

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to creating the Cambria Hotel Project Trust Fund for the receipt and disbursement of appropriations to fund hotel development incentive payments in connection with the Cambria Hotel Development Project.

Recommendation for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

PRESENT and ADOPT the accompanying ORDINANCE dated January 31, 2018 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 appropriations to fund hotel development incentive payments to be made by the City in relation to the Cambria Hotel Development Project.

Fiscal Impact Statement: Neither the City Administrative Officer (CAO) nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On February 13, 2018, your Committee considered a February 1, 2018 City Attorney report and Ordinance dated January 31, 2018 relative to creating the Cambria Hotel Project Trust Fund for the receipt and disbursement of appropriations to fund hotel development incentive payments in connection with the Cambria Hotel Development Project. According to the City Attorney, on December 13, 2017, 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 Ordinance establishes the required fund within the Administrative Code and designates the 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.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Ordinance as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

A handwritten signature in black ink, appearing to be "A. ...", written in a cursive style.

MEMBER VOTE

PRICE: YES
BUSCAINO: ABSENT
HUIZAR: YES

ARL
2/13/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-