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ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to an evaluation of the proposed AECOM Hotel Project located at 1155 South Olive Street.

Recommendations for Council action:

1. AUTHORIZE the Mayor to execute a Memorandum of Understanding between the City and AECOM South Park, LLC providing terms for agreements necessary to provide a revenue participation agreement to close the financing gap in the AECOM Hotel Project.
2. INSTRUCT the Chief Legislative Analyst (CLA), with assistance of the City Attorney and other City departments as necessary, to negotiate the final definitive documents to provide a revenue participation agreement to support the AECOM Hotel Project for consideration by Council.

Fiscal Impact Statement: The CLA reports that there is no fiscal impact on the City General Fund associated with the above action, inasmuch as City staff are being instructed to report on the final, definitive documents necessary to provide a future revenue participation agreement for the AECOM Hotel Project.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on April 17, 2019, your Economic Development Committee considered a CLA report relative to an evaluation of the proposed AECOM Hotel Project located at 1155 South Olive Street. The CLA reports that AECOM Capital, as the development team of AECOM South Park, LLC, has developed plans for the AECOM Hotel project, which will consist of a 16-story hotel at 1155 South Olive Street with a total of 258 rooms. A review conducted by the City's independent consultant (Attachment B of the CLA's April 5, 2019 report, attached to the Council file) determined that the project has a finance gap of \$50,563,000.

The review also determined that the project will generate \$34,602,000 net present value (NPV)(\$ 106,532,000 nominal) in net new revenues to the City. Consistent with City policy, the Developer would be eligible to receive up to \$17,301,000 NPV in financial assistance (which is 50 percent of net new revenues generated by the project). The City would receive an estimated \$17,301,000 NPV in new General Fund revenues. The project would generate new jobs, additional City revenue, new hotel rooms to support the Los Angeles Convention Center, and provide community benefits. Therefore, providing financial assistance for the project would be consistent with City policy. After an opportunity for public comment was held, the Committee moved to approve the CAO's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER **VOTE**
PRICE: YES
BUSCAINO: YES
RODRIGUEZ: ABSENT

ME 4/17/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-