CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: August 6, 2013

To: Honorable Mayor & City Council

From: David Lightner, Deputy City Manager

Subject: The Potential Construction of a Luxury Hotel in the Industrial Zone

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INTRODUCTION

The City owns several properties in the former Industrial Area, now known as the Entertainment Business District (EBD). A preliminary concept for a long-term ground lease of 9268 Third Street for development of an Auberge Resort luxury hotel has been proposed by Sonnenblick Development. The Mayor has requested a Study Session discussion on the best process to use in order to evaluate this proposal.

DISCUSSION

In 2005 and 2008 the City prepared Requests for Proposals for ground lease development, including luxury hotel development, on the City property in the EBD, focusing on the 5-acre site at 336 Foothill Road. More recently, the City Council has put consideration of development proposals for that site on hold until further review of all potential uses for that site. However, Sonnenblick Development and Auberge Hotels have expressed interest in the smaller (63,500 sf) site at 9268 Foothill Road, currently developed with a one-story building, leased to Lakeshore Entertainment.

Development interest in the 9268 Third Street site is partly due to the opportunity presented by the proposed sale of the Post Office building immediately adjacent to this City property. Sonnenblick Development is among the respondents to the Post Office Request for Bids, however the Postal Service has not yet completed their review and has not announced any finalists for further negotiations in that process.

The City Council's last direction was that while development opportunities for this site were not actively being sought, they would be open to reviewing a proposal if one were proposed.

In the past, the process for such initial review has been for staff to arrange a preliminary meeting with the proponent and the applicable City Council ad hoc committee (in this case, Councilmembers Gold and Krasne) so that they could get a first-hand

understanding of the concept being proposed. This meeting would be followed by a closed session discussion among the full City Council to consider the proposal to develop terms for a ground lease. If a consensus to continue the evaluation was reached, a process would then be developed leading up to public hearings. If the consensus of the Council was to discontinue any further consideration, the proponent would be advised and the review process would end.

The ad hoc meeting for this item has been scheduled, however, it has been suggested that an alternative process would start with a noticed public meeting to consider the future of the site, at which public input would be sought. An ad hoc committee meeting might then be scheduled to consider the proposal in light of the initial public commentary.

While, on one hand, this puts the public consideration at the earliest possible time, it does present some challenges in that the public generally expects to receive facts about the proposal, such as adequacy of parking, amount of traffic expected to be generated, height, financial terms, etc. in order to form their opinions. We do not know any of these facts yet. Typically, staff would work with a development proponent to collect this information, but only investing that time if the concept was considered worth evaluating by the City Council.

In the present case, the City Council will have the opportunity at the Study Session to advise on whether this idea warrants further evaluation. If there is consensus to move forward, staff would work with the proponents to assemble the questions and answers expected to be of relevance to the Council and the community in deciding whether this is a good use for this property.

City Council direction is requested regarding whether to continue with evaluation of this concept and, if so, whether the proposal should go next to the City Council ad hoc committee, or next to the full City Council under the lease proposal process, or next to a public meeting.

FISCAL IMPACT

Selecting a review process is not expected to have a fiscal impact.

RECOMMENDATION

City Council discussion and direction on the review process is requested.

David Lightner DEL
Approved By