



DATE / **AUG 18 2011**

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Los Angeles / California 90017-2381

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AMENDED: AUGUST 18, 2011
Recommendation #5 added

CRA File No. 9428

Council District: 10

Contact Person: Michelle Banks-Ordone
213-368-0611

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on August 18, 2011, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

Nate Holden Performing Arts Center. Adoption of findings and authorization to expend up to \$540,000 in accordance with Health and Safety Code Sections 33445 and 33679 for improvements to the Nate Holden Performing Arts Center (NHPAC) in the Mid City Recovery Redevelopment Project Area

HOLLYWOOD AND CENTRAL REGION (CD10)

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The recommended action is categorically exempt from provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15301 (a) and (e) of the CRA/LA and State CEQA Guidelines.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.


Christine Essel, Chief Executive Officer

cc: Sharon Gin, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Steve Ongele, Office of the Mayor
Noreen Vincent, Office of the City Attorney
Herb J. Wesson, Jr., CD 10 Councilmember



bcc: Nenita Tan, Office of the City Controller
Records (2 copies)
Mary Dennis, City Attorney
Michelle Banks-Ordone, Project Manager

MEMORANDUM

11

AMENDED: AUGUST 18, 2011
Recommendation #5 added

DATE: AUGUST 18, 2011 MD3060
100639

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

CRA/LA STAFF: LESLIE LAMBERT, REGIONAL ADMINISTRATOR
MICHELLE BANKS-ORDONE, PROJECT MANAGER
SUSAN GRAY, CULTURAL ARTS PLANNER

SUBJECT: **Nate Holden Performing Arts Center Improvements.** Findings and authorization to expend up to \$540,000 in accordance with Health and Safety Code Sections 33445 and 33679 for improvements to Nate Holden Performing Arts Center (NHPAC) in the Mid-City Recovery Redevelopment Project Area

HOLLYWOOD AND CENTRAL REGION (CD10)

RECOMMENDATION(S)

That the CRA/LA Board of Commissioners,

1. Request that the City Council acknowledge and approve CRA/LA's implementation of the NHPAC site improvements under the Cooperation Agreement for Payment of Costs Associated with certain CRA/LA funded Capital Improvements, Public Improvements and Housing projects, dated as of March 10, 2011 between the CRA/LA and the City of Los Angeles.

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

1. Adopt, and request that the City Council adopt, a joint resolution making findings in accordance with Health and Safety Code Sections 33445 and 33679 to fund NHPAC site improvements to the raw auxiliary performance space located on the ground floor, and that the provision of \$490,000 of Mid-City Tax Increment, General Revenue, and Cultural Trust Funds, is of benefit to the Mid-City Recovery Redevelopment Project Area;
2. Recognize and authorize a budget transfer and expenditures of \$490,000 of FY2012 Mid-City fund as follows: \$300,000 of CRA/LA General Revenue from budget line item Housing, and \$79,600 of Mid-City Tax Increment and \$110,400 of Mid-City Cultural/Art Trust from budget line item Economic Development, all into budget line item Public Facilities and Improvements.
3. Authorize transfer to the General Services Department (GSD) for the purchase, installation and construction of the public improvements in an amount not to exceed \$490,000; and
4. Request that the City Council (i) hold a public hearing pursuant to Section 33679 of the California Health and Safety Code and (ii) adopt the above-mentioned joint resolution.

5. Acknowledge and understand that the Supreme Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of Assembly Bill x1-26 and all of Assembly Bill x1-27. Given the Court's stay and the uncertain status of such legislation, although the CRA/LA is, and the City Council may be, approving certain actions as described herein, to the extent that such actions are stayed then the CRA/LA shall not execute agreements or take such actions, notwithstanding their approval hereof, until the Supreme Court has decided the case on the merits or the action is no longer stayed.

SUMMARY

Approval of the recommended action will correct deficiencies including faulty electrical wiring currently escalating utility costs at the Nate Holden Performing Arts Center (NHPAC) and allow the purchase, installation, and construction of public improvements, consisting of signage, box office, jazz space and concession areas to maximize use of the facility, provide more effective operations, improve security during events, and better assist the Ebony Repertory Theatre (ERT) with attracting patrons.

PREVIOUS ACTIONS

March 11, 2011 – City Council approved Cooperation Agreement with the City, Council File Number 11-0086.

April 28, 2009 - City Council approved Cooperation Agreement with the GSD, Council File Number 09-0523.

March 5, 2009 - CRA/LA Board authorized Cooperation Agreement with GSD, Contract Number 503150.

June 5, 2008 - CRA/LA Board approved actions related to the creation of Pre- Qualified Pool of Arts/Cultural Organizations for the Mid-City Arts Retention Program

DISCUSSION & BACKGROUND

Location

The Nate Holden Performing Arts Center (NPAC) is home to the Ebony Repertory Theatre (ERT), which has grown into a destination to experience African American theater, film, dance and literature (Attachment "A"). The NHPAC is a first class 23,300 square foot performing arts center located at 4718 West Washington Boulevard and 1914 Harcourt Avenue. The facility currently consists of a 402-seat live theater, 1,150 square foot rehearsal space/multi-purpose community room, 460 square feet of office space, 1,200 square feet of store front retail and 2,000 square feet of 'raw' auxiliary performance space. The facility is served by three public parking lots.

Description and Project Context

In March 2010, the Department of Water and Power (DWP) agreed to a payment plan with ERT to address excessive utility bills that were due to a delay in transfer from the General Services Department (GSD) and faulty electrical wiring under the condition that the electrical system would be corrected. ERT made an initial payment of \$8,500 and makes monthly payments of \$6,000 under the plan, which will conclude in March 2012. ERT has also installed wireless

connections for office usage. ERT is current on their payments which include \$1,000 toward delayed charges and \$5,000 toward monthly charges. It is anticipated that repairs to the electrical system and the build out of the raw auxiliary space will take 9-10 months allowing NHPAC to remain operational during construction. NHPAC is a publicly owned facility and the Department of Cultural Affairs and GSD are without the resources to make the repairs estimated at \$40,000. ERT also cannot make the repairs and afford to operate the facility. It is anticipated that monthly utility charges will be significantly reduced by correcting the electrical system.

This funding request is to cover the cost of repairing the faulty electrical system and building out the 'raw' auxiliary performance space so that ERT can fully utilize it as a jazz 'club' rental, which will help subsidize the cost of operating the main stage theater. The 'raw' space is currently a concrete shell limited to use for community meetings, and requires lighting and acoustic treatments in order to meet professional performance standards. In addition, the box office will be relocated from the ground floor main lobby to the Washington Boulevard street frontage to improve security and patron circulation during pre performance tickets sales. Finally, marquee signage and banners are required for the façade to help brand the facility and market it to the general public (Attachment "B"). These items were value engineered from the original project, and detailed staff review with input from professional theater design consultants demonstrates that the improvements are a necessary requirement if the facility is to develop and maintain patron capacity as originally intended.

Selection Process

ERT was selected through a highly competitive Request for Qualification (RFQ) process to participate in the Mid-City Recovery Art Retention program. ERT is the only organization in the pool residing in a property owned and managed by the City. Council District 10 has made the site improvements a priority project.

Project History

NHPAC was built by CRA/LA to replace the former Ebony Showcase Theater and to provide a cultural meeting place for the arts and the community. The theatre officially opened to the public on June 19, 2003 and the building is now owned by the Department of Cultural Affairs and managed by the General Services Department. ERT has served as the facility's resident operator for the past 3 years.

Under the leadership of Founder/Producer Wren T. Brown, ERT is committed to bringing diverse, high standard, professional performing arts to the Mid-City community, as well as the greater Los Angeles area, to engender business development along the Washington Boulevard corridor, and to make the Nate Holden Performing Arts Center Los Angeles' newest cultural destination. ERT's signature events include the Playboy Jazz Festival Film Series, Black History Month, and most notably the theatrical presentations of *Crowns* and *Two Trains Running*, which were directed by the late Israel Hicks and received numerous awards and positive press, as well as the highly acclaimed *A Raisin in the Sun* recently produced by Phylicia Rashad.

Through the past two years as participants in the CRA/LA Mid-City Arts Retention Program, ERT has engaged in a detailed planning exercise. The first stage of the Program was geared towards building infrastructure in the areas of marketing, leadership, fundraising and budgeting. The second stage is currently underway, and will fully develop the capacity plan into a formal strategic plan and this work is being performed under the expert guidance of LA Stage Alliance. The strategic plan will establish a vision, priority objectives and tactics for managed growth and

organization sustainability and accountability that will be implemented in short, mid and long term milestones. Key areas to be addressed in the strategic plan include staffing for operations and fundraising, identifying a dedicated revenue stream for main stage programming and marketing the greater Los Angeles area. While the final document will provide ERT with an organizational blueprint, it will also be a useful document to present to funders outside of CRA/LA.

Facility upgrades to the signage, box office and 'raw' auxiliary performance space were determined to be a key to retaining and expanding ERT's positive impact within the Project Area, and the continued growth of patronage to NHPAC as a regional cultural destination. CRA/LA has had a long-standing commitment to the Arts and Humanities, recognizing that they play a significant role in the overall revitalization, stabilization, growth and sustainability of communities, and has received numerous awards from such entities as the Public Art Network of the Americans for the Arts. CRA/LA initiated numerous similar cultural facility improvement projects, such as the Lankershim Art Center and the historic Warner Grand and Westlake Theatres.

Community Benefits

ERT has demonstrated a commitment to bring diverse, high standard, professional performing arts to the Mid-City community, as well as the greater Los Angeles area, to engender business development along the Washington Boulevard corridor, and to make the Nate Holden Performing Arts Center an important regional cultural destination.

With community input, staff has planned to dedicate the funds towards this effort for the Project Area. This program is in keeping with the CRA/LA's objective of attracting and retaining high quality, financially responsible, and community-based arts organizations within its Project Areas, and collaborating with local artists on urban design projects. The required findings to support the allocation of funds are set forth later in this memorandum.

Project Area Objectives

The proposed improvements conform to the following Project Area Objectives established in the Redevelopment Plan:

- Promote the elimination and prevention of blight and deterioration, and promote the conservation, rehabilitation, renewal and redevelopment of the Project area to the extent permitted by law and specified in this Plan.
- Improve the quality of the environment, promote a positive image for the Project Area, and provide a safe environment through mechanisms such as promoting libraries, museums, arts and crafts, and community facilities that reflect the various ethnicities and cultures of the community.
- Recognize, promote and support the retention, restoration and appropriate reuse of existing building, groupings of buildings and other physical features especially those having significant historic and/or architectural value and ensure that new development is sensitive to these features through land use and development criteria.
- Encourage private investment, consistent with the Plan's objectives in commerce and industry.

Strategic Plan Goals

Completion of the identified public improvements helps achieve the following CRA/LA Strategic Plan Goals:

- 1.2.2 – Assist 300 businesses a year through façade programs, marketing, permit expediting, public improvements, equipment purchases and other methods.
- 1.4.1 – Invest \$15 million per year to upgrade strategic infrastructure that will spur economic growth.
- 2.3.1 - Partner in at least three of the following activities in each region annually: special cultural events, community gardens, guide books, cultural markers and community designations, and art organization attraction and retention programs.

Section 33445 Findings

California Health and Safety Code Section 33445 permits a redevelopment agency to use redevelopment funds to pay for publicly-owned improvements within or contiguous to a Project Area if three findings can be made, which are summarized here and set forth in the proposed Resolution attached hereto as Attachment "C."

- Finding 1:** 33445(a)(1) *The improvements must benefit the funding Project Area by eliminating blight.* The proposed improvements are located within and adjacent to the Mid-City Recovery Redevelopment Project Area, which Redevelopment Plan identifies deficiencies in the Project Area's circulation system and public improvements as significant blighting conditions. The completion of the NHPAC and the installation of the public improvements address one of the blighted conditions identified in the Redevelopment Plan.
- Finding 2:** 33445(a)(2) *The proposed expenditure must be the only reasonably available means of financing the public improvements.* The City of Los Angeles's current fiscal shortfall does not allow for the identification of and expenditure of funds for the proposed improvements to the Nate Holden Performing Arts Center. This shortfall is the result of factors including a severe economic downturn, which has led the City to declare a fiscal emergency, and is not expected to be resolved in the short term.
- Finding 3:** 33445(a)(3) *The improvement must be consistent with the Five-year Implementation Plan.* The proposed improvements are consistent with the Mid-City Recovery Redevelopment Project Area Five-year Implementation Plan for FY2011-2015, where goals and objectives include installation of public improvements (Section III.C.5).

Section 33679 Findings

Section 33679 of the California Health and Safety Code requires that the City Council hold a public hearing before CRA/LA tax increment funds may be used to pay for certain costs related to a publicly owned building. Therefore, it is requested that the City Council hold a public hearing in compliance with said code section. This memorandum, together with the attached joint resolution, shall serve as the summary report required under Section 33679.

Financial Analysis

The theater operator, ERT needs to focus fundraising energies on operations and programming for the theater, and cannot be seen as a contributing entity towards these improvements. GSD and the theater operator will be responsible for any maintenance of the improvements after they are installed.

ECONOMIC IMPACT

NHPAC is a key anchor in the Mid City community, and patrons attending performances and events provide significant economic benefits to local businesses such as restaurants, cafes and stores. According to Business Analyst, within the Mid-City Project Area there are over 300 businesses providing approximately 2,568 jobs and creating over \$362 million in sales tax along Washington Boulevard.

SOURCE OF FUNDS

CRA/LA General Revenue, Mid-City Tax Increment, MD Cultural Trust Funds and AB1290 Funds.

PROGRAM AND BUDGET IMPACT

The recommended actions are consistent with the proposed FY2012 Budget and Work Program, pending Council action, relating to the Mid-City Recovery Redevelopment Project. The new resources identified are available as follows: \$300,000 in CRA/LA General Revenue from budget line item Housing (MD1500), \$79,600 in Mid-City Tax Increment and \$110,400 in Mid-City Cultural/Art Trust Fund from budget line item Economic Development Opportunities (MD9990/MD6130).

The additional \$50,000 will be funded by the City's AB1290 funds.

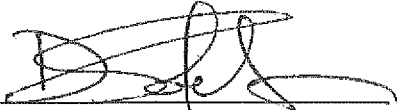
Sufficient funds exist to make any legally-required AB1x-26 and AB1x-27 State Payment. There is no impact on the City's General Fund.

ENVIRONMENTAL REVIEW

The recommended action is categorically exempt from provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15301 (a) and (e) of the CRA/LA and State CEQA Guidelines.

Christine Essel
Chief Executive Officer

By


Dalila Sotelo
Deputy 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

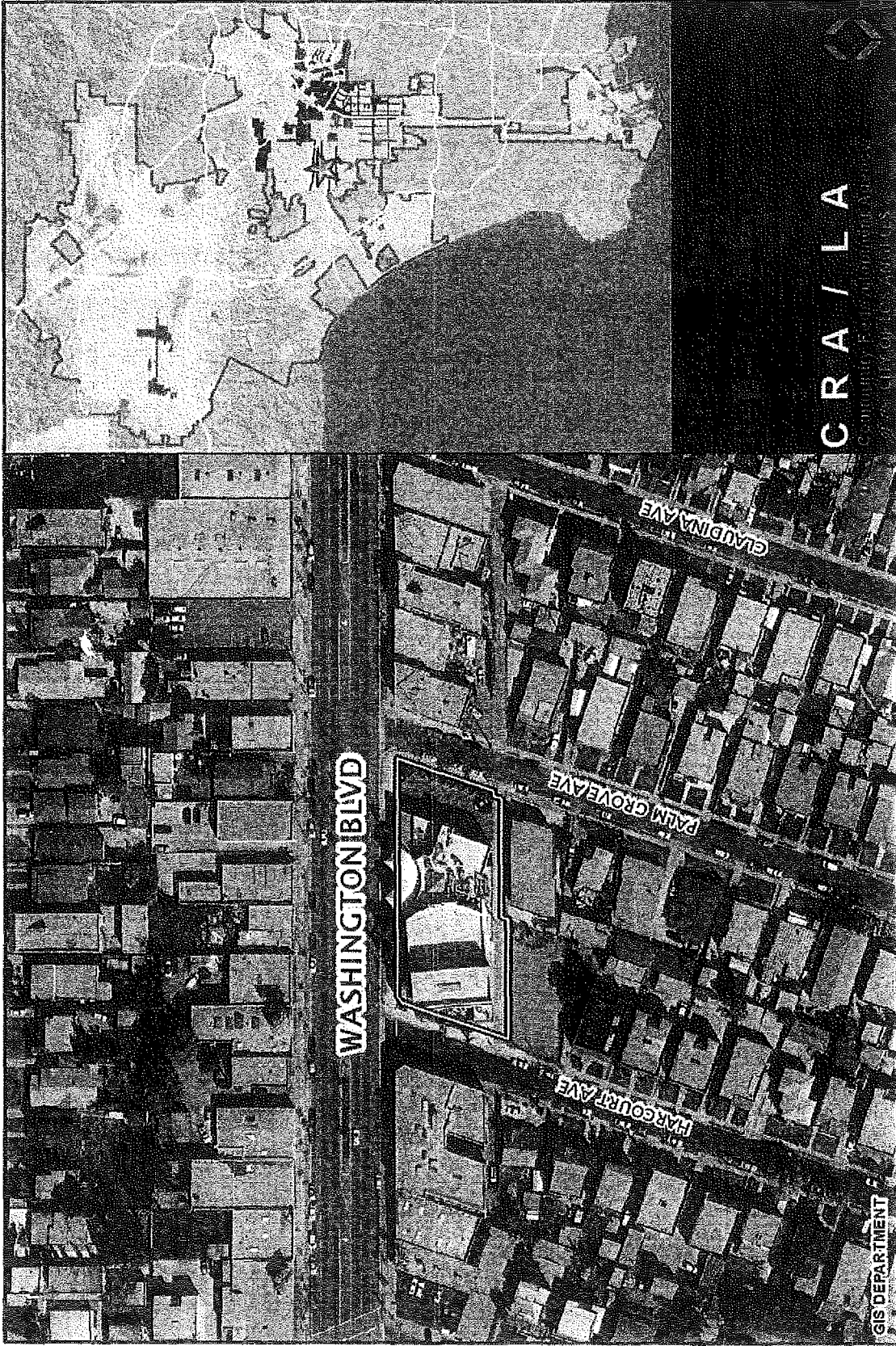
Attachment A: Location/Site Map

Attachment B: Architectural Plans

Attachment C: Resolution

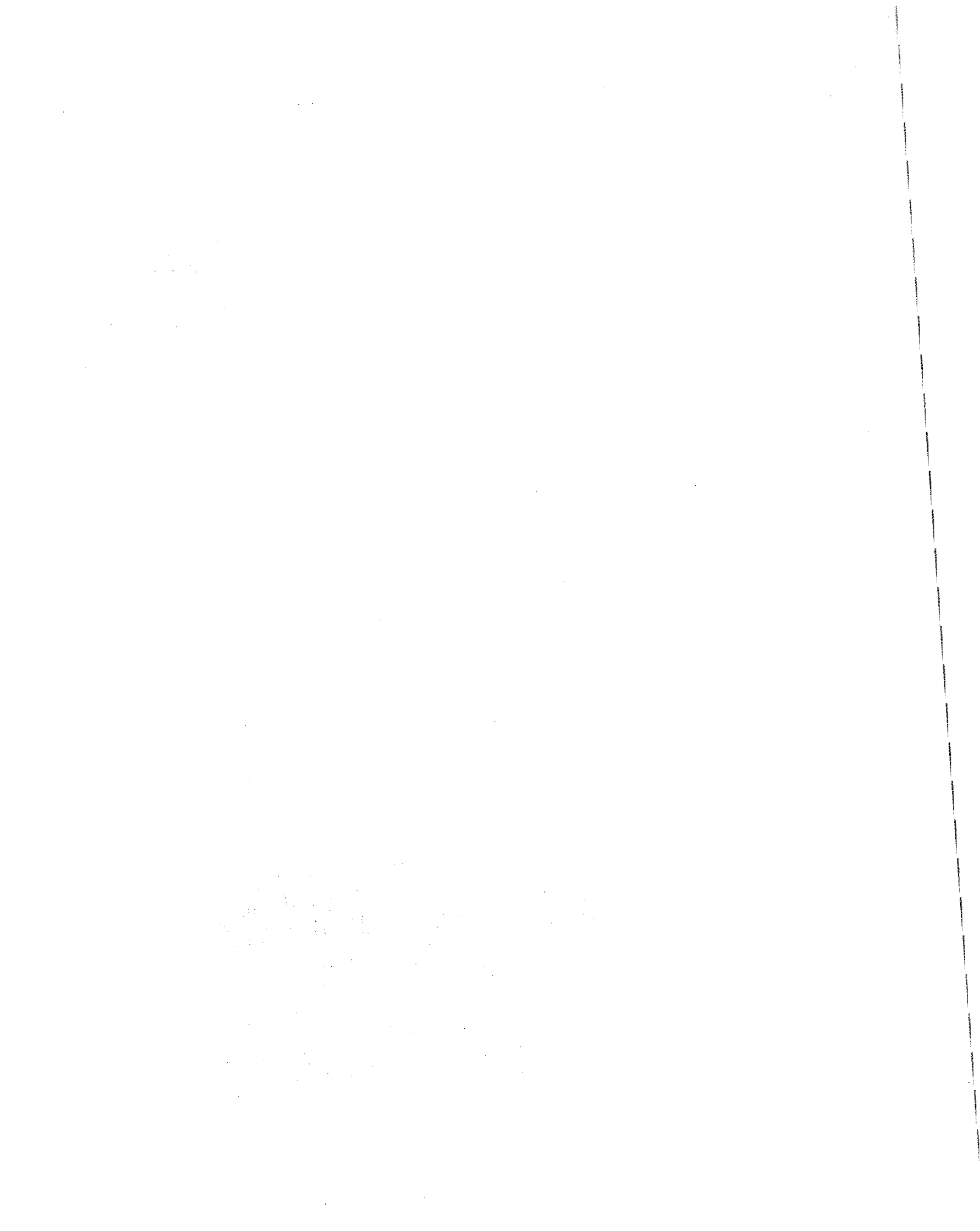
Attachment D: Project Summary Report

ATTACHMENT A



CRA / LA

GIS DEPARTMENT



Resolution No. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA PURSUANT TO SECTIONS 33445 AND 33679 OF THE CALIFORNIA REDEVELOPMENT LAW REGARDING THE FUNDING OF PUBLIC IMPROVEMENTS FOR THE NATE HOLDEN PERFORMING ARTS CENTER IN THE MID CITY RECOVERY REDEVELOPMENT PROJECT AREA

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles, California ("CRA/LA") is engaged in redevelopment and revitalization of the Mid City Los Angeles area pursuant to the adopted Redevelopment Plan for the Mid City Recovery Redevelopment Project Area (the "Project Area"); and

WHEREAS, the City of Los Angeles ("City") is the legislative body for the community in which the Mid City Recovery Project Area is located; and

WHEREAS, the City adopted the Mid City Recovery Redevelopment Project on May 10, 1996 by Ordinance No. 171064 which was subsequently amended on October 31, 2003 (referred to collectively as the "Mid City Recovery Redevelopment Plan"); and

WHEREAS, The Goals of the Mid City Recovery Redevelopment Plan (the "Redevelopment Plan") promote the development of libraries, museums, arts and crafts, and community facilities that reflect the various ethnicities and cultures of the community; and

WHEREAS, pursuant to California Health and Safety Code Section 33490, the CRA/LA Board of Commissioners adopted an Implementation Plan on May 20, 2010; and

WHEREAS, the Implementation Plan provides that CRA/LA will implement Economic Development activities including Community Facilities and Public Improvements to meet the goals and objectives of the Redevelopment Plan; and

WHEREAS, the purchase, installation and construction of the Nate Holden Performing Arts Center (NHPAC) public improvements will help to eliminate the conditions of blight in the Project Area by supporting cultural facilities that preserve, strengthen and enhance the heritage, image and identity of the community; increase tourism and patronage of renowned cultural institutions; attract additional redevelopment activity on adjacent parcels; and

WHEREAS, the cost of the public improvements will be \$540,000 of CRA/LA Mid City Recovery Tax Increment, General Revenue and Cultural Trust Funds; and

WHEREAS, Sections 33445 and 33679 of the California Health and Safety Code require the City and CRA/LA to make certain findings before CRA/LA funds can be used to pay for public improvements; and

WHEREAS, the City of Los Angeles is unable to finance the cost of the Public Improvements because of continued stress on the City General Fund for the 2011-2012 fiscal year resulting from the adverse impacts of the economic recession that has severely reduced City revenues; and

WHEREAS, CRA/LA staff have used reasonable efforts to identify other means to finance the Public Improvements but have not been able to identify other public or private funding sources available to pay for the Public Improvements; and

WHEREAS, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency, with the consent of the legislative body, to pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvements that are publicly owned and are located inside or contiguous to the project area, if the legislative body determines all of the following: (1) that the improvements that are publicly owned are of benefit to the Project Area by helping to eliminate blight within the Project Area; (2) that no other reasonable means of financing the publicly owned improvements are available to the community; and (3) that the payment of funds for the publicly owned improvements is consistent with the Implementation Plan adopted pursuant to Section 33490; and

WHEREAS, the CRA/LA Board of Commissioners and the City Council of the City of Los Angeles, have reviewed and considered the facts, information and testimony presented to them with respect to the Public Improvements, including but not limited to the Board Memorandum dated June 16, 2011, which is incorporated herein by this reference, and do hereby base their consent and findings upon those facts.

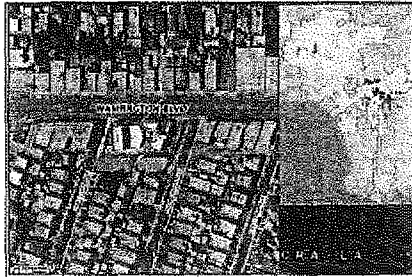
NOW THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES DO HEREBY DETERMINE AND RESOLVE AS FOLLOWS:

- 1) The provision of the public improvements to the Nate Holden Performing Arts Center in the Mid City Recovery Redevelopment Project Area is of benefit to the Mid City Recovery Redevelopment Project Area in that it will assist in eliminating one or more blighting conditions and is necessary to effectuate the Redevelopment Plan because of the need to:
 - a. Mitigate defective design and construction, as the signage, box office, concession and auxiliary jazz space of the NHPAC do not meet the current market conditions of a professional performing arts venue ; and
 - b. Provide a safe environment through mechanisms such as promoting libraries, museums, arts and crafts, and community facilities that reflect the various ethnicities and cultures of the community; and
 - c. Provide job creation and retention programs; and
 - d. Create synergies from overall activities in and around the Mid City Recovery Project Area that will make Los Angeles a more desirable place to live, work, and play that will over time increase the property values in the Mid City Recovery Redevelopment Project Area and related tax increment and create the necessary demand to develop the remaining vacant land parcels in the Mid City Recovery Redevelopment Project.
- 2) The City and CRA/LA find that after pursuing an investigation for funding sources from the City, the public improvements required to facilitate the Nate Holden Performing Arts Center are not in the City's capital improvement budget for funding and no other reasonable means of financing the public improvements consistent with the purpose of the Mid City Recovery Redevelopment Plan is available.
- 3) The provision of the public improvements is consistent with the Five-Year Implementation Plan for the Mid City Recovery Project Area adopted on May 20, 2010 by Resolution 7480, in that the achievement of an environment reflecting a high level of concern for architectural and urban design principles appropriate to the objectives of the plan is included in said Implementation Plan.

ADOPTED BY CRA/LA: _____

ADOPTED BY THE CITY: _____

HOLLYWOOD & CENTRAL REGION



Maps created by CRA/LA GIS Team

STATISTICS AT A GLANCE

Total Development Costs (TDC): TBD
CRA/LA Investment: \$540,000

MID-CITY

NHPAC - EBONY REPERTORY THEATRE

Project Description

Capital Improvements - to the two undeveloped retail areas designed by John Fisher, built by CRA/LA, owned by GSD, operated by the City's cultural Affairs Department, which in turn can be leased via a competitive bid process assisting the current operator and future operators, to gain self sufficiency.

Project Location

4718 W WASHINGTON BLVD , LOS ANGELES , CA 90016

Elected Officials

- Council District 10, Herb J. Wesson Jr.
- County Supervisor District 2, Mark Ridley-Thomas
- State Senate District 26, Curren D. Price Jr.
- Congress District 33, Karen Bass
- Assembly District 47, Holly J. Mitchell

Project Type

Community / Public Facility

Construction Category: New Construction

Project Features:

- Nonprofit Organization

Developer / Participant(s)

Public Agency Partners:

- City of Los Angeles Department of Cultural Affairs
- City of Los Angeles General Services Department (GSD)

Project Status: Pre-Approval

Project Activities

Completed Activities:

Scheduled Activities:

Agreement Type(s)

- Cooperation Agreement

Board Discretionary Action(s)

- Other