

13-1694

DEC 17 2013

MOTION

CITY CLERK FOR PLACEMENT ON NEXT REGULAR COUNCIL AGENDA TO BE POSTED

#56

The Grand Avenue project has long promised to be one of the most significant urban developments 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. Significant progress has been made with completion of the Grand Park and current development of the Broad Museum and new residential units. But the heart of the project must still move forward. The economic downturn of 2008 brought the central housing, hotel, and retail component of the Grand Avenue project to a halt. After several extensions and design revisions, the developer, Related Companies, has proposed a design by Frank Gehry that promises to finally move this part of the project forward.

An important element of this project is a proposal to include a hotel among the various elements envisioned along Grand Avenue. The original plan included a five star hotel, a unique hotel product for the Downtown area that met the needs of a new service area. The City conducted significant fiscal analysis of the project and the proposed hotel and determined that a funding gap existed in the hotel development that could only be closed with City assistance. To that end, the City and Related Companies negotiated and executed a subvention agreement that provided financial support for that specific five star hotel product.

The new project design includes a hotel rated in the four star category. This is consistent with the requirements of the Disposition and Development Agreement between the Grand Avenue JPA and the Related Companies which requires a minimum four star hotel and remains a very high quality product. This change, however, necessitates an amendment to the original subvention agreement with the City, which provides that the hotel would be a Mandarin luxury establishment. The Related Companies has indicated that they still require financial assistance to construct the hotel now proposed and has requested confirmation of the assistance previously agreed. In order to revise the existing subvention agreement, the City must conduct a new fiscal analysis to determine whether there is a financing gap and also analyze the new proposal's impact on existing hotel operators.

To move forward, the City would require that the Related Companies provide funding to cover the expense of a new fiscal study. The results of this analysis would then inform the City as to the extent of the funding gap and the issues that must be amended in the existing subvention agreement. The results of the study and appropriate recommendations regarding the subvention agreement would then be brought back to the Council for consideration.

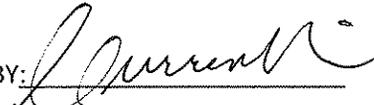
I THEREFORE MOVE that the City Council:

1. AUTHORIZE AND INSTRUCT the CLA to hire consultants necessary to evaluate the project and accept \$100,000 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 CAO and City Attorney, to negotiate any necessary amendments to the definitive agreements related to the Grand Avenue Hotel project and submit them to City Council for approval.

PRESENTED BY:


JOSE HUIZAR
Councilmember, 14th District

SECONDED BY:




/jwm

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