



Information Item

Date: April 5, 2011

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: Viceroy Hotel Real Estate Closing

Introduction

The sale of the Viceroy Hotel by Roscoe Real Estate Limited Partnership to Seaside Hotel, LP was completed on March 16, 2011. This report provides information about the sale and the owner's compliance with the City's Labor Peace requirement.

Discussion

On [March 8, 2011](#), Council authorized the assignment of the ground lease of the Viceroy Hotel from Roscoe Limited Partnership to Seaside Hotel, LP. Approval was contingent upon the new owner, the operator, KHM Viceroy Santa Monica, LLC, and UNITE HERE Local 11 providing evidence of their compliance with the Lease's Labor Peace provisions.

The parties have presented the City with an Amendment to the Collective Bargaining Agreement ("CBA") between KHM Viceroy Santa Monica and UNITE HERE Local 11 to extend the term of the CBA through August 31, 2011.

An Owner's Letter Agreement, executed between Seaside Hotel LP and UNITE HERE Local 11, provides the following additional protections for the Union:

- Any new operator of the hotel will assume any CBA in effect, or, if no CBA is in effect, shall maintain the terms and conditions of employment for bargaining unit employees as established by its predecessor;

- A condition to any future transfer by the owner shall require the successor-in-interest to be bound to the CBA;
- Local 11 will have arbitration rights to enforce the Owner's Letter; and
- The Owner's Letter will survive beyond the expiration date of any successor CBA so long as the successor provision contained in the current CBA remains.

The sales price of the hotel was \$80,072,357. Subject to audit, the transfer premium to the City is \$563,136 plus \$10,000 for the City's attorney's fees.

Prepared By: Miriam Mack, Economic Development Manager