

MITIGATED NEGATIVE DECLARATION (MND) and ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the AECOM Hotel - Hotel Development Incentive Agreement.

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

1. FIND, based on the independent judgement of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in MND No. ENV-2014-564-MND adopted on February 5, 2015; and, pursuant to California Environmental Quality Act (CEQA) Guidelines 15162 and 15164, and the addendum (ENV-2014-564-MND-REC1) dated November 2018, no major revisions are required to the Mitigated Declaration; and, no subsequent Environmental Impact Report or negative declaration is required for approval of the project.
2. AUTHORIZE the Mayor to execute the AECOM Hotel Development Incentive Agreement (HDIA), Attachment A of the Chief Legislative Analyst (CLA) report, dated June 21, 2019, between the City and AECOM Capital to provide, as a conditional obligation, financial support of up to \$17,301,000 net present value.
3. APPROVE the Government Code Section 53083 report, Attachment B of said CLA report, for the AECOM Hotel HDIA; and, INSTRUCT the Economic and Workforce Development Department to provide periodic reporting on this project as required under Section 53083 of the Government Code, with assistance of the City Administrative Officer (CAO), 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 AECOM Hotel HDIA, to be known as the AECOM Hotel Trust Fund.

Fiscal Impact Statement: The CLA reports that approval of the HDIA and the other associated documents will have a net fiscal impact on the City's General Fund. This agreement is expected to result in the development of a hotel with a total of 258 rooms that would generate \$34,602,000 net present value (NPV), \$106,532,000 nominal, in new City tax revenues over 25 years upon opening and operation of the hotel. Hotel incentive assistance of \$17,301,000 NPV, \$29,466,000 nominal, would be provided to AECOM Capital, while the General Fund receives \$17,301,000, \$77,066,000 nominal.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on June 25, 2019, your Economic Development Committee considered a CLA report relative to the Aecom Hotel - Hotel Development Incentive Agreement. The CLA reports that on April 30, 2019, Council approved a Memorandum of Understanding (MOU), attached to the Council file, to provide an incentive of \$17,301,000 NPV to support the AECOM Hotel project (Project) at 1155 South Olive Street. The CLA attached for consideration a HDIA,

attached to said CLA report, that documents the terms for the incentive and associated community benefits to be provided by AECOM Capital (Developer). A feasibility analysis of the Project completed by the City determined that a gap of \$50,563,000 existed in the Project financing.

The analysis also determined that City revenues to be generated by the Project, in the amount of \$34,602,000, are sufficient for the City to provide financial assistance in the amount of \$17,301,000 in compliance with policies related to economic development support. Based on the findings related to providing support for the Project, Council approved a MOU that provided the terms for negotiation of an HDIA. City staff and the Developer completed negotiations, and have transmitted herein for consideration documents necessary to implement the project. In addition, this report transmits the State-mandated Government Code Section 53083 report which provides a summary analysis of the incentives provided to support the Project and jobs anticipated to be created by the Project. After an opportunity for public comment was held, the Committee moved to approve the CLA's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
BUSCAINO:	ABSENT
RODRIGUEZ:	YES

ME 6/25/19

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**