



## CITY COUNCIL AGENDA REPORT

### City of Anaheim CITY MANAGER'S OFFICE

**DATE:** AUGUST 30, 2016  
**FROM:** CITY MANAGER'S OFFICE  
**SUBJECT:** RESCISSION OF PURCHASE AND SALE AGREEMENT AND  
PARKING EASEMENT AGREEMENT FOR THE PROPOSED  
HOTEL PROJECT AT 1030 W. KATELLA AVENUE

**ATTACHMENT (Y/N):** YES **ITEM # 36**

#### **ACTION:**

That the City Council, by Motion, discuss and consider rescinding City Council action of July 12, 2016 as it relates directly to public hearing item No. 26, specifically i) Purchase and Sale Agreement No. MIS2016-00633 and ii) Parking Easement Agreement No. MIS2016-00633, both with FJS, Inc. regarding the proposed hotel project located at 1030 W. Katella Avenue (634-room, eight-story hotel), including any action directing staff to take necessary action to effectively rescind said agreements.

#### **BACKGROUND:**

At the August 9, 2016 City Council meeting, Mayor Tait directed staff to agendize an item for discussion on August 30, 2016 regarding the hotel projects that were approved at the July 12, 2016 City Council Meeting. The Mayor also directed staff to bring back an agenda item to discuss and reconsider components of the hotel projects that can be rescinded by council. The City council may at any time, rescind any prior action with the exception of those actions that are either quasi-judicial in nature or require a noticed public hearing (Resolution No. 2014-043). The Purchase and Sale agreement and Parking Easement agreement related to the proposed hotel project located at 1030 W. Katella Avenue are presented for Council consideration, discussion and possible rescission, if desired; since these two agreements are not quasi-judicial nor did they require a noticed public hearing.

#### **DISCUSSION:**

On July 12, 2016, the City Council approved the proposed hotel project located at 1030 West Katella Avenue including the environmental documents and entitlement applications, an Ordinance approving a Development Agreement, a Purchase and Sale Agreement, a Parking Easement Agreement and an Operating Covenant Agreement.

The project applicant is proposing to demolish the existing 358-room Anabella Hotel, located at 1030 West Katella Avenue, to construct an eight-story, 634-room hotel with accessory uses. Accessory uses would include up to 42,000 square feet of meeting space, 31,179 square feet of restaurant, spa and retail space, and a seven-level parking structure.

The 8.11-acre project site is located within The Anaheim Resort, west of and adjacent to, the Anaheim Convention Center (ACC). The project site consists of a 6.44-acre parcel on which the Anabella Hotel is currently located and a 1.67-acre triangular portion of City-owned land currently used for ACC “back-of-house” activities. The project would relocate and accommodate the displaced ACC back-of-house uses to the ground level of the proposed parking structure.

Purchase & Sale Agreement and Easement

Under the Purchase and Sale Agreement, the City agreed to sell to the applicant, FJS, Inc., a 72,656 square foot triangular parcel of City-owned land (“City Parcel”) currently used for the Anaheim Convention Center (ACC) back-of-house activities. Additionally, the City would acquire a parking easement accommodating the approximate same square footage as the City parcel. The City would sell the approximately 72,656 square foot triangular parcel at fair market value and acquire the parking easement also for fair market value. A condition precedent required for the Purchase and Sale Agreement of the City Parcel is the development of the Hotel’s parking structure including the Parking Easement area and associated improvements.

**IMPACT ON BUDGET:**

Rescinding the previously approved aforementioned Agreements may have financial implications to the City, the extent of which is unknown at this time.

Respectfully submitted,

Paul Emery  
City Manager

**Attachments:**

1. Purchase and Sale Agreement
2. Parking Easement Agreement, in substantial form