

ECONOMIC DEVELOPMENT

MOTION

In July 2014, the City Council approved a Memorandum of Understanding (MOU) with The Related Companies (Developer) concerning development assistance for the Grand Avenue Project, one of the most significant urban development projects in Los Angeles. The proposed residential, commercial, retail, and entertainment components to this project will create a dynamic setting for the City's economic and artistic endeavors. The City's participation in the project involves financial support for the development of a four-star hotel.

At the time of approval, the City tentatively approved the brand that would operate the hotel, and financial assistance based upon the mix of residential, commercial, and retail uses in the project. Subsequently, the Developer has determined that another brand operator would be more appropriate for the project. In addition, the mix of uses in the project has been revised to respond to market conditions.

As a result, the terms of the MOU must be revised and a new financial and economic analysis must be conducted to ensure that City provides the appropriate level of assistance to the project. In order to obtain the new analysis, the Developer will be required to provide additional funds to allow the City to conduct an independent financial and economic study. The revised analysis will then inform the Council's future decisions with regard to any potential financial support for the project.

The Grand Avenue Project has been a significant priority for the City and the County of Los Angeles. It is essential that we make every effort to facilitate development of the project, but we must do so in a manner that adheres to the City's economic development policies. A revised financial and economic analysis, funded by the Developer, is critical to meet these objectives.

I THEREFORE MOVE that the City Council:

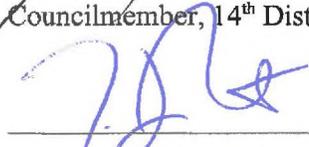
1. AUTHORIZE AND INSTRUCT the Chief Legislative Analyst (CLA) to hire consultants necessary to evaluate the project and accept an additional \$50,000 for consultant services from the Developer; request/authorize/instruct the City Controller to deposit/appropriate/expend all funds received as a result of this action in Fund 100, Department 28, Contractual Services Account 3040; and authorize the CLA to make any technical corrections, revisions, or clarifications to the above instructions in order to effectuate the intent of this action; and
2. INSTRUCT the CLA, with assistance of the City Administrative Officer and City Attorney, to negotiate any necessary amendments to the Memorandum of Understanding related to the Grand Avenue Hotel project and submit them to City Council for approval.

PRESENTED BY:



Jose Huizar
Councilmember, 14th District

SECONDED BY:




JUN 30 2015

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