

# Agenda Report

September 12, 2022

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Department of Transportation

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH ENSEMBLE REAL ESTATE INVESTMENTS FOR PARKING SPACES IN THE PASEO COLORADO SUBTERRANEAN GARAGE**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. i) Authorize the City Manager to execute a contract with Ensemble Real Estate Investments (Ensemble) to provide up to 140 parking spaces at the rates detailed in this report for parking for the Hyatt Hotel in the Paseo Colorado Garage for a term of 55 years and ii) grant the proposed contract an exemption pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

## **BACKGROUND:**

When the hotel opened, in December of 2018, Ensemble Real Estate Investments (Ensemble) agreed to pay the validated daily rate of \$6 per vehicle to the City for use of a maximum of 99 spaces in the Paseo Colorado subterranean garage. Payments were made to the City on a monthly basis, and were based on occupancy of the spaces on a per night basis.

As hotel operations continued, hotel management realized they needed to be able to utilize additional spaces during meetings and events and were interested in having more stability in parking expenses.

The Parking Division of the Department of Transportation have been in discussions with Ensemble, and are recommending the following:

<b>Commencement Date</b>	<b>Annual Parking Fee</b>	<b>Monthly Parking Fee</b>
Years 1-5	\$150,000	\$12,500
Years 6-10	\$165,000	\$13,750
Years 11-15	\$180,000	\$15,000
Years 16-55	See Below	

For years 16-55, the then applicable annual Parking Fee shall increase effective as of the first (1st) day of the sixteenth (16th) year of the Term (the "First Adjustment Date"), and on the first day of each 5-year period thereafter (each such date, an "Adjustment Date"), in an amount equal to the lesser of (i) ten percent (10%) or (ii) the CPI Adjustment, and the monthly Parking Fee shall be adjusted accordingly to reflect twelve (12) monthly payments of such annual Parking Fee.

By way of this fixed fee agreement, Ensemble will be able to utilize up to a daily average of 140 parking spaces, with 99 of those spaces being for the exclusive use of the hotel per the terms of the Parking Operations and Maintenance Agreement that governs the parking garages at The Paseo.

**COUNCIL POLICY CONSIDERATION:**

This project is consistent with the City Council's goal to support and promote the quality of life and the local economy.


**ENVIRONMENTAL ANALYSIS:**

The project has been reviewed for compliance with CEQA and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The parking space lease contract will not result in any significant effect on the environment.

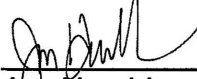
**FISCAL IMPACT:**

Under the current occupancy based agreement, Ensemble pays an average of approximately \$14,000 per month for parking. This agreement will slightly reduce annual revenues by approximately \$18,000, but will provide the City a more consistent revenue stream, especially during downturns in hotel occupancy. Parking Division staff estimates the total revenue for the 55 year term of the agreement to be approximately \$16,500,000.


Respectfully submitted,

  
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