, 2017 Chief Legislative Analyst (CLA) report, attached to the Council file, for the Cambria HDIA; and, INSTRUCT the Economic and Workforce Development Department to provide periodic reporting on this Project as required under Government Code Section 53083, with assistance of the City Administrative Officer, CLA, Office of Finance, and other Departments as necessary.
4. REQUEST the City Attorney to prepare and present an Ordinance to establish a Special Fund for the purpose of receiving funds and making payments to meet the conditional and administrative obligations associated with the Cambria Hotel HDIA, to be known as the *Cambria Hotel Project Trust Fund*.

Fiscal Impact Statement: The CLA reports that approval of the Cambria HDIA and the other associated documents will have a positive impact on the City's General Fund. This agreement is expected to result in the development of a 247-room hotel that would generate \$31.4 million net present value (NPV) (\$96.8 million nominal) in new City tax revenues 25 years after construction. Hotel incentive assistance of \$15.7 million NPV (\$43.2 million nominal) would be provided to the Developer.

Community Impact Statement: None submitted.

Summary:

On December 12, 2017, your Committee considered a December 8, 2017 CLA report relative to a proposed hotel development incentive agreement to assist in the financing and development of the proposed Cambria Hotel Project located at 926 James M. Wood Boulevard. According to the CLA, on September 30, 2016, a Motion (Huizar - Price; Council File No. 16-1128) was introduced authorizing the CLA to evaluate the proposed Cambria Hotel Project and determine whether financial assistance is warranted to support development of the Project. Pacific

Properties, as the development team of 926 James M Wood Boulevard LLC, has developed plans for the Cambria Hotel Project, which will consist of one tower containing 247 rooms within walking distance of the Los Angeles Convention Center. The hotel will include all facilities associated with a select service hotel, including parking, meeting rooms, a ground-level gastro pub, a rooftop bar, and a pool and fitness center. The project will also include ground level retail and parking facilities.

City policy requires that an independent review be conducted to evaluate the project construction and finance plan, as well as potential City revenues that result from project completion. The CLA selected Keyser Marston Associates (KMA) to prepare the required review. KMA received documentation from the Developer concerning their finance plan and construction costs to determine the development feasibility of the project. They also estimated the amount of new revenues that would accrue to the City as a result of project completion. The final report by KMA, considered by Council in its November 1, 2017 action, determined that the project has a finance gap of \$18.3 million. The review also determined that the project will generate \$31.4 million NPV in net new revenues to the City.

Consistent with City policy, the Developer would be eligible to receive up to \$15.7 million NPV in financial assistance, which is no more than 50% of net new City revenue generated by the project. The City would receive up to \$ 15.7 million NPV in new general fund revenues. On November 1, 2017, Council directed the CLA to negotiate final definitive documents to provide an incentive of \$15.7 million related to construction of the Project. Attachment A of the December 8, 2017 CLA report provides that the final HDIA developed following substantial negotiations between the City and the Developer. The HDIA conforms to the approved MOU in all terms, which was approved by Council on November 1, 2017.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the HDIA as detailed in the above recommendations and contained in the December 8, 2017 CLA report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



**MEMBER VOTE**  
PRICE: YES  
BUSCAINO: YES  
HUIZAR: YES

ARL  
12/12/17

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**