

MOTION

The City of Los Angeles has made great strides to advance its convention and tourism business over the past decade by supporting the development of new hotels with amenities to meet the needs of visitors attracted by rising interest in the City as an international tourist destination. The extraordinary development in San Pedro, from SpacX and AltaSea to the San Pedro Marketplace and the Battleship U.S.S. Iowa, promise to create a unique destination for visitors to the Los Angeles area.

The lack of hotel rooms is regularly cited by as a key reason visitors stay in other cities, such as Long Beach, or in short term rentals. To be more competitive with other markets, the City needs more hotel rooms that are easily accessible to local amenities, including in San Pedro.

A proposal to construct an 80 key hotel at 544 Pacific in the heart of downtown San Pedro is the kind of project that will spur economic development and support tourism in San Pedro and the City as a whole. Located at the corner of 6th Street and Pacific Avenue, the project will serve as an anchor to downtown San Pedro. The six story boutique hotel will blend into the neighborhood with an aesthetic that takes cues from the historic nature of the neighboring Warner Grand Theater and other nearby buildings. The hotel will feature a ground floor restaurant/bar as well as a rooftop restaurant/bar that will be open to hotel guests as well as the public. The rooftop will have views out to the Los Angeles Harbor as well as the surrounding neighborhood. But the Developer of the project has determined that it requires financial assistance to complete the project and has requested that the City evaluate the eligibility of their project for a Hotel Development Incentive.

As with previous hotel incentives, the Developer will provide funds to support any independent economic and fiscal analysis necessary to evaluate their proposal. In order to prepare the City to meet the needs of our growing tourism sector and the economic development of San Pedro, it is essential that the City conduct the necessary due diligence to determine whether a financing gap exists in this project and to recommend options for the City to ensure that a quality project is able to move forward, providing the City with necessary hotel rooms to serve San Pedro and the Waterfront.

I THEREFORE MOVE that the City Council authorize and instruct the Chief Legislative Analyst to 1. Hire consultant(s) necessary to evaluate a proposed hotel development at 544 Pacific in San Pedro, as further detailed in the text of this Motion, and make recommendations on economic development incentives that could help the project move forward, including, but not limited to, a potential site specific revenue agreement consistent with City policies; 2. Accept a payment of \$150,000 for consultant services from the Developer to analyze the economics and financing associated with this proposal, with the understanding that the Developer will pay the full cost of any financial and economic analysis, consultants, and any other reviews associated with the economic evaluation of this project; and 3. Cause these funds to be deposited into the Council Fund No. 100-28, Account No. 3040 (Contractual Services).

PRESENTED BY:

JOE BUSCAINO
Councilmember, 15th District

SECONDED BY:

PAUL KORETZ (verbal)
Councilmember, 5th District