

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

M E M O R A N D U M

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DATE: OCTOBER 4, 2018

TO: GOVERNING BOARD

FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

SUBJECT: **CALIFORNIA PLAZA RECIPROCAL EASEMENT AGREEMENT.** Approve changes to the Common Area/Entertainment Center at California Plaza in the Bunker Hill Project Area.

RECOMMENDATION

That the Governing Board approve the proposed changes to the Water Court at California Plaza.

SUMMARY

The recommended action will facilitate a significant capital investment by the property owners at California Plaza to renovate the main public area enjoyed by tenants and visitors and used by Grand Performances for its ongoing artistic and cultural programs.

The three property owners at California Plaza have collectively agreed on necessary capital improvements in the area generally known as the Water Court. The plan contained in the Gensler schematic design would replace the water features with a round central lawn, thereby enhancing seating areas for Grand Performances events. In addition, the area would benefit from new landscaping, potted plants, trees and outdoor furniture. The owner-approved budget for the renovation is \$4.5 million, with construction estimated at 24 weeks. The property owners have worked closely with key stakeholders, including Grand Performances, to mitigate impacts from the proposed changes. Grand Performances has submitted a letter in support of the owner's request.

PREVIOUS ACTIONS

None.

DISCUSSION & BACKGROUND

The Water Court, and other elements of the Entertainment Center, was developed in the 1990s alongside the Two California Plaza office building. The Entertainment Center is subject to a Reciprocal Easement Agreement ("REA") among the owners of One California Plaza, Two California Plaza, the Omni Hotel and the Former Redevelopment Agency. Among other things, the REA creates an obligation for each property owner to pay its share of operating costs to maintain the common areas and support performances in the Entertainment Center. The property owners organized themselves into Plaza Commons, Inc., a mutual benefit corporation, for purposes of perfuming these obligations and have retained Grand Performances to produce free artistic and cultural events in the Entertainment Center.

In connection with sale of the fee interests at the Omni Hotel, One California Plaza and Two California Plaza, CRA/LA retained approval rights in the REA regarding changes to the areas for common use. The Governing Board is exercising those retained rights in considering the proposed changes to the Water Court area.

The Water Court's extensive fountains and the underlying plumbing infrastructure have required increasing levels of maintenance and investment. More recently, the Water Court has been prone to leaks; all waterproofing in the retention ponds and planters is beyond its useful life. Importantly, the owners report that the leaks are impacting the building's concrete and steel structure below the Water Court. The owner's estimate the cost of repairs to restore the Water Court, as designed, at over \$4 million.

The owners retained Gensler to explore design solutions focused on creating an inviting environment for tenants and visitors while incorporating features that enhance the audience experience for Grand Performances events by reducing the distance between the audience and performers and increasing patron seating capacity.

SOURCE OF FUNDS

No funds are required for this action.

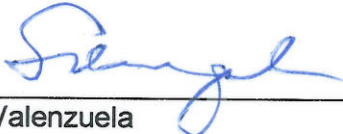
PROGRAM AND BUDGET IMPACT

Not applicable

ENVIRONMENTAL REVIEW

The proposed project does not constitute a project according to the California Environmental Quality Act (CEQA) under section 15378(b)(5).

By:



Steve Valenzuela
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:

Letters dated 9/4/18 and 8/27/18 from Plaza Commons, Inc. and Grand Performances, respectively.

September 4, 2018

Governing Board of CRA/LA, a Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, CA 90013
Attention: Steve Valenzuela, Chief Executive Officer
Subject: **Water Court at California Plaza**

Mr. Valenzuela,

I am writing on behalf of the three members of Plaza Commons, Inc. ("PCI"), constituting the owners of Cal Plaza I (Rising Realty Partners), Cal Plaza Two (CIM) and the Omni Hotel (R.M.M.K.-II, LLC), to request that CRA/LA approve, pursuant to the REA, the proposed changes to the Common Areas/Entertainment Center at California Plaza. As I understood from our dialogue, this matter will be heard before the Governing Board on Thursday, October 4th, 2018.

The three owners have collaborated under PCI to explore the opportunity to renovate the water court area at Cal Plaza. PCI has been evaluating the substantial required water court repair and maintenance scope for several years. The fountain plumbing infrastructure has a number of leaks and all of the waterproofing in the retention pools and planters is beyond its useful life. The leaks are impacting the building's concrete and steel structure below the water court. These issues have led the owners to stop using the water features. Including plumbing infrastructure and waterproofing repairs, the total cost to repair the water court as designed is over \$4 million. Further, the costs to operate and maintain the water features going forward are substantial.

In 2017, the owners collectively agreed that it was preferable to dedicate those resources to a thoughtful renovation of the plaza. The millions of dollars otherwise dedicated to repairs could instead:

- Benefit the DTLA community by creating additional modern, functional, and inviting space in the plaza (for local residents, office tenants, retail customers, and concertgoers)
- Improve sustainability by reduced water and energy usage,
- Reduce maintenance expenses related to aging infrastructure,
- Mitigate future damage to the structural integrity of the properties due to water feature leaks.

The owners heard presentations from a number of architects, approved a conceptual study, and hired a team of consultants to explore design options, costs, and constructability. The team of consultants and designers included Gensler among other reputable firms. Design goals for the future improvements included:

- Create an inviting environment that would draw people into the plaza at all times
- Confirm that the aesthetic acknowledges the architectural fabric and broader intent of the existing master-planned commercial environment

- Include design features that enhance the audience experience when attending Grand Performances; reduce the distance between the audiences and performers and increase the patron seating capacity

The conclusion of the design effort is illustrated in the attached plan and includes the following:

- Remove and re-waterproof reflecting pool, reservoir, planters, and water feature / fountain areas
- Re-work existing fountain/cascade elements behind main stage into planters
- Reshape existing reflecting pool area – new curbs, infill paving and drainage to create round central lawn that will enhance the seating area for Grand Performances
- New landscaping at all re-waterproofed landscape areas
- New potted plants, small trees and outdoor furniture throughout

The total owner approved budget for the renovation is \$4.5 million, including hard and soft costs, and the construction schedule is approximately 24 weeks, commencing in early 2019. The construction will be staged to minimize impacts to all stakeholders. The owners engaged the Grand Performances team throughout the design process to ensure that they were in support of the changes to the public venue as well as any potential impacts to the performance schedules. Grand Performances has begun their planning effort for the 2019 season and will pursue alternate venues to the water court stages. These may include alternate venues on the property and off the property. These efforts will ensure that the construction does not negatively affect the public benefit provided by Grand Performances. The owners are grateful for the enclosed letter of support from Grand Performances for this renovation effort.

If you have any questions on these items or anything else, please do not hesitate to reach out to me anytime.

Sincerely,



Tyson Strutzenberg
COO
Rising Realty Partners
Tyson.Strutzenberg
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Enclosure: Correspondence from Grand Performances

Scheme 1: Illustrative Site Plan

2 CAL

1 CAL

OMNI



OLIVE STREET

ANGEL'S FLIGHT



BOARD OF DIRECTORS August 27, 2018

Alison Kleaver
CHAIR

Steve Valenzuela | Chief Executive Officer & CFO
CRA/LA, A Designated Local Authority
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Paul Tepper
TREASURER

Janet Chung
SECRETARY

Dear Mr. Valenzuela,

Rahul Marwah
IMMEDIATE PAST CHAIR

Grand Performances ("GP") would first like to acknowledge and thank the former Community Redevelopment Agency of the City of Los Angeles and the CRA/LA, a designated local authority and successor, for their commitment to the arts; and most importantly for recognizing the critical role that free performing arts has in maintaining a creative, cultural, and economically vibrant Los Angeles.

Simone S. Branigan

Jennifer Fisher

Mark Flaisher

Jan Fogelman

Deborah Glusker

Brent Imai

Thanks to the vision of Mayor Tom Bradley and the CRA, GP has presented world music, dance, theatre, spoken word, film, and poetry in the performing arts spaces of California Plaza for over 30 years. This performing arts program has served as a backdrop to the transformation of the downtown community for over three decades.

Karen Molleson

Howard Rubinroit

Greg Salter

Tony Scudellari

Jared Seltzer

GP acknowledges the current and past owners and managers of One Cal, Two Cal, and the Hotel at California Plaza (Cal Plaza), the three of which make up the mutual benefit corporation Plaza Commons, Inc. (PCI), for their support of the performing arts program. GP leverages the annual funding from PCI to produce and present a widely respected and well known performing arts program which has been recognized both locally and nationally for its programming and production quality.

Lynne Sullivan

Tara L. Taylor

We understand that the Watercourt, a mainstay of our home venue at Cal Plaza, is in need of required and necessary maintenance. Our production team is intimately involved with this aging infrastructure as we run the water elements during many of our large shows.

Mari Riddle
EXECUTIVE DIRECTOR

We see this renovation as an opportunity to modernize the performing arts space at Cal Plaza. The proposed plans have been discussed with GP production and programming staff as well as with the GP Board of Directors.

PCI has been in communication with GP to ensure that the needs of the performing arts program are considered and actualized during the Watercourt redesign and renovation process. At a walk through with the architects and construction managers, GP production and programming staff made suggestions as to what would work best given the schematic. We fully anticipate this open dialogue



will continue throughout the duration of the project and that the performing arts space maintain the integrity and structure of a world-class performing arts venue which audience members have come to expect and love about GP.

The GP team has reviewed the attached plan and we overall support the renovation including removing the pond and filling this space with attractive landscaping that will invite audiences to be closer to the performers. The water pond, while aesthetically pleasing, extends 43 feet to the first row of audience, reducing the ability for the performers to engage fully with the audience. The up-close feeling that audience members get with our smaller amphitheater shows would be part of every performance, enhancing the communal and welcoming environment that GP audiences have enjoyed.

GP is fully aware that the construction will take place during the majority of the 2019 calendar year and that the summer performance series will need to be held in alternative locations. We discussed options with the PCI Board of Directors and suggested a one day Grand Avenue festival held in summer 2019 with estimated attendance of 10 to 15 thousand to be held adjacent to Cal Plaza. As we did this summer, we will activate the Spiral Court, which is not undergoing construction, when appropriate for smaller performances. The PCI Board was in agreement with these plans and felt as we did that it would address the contractual civic obligation to artists, audiences, and the Downtown Los Angeles community.

On behalf of the Grand Performances Board of Directors and staff, we support the renovation and improvements proposed by PCI and look forward to working with them to *inspire community, celebrate diversity, and unite Los Angeles through free access to global performing arts.*

Sincerely,

A handwritten signature in blue ink that reads "Mari Riddle". The signature is fluid and cursive, with the first name "Mari" and last name "Riddle" clearly distinguishable.

Mari Riddle
Executive Director

A handwritten signature in blue ink that reads "Alison Kleaver". The signature is fluid and cursive, with the first name "Alison" and last name "Kleaver" clearly distinguishable.

Alison Kleaver
Chair of Board of Directors