

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to amending the Port of Los Angeles (POLA) permit with with LA Sky Harbor, LLC, d.b.a. DoubleTree by Hilton Hotel San Pedro. (LA Sky Harbor).

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners (BOHC) that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution No. 20-9720 for the Ninth Amendment to POLA Permit No. 520 with LA Sky Harbor to allow for minimum rent deferral including rent deferral term, rent deferral period(s), and repayment period, for a total deferral of between approximately \$60,000 and \$180,000, for the period July 1, 2021, to June 30, 2022.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. The proposed Ninth Amendment to POLA Permit No. 520 with LA Sky Harbor will allow for up to a 12-month deferral of minimum rent obligations estimated at up to \$180,000, from July 1, 2020, through June 30, 2021, and will add terms for repayment over a subsequent 12-month period. All receipts will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MAY 19, 2021

(LAST DAY FOR COUNCIL ACTION – MAY 19, 2021)

SUMMARY

In a report to the Mayor dated February 25, 2021, the CAO states that POLA requests approval of the Ninth Amendment to its permit with LA Sky Harbor to allow for up to a 12-month deferral of minimum rent obligations, from July 1, 2020 through June 30, 2021, and to add terms for repayment over a subsequent 12-month period. Under the proposed amendment, LA Sky Harbor will still be required to submit a monthly percentage rent. POLA estimates that approval of the proposed amendment will result in a total rent deferral amount of \$60,000 to \$180,000 from July 1, 2020 through June 30, 2022.

The CAO reports that LA Sky Harbor operates a 226-room hotel and restaurant, with related amenities, and commercial banquet facilities, at 2800 Via Cabrillo Marina, San Pedro, on POLA property. A significant portion of LA Sky Harbor's revenue comes from

block room contracts for Air China staff, cruise ship travelers, and local and Catalina Island tourism. The Covid-19 pandemic and related restrictions on travel have severely impacted occupancy and operations. According to the CAO, gross sales for the period January to August, 2020, were down 32.7 percent compared to the same period in 2019. Occupancy dropped as low as 13 percent in May, whereas in 2019 occupancy generally ranged from 75 to 95 percent. LA Sky Harbor submitted a request for rent deferral on June 1, 2020, and expects occupancy and cash flow to remain impacted through a significant portion of 2021.

On November 5, 2020, BOHC approved the proposed amendment to POLA's permit with LA Sky Harbor. The CAO concurs with this action.

At its meeting held April 27, 2021, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed permit amendment, as recommended by BOHC and the CAO.

<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	ABSENT
LEE:	YES

jaw

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



- NOT OFFICIAL UNTIL COUNCIL ACTS -