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County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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January 07, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF LA PLAZA DE CULTURA Y ARTES FOUNDATION
LA PLAZA CULTURA VILLAGE DEVELOPMENT
CONCEPTUAL PLAN PROJECT DESCRIPTION
FIRST DISTRICT
(3 VOTES)**

SUBJECT

The recommended actions will allow the LA Plaza de Cultura y Artes Foundation, a nonprofit organization and current County lessee, to proceed with draft environmental documentation and the solicitation of developer interest required for a proposed development of the LA Plaza Cultura Village in preparation of a potential later exercise of its lease option and later request for County approval for development of an additional two County-owned parcels between Hill and Spring Streets.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the approval of the recommended action is exempt from the California Environmental Quality Act pursuant to Section 15362 and Section 15061(b)(3) of the State California Environmental Quality Act Guidelines.
2. Approve the project formulation documentation and authorize the LA Plaza Cultura Village Project description, as submitted by the LA Plaza de Cultura y Artes Foundation, as the framework for the study and assessment of a proposed development of two County-owned parcels in the vicinity of Hill and Spring Streets in Los Angeles for California Environmental Quality Act purposes.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County has received written notification that the LA Plaza de Cultura y Artes Foundation

(Foundation) is working on a development proposal and environmental assessments for its lease option site in anticipation of a future exercise of its Lease Option, as stated in the Lease Agreement (Lease) dated September 14, 2004 and executed on November 4, 2004. The Foundation's irrevocable Lease Option is for a period of 15 years from the date of the Lease execution until November 4, 2019.

The recommended actions will approve a proposed Village Conceptual Plan Project Description for the development of the LA Plaza Cultura Village (Village) requested by the Foundation, which would be subject to Board's consideration and review following the completion of an Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA). Transactional documents, including lease and sublease documents will be submitted for the Board's approval or disapproval at a future date if the Foundation determines that there is developer interest in the property development consistent with County and Foundation requirements.

County approval of the Village Conceptual Plan Project Description is required to set the framework for preliminary evaluation and environmental assessment of a potential future Foundation exercise of its option to re-negotiate the Lease.

By approving this Project description for further study, the County does not commit to or otherwise endorse, authorize, or approve any specific project. Any future recommendations on a proposed development at this site remain subject to Board's sole discretion to disapprove or modify the proposed Project.

Background

In September 2004, the Board certified a Final Environmental Impact Report (2004 Final EIR) and approved the Plaza de Cultura y Artes Project (LA Plaza Project) and various actions relating to developing a Mexican-American cultural and multimedia center (cultural center) dedicated to broadening the public's appreciation of the diverse contributions of early Mexican-American settlers to the history of Los Angeles.

The LA Plaza Project included the rehabilitation of the shell and core of the historic Plaza House and Vickrey-Brunswig Building and was completed in December 2009. In October 2010, the Foundation completed the tenant improvements to the two historic buildings and relocated their administrative offices to the fifth floor of the Vickrey-Brunswig Building. In September 2010, the Board approved an Addendum to the previously certified 2004 Final EIR and approved refinements to the Project to allow for a more pedestrian-oriented site plan to facilitate the flow of visitor traffic through exhibits on the first and second floors of the two historic buildings, and between Main and Spring Streets.

Proposed Village Conceptual Plan Project Description

The Lease between the County and Foundation has an initial term of 66 years with a potential extension of an additional 33 years, at the option of the Foundation for the development of property subject to the lease option. The Foundation currently is responsible for management of the Foundation's programs and operations of the cultural center, and for the provision of liability insurance on such programs and property insurance on non-County exhibits.

Under the Lease Article 2, the Foundation retains an irrevocable option to expand by a lease of all or a portion of the County-owned parcels currently bounded by Spring Street on the east, Cesar Chavez Avenue on the north, Hill Street on the west, and Arcadia Street on the south for \$1.00. The County retains rights of approval on permitted uses, which it must find meet the social needs of the

County, as well as on design, and the sufficiency of funding prior to the transfer of possession to the Foundation and the commencement of any new construction. The Foundation also must be in compliance with its current lease in order to be granted an option to lease additional property. The proposal would maintain the Foundation as lessee of the County parcels with a County approved sublease and related transaction documents with a private developer sublessee to be recommended by the Foundation following a competitive solicitation.

The proposed Village Conceptual Plan Project Description seeks to activate an underutilized portion of the El Pueblo district that will create a new mixed-use urban area for downtown Los Angeles (Attachment A). The proposed Village Conceptual Plan Project Description includes:

Proposed Real Property Development Project Description Elements

- Parcel One between Spring Street, Cesar E. Chavez Avenue, and Broadway
 - 3-story build-out, including approximately 21,000 square-feet of retail and an approximately 8,000 square-feet commissary kitchen and small business incubator on the ground floor;
 - approximately 32 residential units on the 2nd and 3rd floors;
 - a pedestrian oriented arcade facing Spring Street that incorporates prominent access to the LA Plaza Paseo, which connects the parcels to LA Plaza and Union Station to the east, as well as to Fort Moore and Grand Park on Hill Street on the west side and towards the south; and
 - approximately 250 parking spaces, which includes replacement for the County's existing 150 employee and visitor parking spaces.

- Parcel Two between Broadway, Cesar E. Chavez Avenue, and Hill Street
 - 9-story build-out, including the ground level at Broadway;
 - Approximately 200 residential units on floors 1–8 with a minimum of 20 percent set aside (45 units) for low income affordable housing;
 - 6,000 square-foot for retail along Broadway to enhance pedestrian activity in the area;
 - approximately 280 parking spaces for residential and retail uses wrapped into the ground floor and floors 1-3;
 - 5,000 square-foot scenic bar/restaurant proposed at the 4th floor (at grade with Hill Street) to capture the views overlooking LA Plaza and Union Station; and
 - an iconic glass elevator that elegantly anchors the LA Plaza Paseo through to Hill Street, while providing disability access to the restaurant as well as facilitating pedestrian access between Union station and destinations accessible from Hill Street such as Grand Park and the Music Center.

Proposed Social Needs Programming and Public Benefits of Proposed Project Description

- Commissary Kitchen and Small Business Incubator: the commissary kitchen and small business incubator would be developed and operated with the goal of providing shared affordable commercial kitchen space and technical assistance services to low income food entrepreneurs seeking to scale-up their businesses. Incubated businesses would have the opportunity to test concepts through use of a small, periodic pop-up restaurant space incorporated into Parcel One.

- LA Plaza Paseo and Pedestrian Enhancements: the LA Plaza Paseo will provide a pedestrian linkage from Union Station on the east of the proposed development to the shops and restaurants on Olvera Street, to the museums and cultural offerings of El Pueblo, to the accessible, interactive historic exhibits and festivals at LA Plaza and leading up to Fort Moore on Hill Street west of the proposed development. The LA Plaza Paseo will use unified wayfinding signage, pavement marking, lighting and interpretative stations to lead visitors through the history of Los Angeles along a lively, engaging, informative pathway that showcases the area's assets as well as its forgotten

historical events. The establishment and maintenance of the LA Plaza Paseo will increase pedestrian traffic in the area, promote economic activity, and improve actual and perceived visitor safety.

- **Affordable Housing:** the mixed-income development with 20 percent (approximately 45 units) set-aside for low income households, adding much-needed inventory to the stock of affordable housing in the area. The inclusion of affordable units promotes equitable development principles and ensures that people of all incomes have access to the area's historic and cultural offerings.
- **Visitor-Serving Retail:** the proposed approximately 21,000 square-feet of retail space would include visitor and tourist-serving uses to promote the area's cultural and historic attractions. Visitor-aid, tourism and travel services would be ideal tenants for this space. The retail would line Spring Street and Broadway to enhance the pedestrian experience. In particular, a pedestrian arcade along Spring Street is intended to invite LA Plaza visitors to cross over to the proposed development, sample the latest culinary offerings from the commissary kitchen and small business incubator members, and recharge and refresh with food and beverages before continuing along the LA Plaza Paseo towards Fort Moore.
- **Parking Replacement for LA County and Historic/Cultural Uses:** 150 parking spaces included in the development program, will serve County employees during the weekdays and as a parking reservoir for the area during the evenings and weekends. The number and intensity of festivals and special events in the El Pueblo Historic District are increasing as LA Plaza's visitor numbers grow and El Pueblo enjoys a resurgence with the opening of new cultural and historic facilities. LA Plaza has already reached capacity for parking during major cultural events and festivals. Further, the additional public parking spaces provided by the new development will serve patrons supporting the surrounding businesses facilitating continued growth activity.
- **Revenue to Support Museum and Cultural Programming Operations:** The ongoing revenue yielded by the new development will serve as an important independent source of funds to enhance Foundation museum and programming of the cultural center property, furthering the goal of improving cultural and historical awareness in the area. As with other County cultural institutions, LA Plaza's annual budget receives financial support from the County through the annual budget process.

The proposed Village Conceptual Plan Project Description illustrates one way in which mixed land uses can be combined to provide public benefits while also generating revenue that will enable the Foundation to enhance its ability to serve its cultural and historic objectives.

Other uses such as a boutique hotel, a youth hostel, a food museum, a Latino music center, a senior affordable residential arts colony, veterans housing, creative flex or work-share office space, or an art gallery, potentially could be incorporated into the development to similarly provide social needs programming and public benefits. The Foundation's solicitation to potential developers will list these alternative uses to underscore that the proposed project description is a sample development concept that is merely illustrative of the density and scope potential on the option property site, and that the Foundation and the County are open to other creative combinations that will meet County requirements and achieve the over-arching goals of the project.

If there is successful developer interest in response to its solicitation, the Foundation will return to the Board in the future to request consideration and approval of a new EIR for the proposed development, and project approvals. These would include action on the Foundation's notice to exercise its option to lease the larger parcels, its proposal for a sub-lease to a private developer and

the financing and business terms of the proposed development, a Board determination that the final proposed land uses comply with the social needs of the County requirements of Government Code 26227, and proposed transaction documents including but not limited to new lease and sublease documents.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Integrated Services Delivery (Goal 3) by improving the opportunities to result in improved community outcomes and leverage resources through continued integration of community services.

FISCAL IMPACT/FINANCING

The Foundation will initially fund the environmental services costs incurred and include reimbursement of these costs as part of the developer solicitation. The Lease provides the Foundation conditions to commence construction of new improvements at its sole cost and expense, including evidence of sufficient assets and/or available funds required to complete the construction of any proposed new improvements. The Foundation intends to include as part of the developer solicitation a financial component that will at least comply with the Lease requirements consistent with Lease Article 6 - Construction of New Improvements on the Site (LA Plaza Project) and the Larger Parcel by Foundation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Foundation holds a lease option for the real property parcels. As stated in the Lease, the Foundation may exercise the option to lease the real property parcels to operate programs to meet the social needs of the County, which the Board determines will serve public purposes. The proposed Village Conceptual Plan Project Description social uses include development of a pedestrian passageway that narrates the history in the area, operation of a commissary kitchen for training and incubation of start-up food businesses, development of affordable or workforce housing, and public parking.

The current lease between the County and the Foundation is authorized by Government Code 26227, which permits the Board to approve social programs deemed necessary for the County to meet social needs of its population, and also to finance or assist in the financing of any improvement of real property and furnishings to be owned or operated by a public agency or nonprofit organization to carry out such programs through a lease or other transaction.

Supervisor Molina currently serves as a member of the Board of Directors of the Foundation. The directors and officers of the Foundation do not benefit financially from serving in both positions. As the Foundation's primary purpose is to support the Board in the rehabilitation and development of the El Pueblo properties, County Counsel has advised that the conflict of interest laws would not preclude the County from approving these recommendations. Further, the law would not limit Supervisor Molina's ability to participate in the County's discussions or decisions regarding the project or these recommendations provided her affiliation with the Foundation is noted in the official record at the time of any decision.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are exempt from CEQA pursuant to Section 15262 relating to planning

and feasibility studies for possible future actions, which the Board has not adopted, approved, or funded, and Section 15061(b)(3) of the State CEQA Guidelines because the proposed Village Conceptual Plan Project Description involves planning for future actions, which the Board has not approved and because it can be seen with certainty that approval of the proposed Conceptual Plan Project Description will not affect the environment. These recommendations will not affect the physical environment or conditions of the County property and will not affect its current uses.

Following approval of the proposed Village Conceptual Plan Project Description, the Foundation will prepare a draft EIR for the proposed Project using the proposed Village Conceptual Plan Project Description to define the proposed Project for purposes of that environmental assessment required to be prepared for later consideration by the Board as lead agency for purposes of CEQA compliance. The Project description will be refined if necessary following the Foundation's solicitation of developer interest.

By approving this Project description for further study, the County does not commit to or otherwise endorse, authorize, or approve any specific project. Any future recommendations on a proposed development at this site remain subject to your Board's sole discretion to disapprove or modify the proposed Project and to consider feasible Project mitigation measures and alternatives, including the no project alternative that would accompany CEQA review. Nothing precludes the County from denying any future development project on this site or from weighing the benefits of the project against any unavoidable environmental risks when determining in the future whether to approve a project on this site. Authorization of any future project activities would only occur and any construction would only commence in compliance with CEQA and other applicable environmental documentation requirements.

CONTRACTING PROCESS

Not Applicable

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current County services or projects.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Facilities and Asset Management for further distribution.

The Honorable Board of Supervisors

1/7/2014

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized flourish that resembles a heart or a large 'M' shape, and then a horizontal line extending to the right.

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:SHK:DJT

DKM:rp

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
LA Plaza de Cultura y Artes Foundation

APPROVAL OF LA PLAZA DE CULTURA Y ARTES FOUNDATION - LA PLAZA CULTURA VILLAGE DEVELOPMENT CONCEPTUAL PLAN PROJECT DESCRIPTION

Proposed Elements of the La Plaza Cultura Village Development – Conceptual Plan Project Description

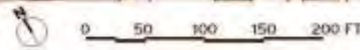


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- | | | | | | |
|--------------------|---------------------------------------|---|--------------------------------|---|---|
| 1 La Plaza | 3 La Placita | 5 Retail / Food at Sidewalk and Ground Floor | 7 Activity Garden | 9 Residential | 11 Central Los Angeles Area High School No.9 |
| 2 La Plaza Paseo | 4 Nuestra Senora Reina de Los Angeles | 6 Housing Above | 8 To Chinatown | 10 Commercial / Restaurant at Sidewalk with Overlook at Hill Street | 12 Site Boundaries |
| 3 To Union Station | 5 El Pueblo | 7 Public-Oriented Commercial / Commissary Kitchen | 9 Existing Retail / Restaurant | 11 Fort Moore | 13 Entry to Subterranean Parking or Service / Loading |
| 4 Olvera Street | | | 10 Retail at Sidewalk | | |



2 - La Plaza de Cultura y Artes: An Illustrative Site Plan

John Kaliski Architects

October 1, 2013

APPROVAL OF LA PLAZA DE CULTURA Y ARTES FOUNDATION - LA PLAZA CULTURA VILLAGE DEVELOPMENT
 CONCEPTUAL PLAN PROJECT DESCRIPTION

Proposed Elements of the La Plaza Cultura Village Development – Conceptual Plan Project Description



**APPROVAL OF LA PLAZA DE CULTURA Y ARTES FOUNDATION
LA PLAZA CULTURA VILLAGE DEVELOPMENT
CONCEPTUAL PLAN PROJECT DESCRIPTION**

Proposed Elements of the LA Plaza Cultura Village Development

	Floor Level	Residential/SF	Residential Units	Retail	Commissary Kitchen	Parking/SF	Parking Spaces
West Block	8th	26,831	29				
	7th	26,831	29				
	6th	26,831	29				
	5th	26,831	29				
	Hill Street (4th)	34,905	38	5,001			
	3rd	13,075	14			3,969	12
	2nd	13,075	14			29,160	89
	1st	13,075	14			29,160	89
	Broadway (G)			6,000		29,160	89
	West Block Totals	181,456	196	11,001		91,449	279
East Block*	2nd	15,248	16				
	1st	15,248	16				
	Broadway (G)			21,047	7,884		
	B1					41,275	127
	B2					41,275	127
	East Block Totals	30,496	32	21,047	7,884	82,550	254
SUMMARY	Project Totals	211,952	228	32,048	7,884	173,999	533
Notes:							
1	FAR @ West Block	2.24					
2	FAR @ East Block	0.90					
3	FAR @ Project Area	1.65					
4	Gross Square Footage per Residential Unit	900.00					
5	At East Block, the underground parking garage includes 127 County parking spaces at B2 Level and 23 County parking spaces at B1 Level.						

Conceptual Plan Project Description