

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

MEMORANDUM

5

DATE: DECEMBER 1, 2011 CT6990
100982

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

STAFF: JENNY SCANLIN, ACTING REGIONAL ADMINISTRATOR
KAREN YAMAMOTO, SENIOR PLANNER
NICK SAPONARA, ASSISTANT PROJECT MANAGER

SUBJECT: **Marriott Hotel Schematic Design – LASED Olympic North (East).** Approval of Schematic Design Drawings for Los Angeles Marriott Hotel project at 901 West Olympic Boulevard in the Los Angeles Sports and Entertainment District (LASED) Olympic North (East) Sub-Area, City Center Redevelopment Project Area DOWNTOWN REGION (CD 9)

RECOMMENDATION(S)

That the CRA/LA Board of Commissioners take the following action:

1. Approve the Schematic Design Drawings for the Los Angeles Marriott project, which proposes 393 hotel rooms, a ground floor restaurant, and various meeting and lounge spaces within a 23-story, 295,750 square-foot building.

SUMMARY

The proposed project is located at 901 West Olympic Boulevard (“Site”) and is within the Olympic North sub-area of the Los Angeles Sports and Entertainment District (“LASED”). The project is proposed as a dual brand hotel including 175 Courtyard by Marriott rooms and 218 Marriott Residence Inn extended stay all-suite rooms, for a total of 393 hotel rooms (“Project”), along with related hotel amenities.

Per the LASED Disposition and Development Agreement, as amended through seven Implementation Agreements (“Amended DDA”), CRA/LA is required to review Schematic Design Drawings to ensure consistency with the Master Plan and the provisions of the Amended DDA including the Design Guidelines for the LASED. Staff has reviewed the Schematic Design Drawings for the proposed Project, has determined they are in general compliance with the Design Guidelines and recommends approval. While CRA/LA’s discretion is limited to design review, the requirements of the Amended DDA, including Community Benefits Program provisions, shall apply to the Project.

The Developer of the Project is 901 West Olympic Boulevard L.P. (“Developer”), a Washington limited partnership, the management of which is controlled by Williams/Dame & Associates, Inc. (“WDA”) and American Life, Inc. WDA is a Portland-based developer that developed the Elleven, Luma and Evo mixed-use residential condominium projects in Downtown Los Angeles’ South Park, as well as many mixed-use developments in Portland, Oregon. WDA is responsible for the construction of the Project. American Life, Inc. is a Seattle-based firm that is the financial arm of the project.

PREVIOUS ACTIONS

May 5, 2010 – City Council approval of the Seventh Implementation Agreement to the Disposition and Development Agreement with the L.A. Arena Land Company (CF#10-0211)

February 4, 2010 – CRA/LA Board approval of the Seventh Implementation Agreement to the Disposition and Development Agreement with the L.A. Arena Land Company.

DISCUSSION & BACKGROUND

The CRA/LA, the City of Los Angeles and the L.A. Arena Development Company LLC entered into a Disposition and Development Agreement (“DDA”) dated October 31, 1997, for the development of the L.A. Arena (STAPLES Center) and parking facilities, which has been amended through seven Implementation Agreements. The Amended DDA anticipated that the Master Development would be developed in components, each defined as a Master Plan Project. The Amended DDA acknowledged the intent of the L.A. Arena Land Company and Flower Holdings (“Master Developer”) to partially assign its rights and obligations under the Amended DDA to various developers (each a “Project Developer”) in connection with the sale or transfer of parcels within the Master Plan District and development of each such parcel with one or more Master Plan Projects, as is the case in this Project.

The Seventh Implementation Agreement to the Amended DDA with the Master Developer, executed on November 4, 2010, acknowledged that future phases would be developed and revised the Design Guidelines to allow for increased height and density. Specifically, the maximum permitted floor area within the Master Plan District was increased by 312,212 square feet to a total of 6,290,018 and the land use mix and distribution was amended to permit 601,800 square feet of additional office uses within the Olympic North sub-area for a total of 847,600 square feet of office within the Master Plan District. Additionally within the Olympic North sub-area, the allowable number of hotel rooms was reduced from 400 to 275 rooms and the permitted tower height was increased from 200 feet to 350 feet. (A later adjustment, described below, allows for the 393 rooms proposed in the project subject to this approval.)

Project Description

The proposed Project is located on the northwest corner of Olympic Boulevard and Francisco Street immediately north of and across the street from the Ritz-Carlton/JW Marriott Convention Center hotels (Attachment A – Location/Site Map). The Site is approximately 39,960 square feet and currently improved with a surface parking lot, as are the majority of the parcels to the north, east and west.

The Project will consist of a single 23-story, 243-foot high tower totaling 295,750 square feet of floor area (Attachment B – Plans, Elevations and Renderings). A total of 393 hotel rooms will be comprised of 175 Courtyard by Marriott rooms and 218 Marriott Residence Inn extended stay suites which will include a small kitchenette, living room and sleeping area. Ancillary hotel uses within the first two floors include a ground floor restaurant/lounge, coffee/wine bar, hotel shop, meeting rooms and administrative offices; the third level includes the hotel amenities deck which contains a swimming pool and hotel fitness room.

The Project will encourage sustainable transportation alternatives. In addition to its close proximity to the Metro Blue/Expo Line Pico Station on Flower Street, the facility will include bicycle parking for visitors and staff and electric vehicle charging stations. Furthermore, a 1,000 square foot plaza on the corner of Olympic Boulevard and Francisco Street will create an

inviting, pedestrian-friendly entrance for visitors approaching from the LA Live campus and Convention Center. Hotel guests arriving by vehicle will use the porte-cochere located on Francisco Street. All hotel guest vehicles will be parked by a valet service that will enter the 71-stall underground level of parking through a driveway on the north end of the site along Francisco Street.

The Developer seeks to achieve a minimum of 18% energy savings in the Project and exceed Title 24 by employing various green strategies including high-performance glazing, high-efficiency chiller and fan motors and high-efficiency lighting fixture/LEDs/occupancy sensors. Water efficiency strategies include efficient irrigation systems for landscaping, low-flow plumbing fixtures, and efficient cooling tower systems. The building design specifications will prioritize locally sourced materials with high recycled content, products with low volatile organic compound (VOC) emissions and require third party commissioning of building systems to ensure operational optimization.

Design Review

In accordance with the LASED Specific Plan (Ordinance No. 181,334) provisions, the City of Los Angeles Director of Planning has issued a Determination and Findings dated October 15, 2011, under Case No. DIR 2011-2286-SPP-SPPA for Specific Plan Project Permit Compliance, Project Permit Compliance Adjustment, and Land Use Equivalency Transfer, subject to 45 conditions. In particular, the Land Use Equivalency Transfer converts 65 dwelling units previously considered for the site to 118 hotel rooms, permitting a total of 393 hotel rooms (275 hotel rooms had previously been approved for the site).

The Amended DDA also requires the Developer of a Master Plan Project to submit Schematic Design Drawings to the CRA/LA for review and approval to ensure consistency with the Master Plan and the provisions of the Amended DDA. CRA/LA staff has reviewed the drawings and has found the project to be consistent with the design requirements governing Olympic North sub-area developments including conformance with maximum permitted floor area, maximum permitted building podium and tower height, parking and open space requirements and the general intent of the standards established in the Design Guidelines.

The CRA/LA Design Guidelines for LASED also allow for “equivalency transfers” to exchange a certain amount of square feet based on an equivalency factor established in the LASED Specific Plan. Accordingly, and consistent with the Specific Plan Project Permit Compliance issued by the Department of City Planning, staff supports the exchange of 65 dwelling units to allow for an additional 118 hotel rooms. Staff shall review and administratively approve Design Development and Construction Drawings which logically progress from the Schematic Drawings contained within.

Art Fee

The Cultural Facility Master Plan for the LASED was approved by the CRA/LA Board on January 19, 2006. In keeping with the 1993 Art Policy attached to the LA Arena Project's October 31, 1997 DDA, the Cultural Facility Master Plan obligated the LA Arena and the various LASED sub-developments to deposit 1% of development costs into a CRA/LA Cultural Trust Fund specifically established for the creation of the GRAMMY Museum (“Museum”). The Cultural Facility Master Plan estimated the cost of the Museum's core and shell construction and the acquisition of furniture, fixtures and equipment to be approximately \$18 million.

To date, the Cultural Trust Fund has generated \$11,633,593 which has been distributed to the Museum. The 1% Art Fee contribution from the proposed sub-development Project is estimated

to be \$948,000. This amount is included in the current EOPS schedule for distribution to the Museum.

Community Benefits

The Amended DDA acknowledges a Public Benefits Program agreed to by L.A. Arena Company that addressed the development of affordable housing, jobs outreach, parks and open spaces, and prevailing wages and living wages for employees within the LASED. Each Project Developer that assumes the development of a specific site within the LASED will also be obligated to comply with the applicable Community Benefits Program provisions, as well as all other specific requirements of the Amended DDA.

ECONOMIC IMPACT

The following table* describes the economic impacts estimated to be created by this project.

Estimated Economic Impacts Created by this Project*	
Estimated Construction Jobs Created	250
Estimated Permanent Jobs Created	333
Estimated Gross Property Tax Increment (TI) Revenue (Year 1 of Tax Increment Generated)	N/A (Bernardi Cap)
Estimated Net Present Value (NPV) of Net Property TI Generated (Revenue to the CRA/LA Project Area through the last Tax Increment Receipt Date)	N/A (Bernardi Cap)
Estimated NPV of Property TI for Affordable Housing (25% set-aside towards the CRA/LA Low and Moderate Income Housing Fund through the last Tax Increment Receipt Date)	N/A
Estimated NPV of Utility User Tax Revenue (Revenue to City of Los Angeles)	\$1,699,000
Estimated NPV of Sales Tax Revenue (1% portion of taxable sales to City of Los Angeles)	\$366,000
Estimated NPV of Business Tax Revenue (Revenue to City of Los Angeles)	\$1,000

*The figures provided in the table above are for estimation purposes only; actual fiscal impact or job creation may be higher or lower than these estimates. Standardized formulas were used to generate these figures and are based on accepted econometric practices and basic tax calculations taken from research performed by a variety of sources, including the Los Angeles Economic Roundtable, California Redevelopment Association, US Department of Housing and Urban Development, CRA/LA, and the City and County of Los Angeles.

The Project, which is expected to begin construction in April 2012 and be completed in April 2014, will create approximately 250 construction jobs and 333 permanent jobs. The hotel will be a union hotel with similar agreements to the JW Marriott and Ritz-Carlton Hotels and will create 321 Living Wage jobs. The Project will also add to the supply of Convention Center adjacent hotel rooms, increasing Los Angeles' competitiveness in hosting conventions and other large events. Furthermore, by including Marriott Residence Inn extended-stay suites in addition to traditional hotel rooms under the Courtyard by Marriott brand, the Project will fill a void in the Downtown hotel marketplace for both business/convention visitors and families seeking accommodations with greater in-room amenities.

SOURCE OF FUNDS

No CRA/LA funds are required for this action.

PROGRAM AND BUDGET IMPACT

The recommended action is consistent with the adopted FY2012 Budget and Work Program for the City Center Redevelopment Project Area. There is no impact on the City's General Fund as a result of this action.

ENVIRONMENTAL REVIEW

The project was previously evaluated pursuant to CEQA in connection with the CRA/LA Board approval of the Seventh Implementation Agreement to the Disposition and Development Agreement.

Christine Essel
Chief Executive Officer

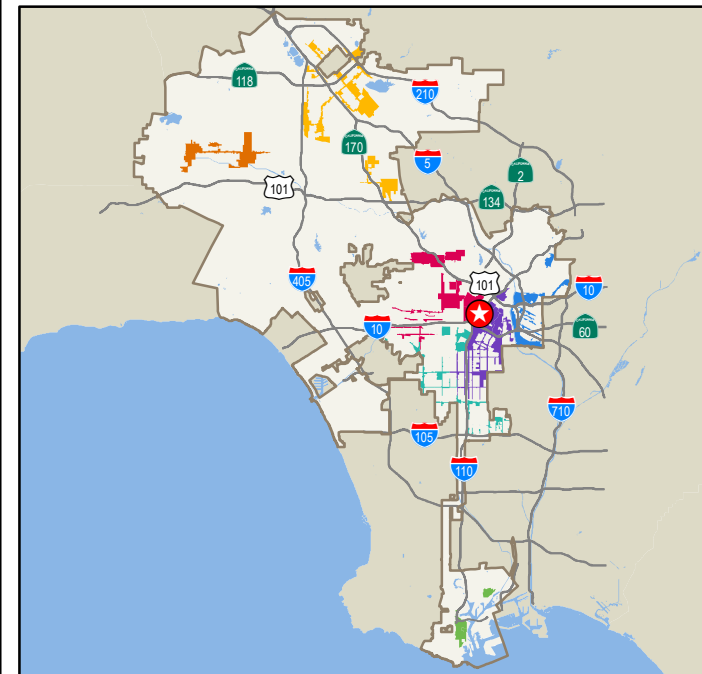
By:

David Riccitiello
Deputy Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

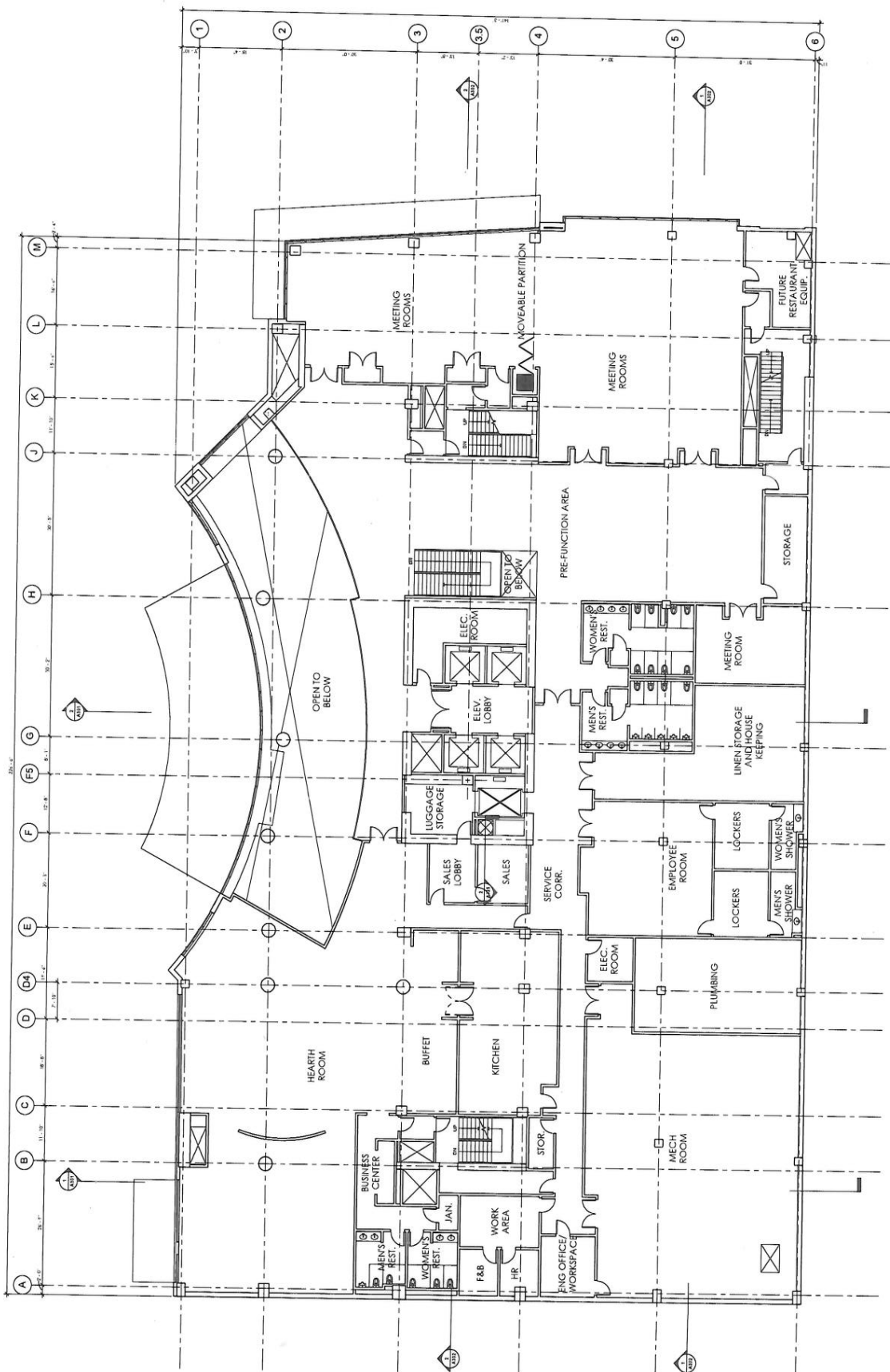
ATTACHMENTS

Attachment A. Location/Site Map
Attachment B. Plans, Elevations and Renderings
Attachment C. Project Summary Report



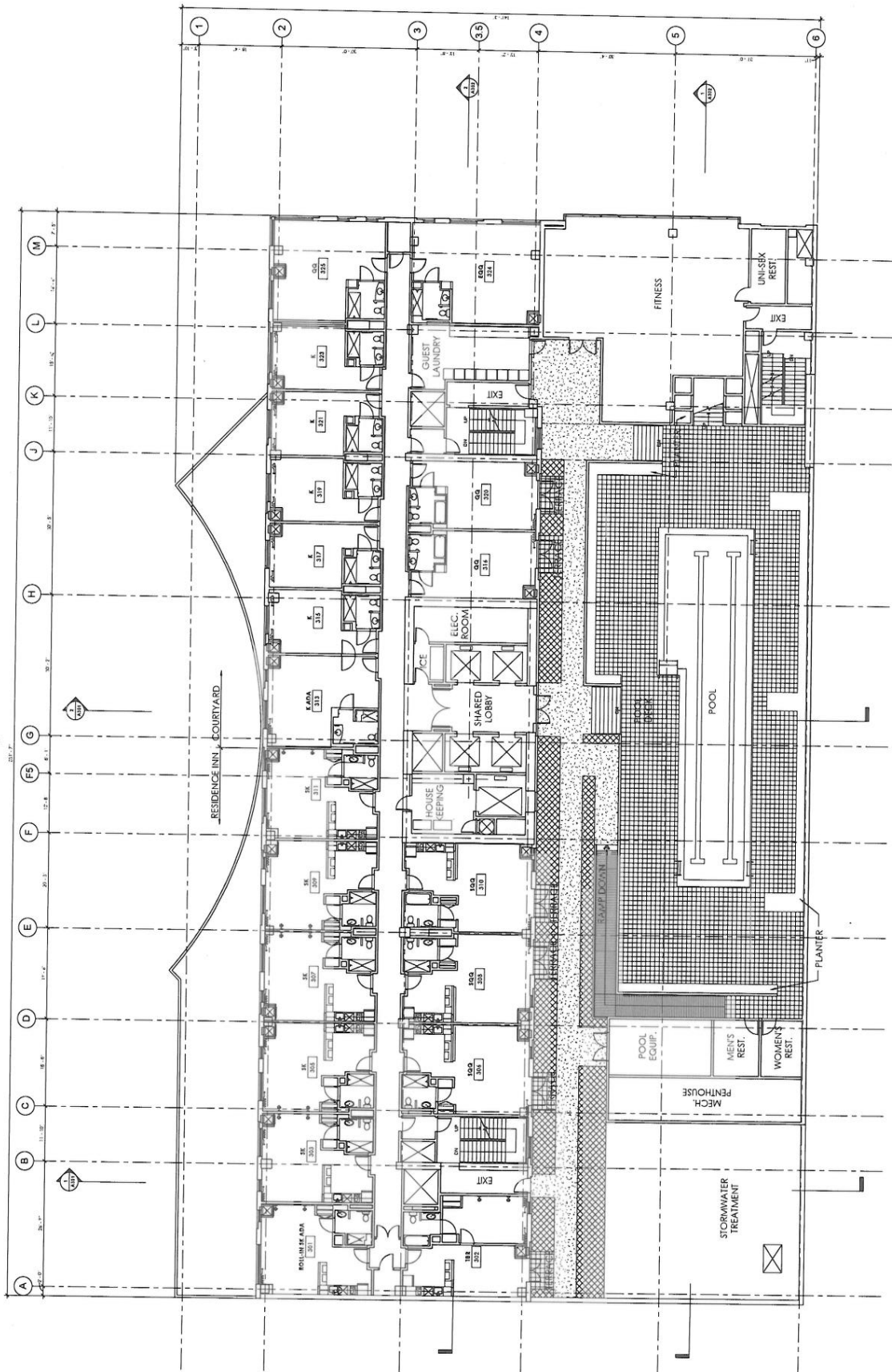
ATTACHMENT B

PLANS, ELEVATIONS AND RENDERINGS



1. FLOOR PLAN - LEVEL 2

REVISIONS	DATE
1	31 AUGUST 2011
PROJECT NUMBER	20115000
SHEET TITLE	LEVEL 03 PLAN
LEVEL 03 PLAN	PLAN
SCALE	1/8" = 1'-0"







OLYMPIC AND FRANCISCO AERIAL VIEW



PUBLIC PLAZA AND RETAIL VIEW



DOWNTOWN REGION



Maps created by CRA/LA GIS Team

STATISTICS AT A GLANCE

Estimated Jobs Created:

Construction Jobs (est.):	250
Permanent Jobs (est.):	333

Total Development Costs (TDC): \$115 million

CRA/LA Investment: \$0

CITY CENTER

MARRIOTT HOTEL - LASED OLYMPIC NORTH (EAST)

Board Item Number:

Board Date: 12/1/2011

Project Location

Primary Address:

901 West Olympic Boulevard, Los Angeles, CA 90015

Location Description:

Northwest corner of Olympic Blvd. and Francisco Street

Proposed CRA/LA Action

Approval of Schematic Design Drawings for Los Angeles Marriott Hotel project at 901 West Olympic Boulevard in the Los Angeles Sports and Entertainment District (LASED) Olympic North (East) Sub-Area

Additional Information

N/A

Elected Officials

- Council District 9, Jan Perry
- County Supervisor District 1, Gloria Molina
- State Senate District 22, Kevin De León
- Congress District 34, Lucille Roybal-Allard
- Assembly District 46, John A. Pérez

Project Description

A dual brand, 23-story Marriott Hotel to include 175 Courtyard by Marriott hotel rooms and 218 Marriott Residence Inn suites.

Project Type

Commercial

Construction Category: New Construction

Project Features:

- Parks / open space

Developer / Participant(s)

Developer: Williams and Dame Development, Inc.

Legal Owner / Borrower: 901 West Olympic Boulevard Limited Partnership

CRA/LA Project Staff

- Jenny Scanlin, Regional Administrator
- Nick Saponara, Assistant Project Manager
- Karen Yamamoto, Sr Planner

Project Activities

Completed Activities:

Scheduled Activities:

- Conceptual Design Drawings approval, 12/01/11

Terms of CRA/LA Investment:

Board Discretionary Action(s)

- Design Review

Sustainable Elements

- Energy Reductions beyond Title 24
- Transit Oriented Development

Community Benefits

- Bicycle Storage
- Community Benefits Agreement
- Development of underused lot
- Expands downtown hotel room supply and convention hosting capacity
- Living Wage Jobs
- Promotes Tourism

Strategic Plan Goals Met

- 1.1.1 - Create 40,000 construction career-path jobs.
- 1.3.1 - Retain and grow employment in each region's key sectors (such as cleantech, bio-med, entertainment)...

CRA/LA Policies Applied

- Construction Jobs Local Hiring Program, Workforce utilization goals per Equal Employment Opportunity/MWBE Program of Amended DDA
- Equal Benefits
- Living Wage, All hotel jobs will be Living Wage jobs. 70% goal per Community Benefits Program.
- Prevailing Wage
- Public Art Policy

CRA/LA Policies Not Applied

Not Applicable to the Project

- Housing Policy
- Construction Careers & Project Stabilization
- Child Care
- Sustainability Consultation Program (Part of CRA/LA Healthy Neighborhoods Policy)