Santa Monica Civic Auditorium
City of Santa Monica
Thursday, May 9 and Friday May 10, 2013
ULI Background

• The Urban Land Institute is a 501(c) (3) nonprofit research and education organization supported by its members.

• The institute has more than 35,000 members worldwide and 1,500 members in Los Angeles.

• As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places.
The mission of the Urban Land Institute (ULI) is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
ULI Advisory Services

• ULI advisory services panels provide strategic advice to sponsors on complex land use and real estate development issues.

• Panel members are volunteers. They are not compensated for their time.

• Panel members are experts in real estate development, land use planning and design, real estate financing, and economic development.
1. Examine the strategies to maximize the full potential of the Civic Auditorium as a stand-alone, self-supporting venue bringing cultural events to Santa Monica. Consider the logical partners in this endeavor, the use of the building and the full site, including the parking lot.
   • Consider the financing options
   • Can a sufficient number of events and activities be attracted to the Civic Auditorium? What types of events and activities might these be?
   • What are reasonable expectations for operating profitably with sufficient income generation to pay any debt service resulting from the renovation?
Key Questions

2. What kind of operator, and operation, would appear to create the best chance of success in the long term for this cultural icon?
   - What size theatre might be most efficient and effective?
   - The current Specific Plan allows for a 20,000sf addition and calls for sports fields and open space adjacent to the Civic.
   - Is this compatible with the strategy to renovate the facility and make it self-sufficient or should the plan be revised?
   - Are there other actions the City can take to benefit the future viability of the Civic Auditorium?
3. Describe the issues related to the redevelopment of this site, and the potential opportunities to overcome them.
   • Is there a minimum area of the parking lot land required to be redeveloped in order to provide a feasible funding option?
   • What might be the best types of development at this site?
   • Is an integrated development approach preferable or should it be more segregated with separate uses and a project specific approach?
   • What is the role of public parking in relation to any potential future pro-forma for the facility and the site?
TAP Panelists

Chair
• John H. Alschuler, Chairman, HR&A Advisors, Inc.

Panel Members
• Dan Massiello, Sr. Vice President, Public Finance, Kosmont Companies
• Mike Ross, Chief Executive Officer, Pasadena Center
• Melani Smith, AICP, Principal, Melendrez
• Thomas W. Wulf, Senior Vice President, Lowe Enterprises

Editor
• Susan Davison, LEI, Inc.
An Important Place

- The cultural heart of the City
  - Performing Arts
  - Special Events
  - Community Activities

- A gathering place for the City and the west side
  - Imbed the Civic within a Cultural District
  - Create a urban place

- Capture the energy of a creative citizenry
  - Uses
  - In doors and out

- A place of intense civic pride
  - Requires preservation
Themes

- The arts are a civic function requiring a subsidy.
- The future of the Civic will require:
  - Major financial commitments
  - Appropriately scaled harmonious development
  - Improvements to the operating model
  - Other sources such as naming rights, GO bonds, etc.
- The approximately 10 acres should be planned and managed holistically.
- Santa Monica is fortunate to have choices, but none are easy or obvious.
Findings

- The Building is over 50 years old with City landmark status, is functionally obsolete, has deferred maintenance issues, and is disconnected from the urban fabric.
- The operating model has imbedded costs that the market cannot and will not carry.
- RDA funding is no longer available.
- Surface parking lot is an inappropriate use of a precious piece of land.
- Civic Auditorium exists in a highly competitive fluid market environment requiring a distinct market position in order to succeed.
- Given the demand on the Westside, there is an important market niche.
- Substantial land-sale proceeds are possible but must be dedicated to cultural and art purposes.
Findings

• The impressive success of the first phase of the Civic Center redevelopment – Tongva Park and the Village – enhances the position of the Auditorium District.

• Preserving the Civic Auditorium as an arts center requires substantial capital subsidies and will require annual operating support. There is no economic model for a self-sustaining cultural center.

• The Auditorium District of the Civic Center Specific Plan requires revision in order to provide a path for future action.

• Despite the clear consensus that the Civic Auditorium should be saved, there is a distinct lack of clarity as to function, economics and management.
Programming & Management

Current Operating Model

- Municipal department
- City subsidy
- Free services to city departments and civic events
Programming & Management

What are the implications of being a “stand-alone, self-supporting venue..?”

- Debt service cannot be support by operations
- Services provided must have a cost recovery
  - No free ride for municipal departments
  - Not-for-profits not subsidized by the building
- Services priced consistently with industry norms
- Building needs to be managed to industry standards
## Competing Venues

<table>
<thead>
<tr>
<th>VENUE</th>
<th>LOCATION</th>
<th># SEATS</th>
<th>STAGE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pasadena Civic Auditorium</td>
<td>Pasadena</td>
<td>3,000</td>
<td>Union</td>
<td>Convenient to valleys, L.A. Perceived distant from West-side</td>
</tr>
<tr>
<td>Terrace Theater</td>
<td>Long Beach</td>
<td>3,100</td>
<td>Non-Union</td>
<td>Convenient to South L.A, North Orange Co.</td>
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<tr>
<td>Pantages Theater</td>
<td>Hollywood</td>
<td>2,700</td>
<td>Union</td>
<td>Owned and promoted by Nederland,</td>
</tr>
<tr>
<td>Dorothy Chandler Auditorium</td>
<td>Downtown</td>
<td>3,100</td>
<td>Union</td>
<td>Premier location, High profile/reputation</td>
</tr>
<tr>
<td>Ahmanson Theater</td>
<td>Downtown</td>
<td>2,100</td>
<td>Union</td>
<td>Premier location, High profile/reputation</td>
</tr>
<tr>
<td>Santa Monica Civic Aud.</td>
<td>West-side</td>
<td>3,000</td>
<td>Union</td>
<td>Premier location, Not true performing arts theater</td>
</tr>
<tr>
<td>Shrine Auditorium</td>
<td>Downtown</td>
<td>6,300</td>
<td>Union</td>
<td>Location, Accommodates larger shows, Competes for TV shows</td>
</tr>
<tr>
<td>Universal Amphitheater</td>
<td>Hollywood</td>
<td>6,000</td>
<td>Union</td>
<td>Location, Accommodates larger shows, Competes for TV shows</td>
</tr>
<tr>
<td>Greek Theater</td>
<td>Griffith Park</td>
<td>6,100</td>
<td>Union</td>
<td>Location, Accommodates larger shows, Traditional reputation</td>
</tr>
<tr>
<td>Orpheum Theater</td>
<td>Downtown</td>
<td>2,100</td>
<td>Non-Union</td>
<td>Location, Co-promotion, higher profitability for marginal events</td>
</tr>
<tr>
<td>Wiltern Theater</td>
<td>Downtown</td>
<td>2,300</td>
<td>Union</td>
<td>Location, Owned and promoted by Livenation</td>
</tr>
<tr>
<td>Cerritos Center</td>
<td>Cerritos</td>
<td>1,800</td>
<td>Non-Union</td>
<td>Self-presents, controls product through non-compete</td>
</tr>
<tr>
<td>The Grove</td>
<td>Anaheim</td>
<td>1,700</td>
<td>Union</td>
<td>Orange County, Nederland promoted, 2nd shows in market</td>
</tr>
<tr>
<td>Thousand Oaks Civic Theater</td>
<td>Thousand Oaks</td>
<td>1,800</td>
<td>Non-Union</td>
<td>Niche location, Higher profitability for marginal events</td>
</tr>
<tr>
<td>Hollywood Palladium</td>
<td>Hollywood</td>
<td>4,000 Open Floor</td>
<td>Union</td>
<td>Location, Night-club setting, Livenation</td>
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<tr>
<td>Royce Hall</td>
<td>Westwood</td>
<td>1,800</td>
<td>Non-Union</td>
<td>Location, Higher profitability for marginal events</td>
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<td>Nokia Theater</td>
<td>Downtown</td>
<td>7,100</td>
<td>Union</td>
<td>Location, Accommodates larger shows, Competes for TV shows</td>
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<td>Segerstrom Hall</td>
<td>Orange County</td>
<td>2,900</td>
<td>Union</td>
<td>Orange County, Regional competition for 2nd shows in market</td>
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Programming & Management

A modern well-managed facility can capture additional events
- Concerts
- Broadway shows
- Family shows
- Filming
- Award shows
- Local events
- Graduations
- Local performances...

Additional Event Opportunities for Revenue
- Tradeshows
- Conventions
- Consumer Shows
- Meetings
- Outdoor parking lots events
- Banquets/Receptions
Ancillary Revenues

- Internet connectivity
- Electric (production and tradeshow)
- Equipment rental
- Food & beverage
- Ticket service charge - renovation fee
- Retail space
- Other
Programming & Management

Options for Management

- Municipal Model
  - Current management model – Most control
- Public/Private Partnership
  - Prior proposal
- Private Management
  - City pays a management fee – Little control
- Public Authority
  - Quasi public/private model – 501(c)6 – Best of both worlds
Set the Dream

Renovate the theatre into a cultural icon for posterity and establish a cultural center in Santa Monica as the leader in the performing/visual arts and special events for the Westside

- Theatre needs to be state of the art and to provide for different capacities for different types of performances
  - Improved acoustical performance
  - Improved theater systems
  - Improved projection systems (digital, 35mm, 70mm and 3D)
  - Comfortable performing arts center seating
  - Modernized customer amenities (restrooms, concessions, ADA)
Additional thoughts

- Additional venues need to be built for smaller capacities and added flat floor event space
- There are requests for 3,000 seat capacity for popular concerts and premiers for film festivals
- 2,000 seats are acoustically comfortable for theater, musicals, large orchestras, ballet and opera
- 50,000 sq. ft. of flat floor for special events
- Needs to be a series of design studies of choices with projected costs and operating pro-formas
Set the Dream

One possibility, in addition to the excellent design by Brenda Levin

- Interior of audience chamber could be gutted to add a 1,000 seat balcony over a flat floor with curved telescoping performing arts center
- Upholstered seats can roll out or be stacked in 10 minutes with a push of a button, yielding 3,000 seats
- Closing off balcony would provide 2,000 seats while maintaining acoustic volume

Another possibility

- Small black box theatre(s) would provide the opportunity for smaller presentations to keep the culture center active
- A flat floor addition south of the stage would provide support space and added event space.
Moving Beyond the Civic

Findings

• It is time to update the Auditorium Special Use District within the Civic Center Specific Plan, given new realities on site
• The proposal to develop a soccer field as a shared use with Samo High is outdated, and is no longer desired by the school
• Reusing the Civic should be considered within the context of developing a group of complementary uses in the reconceived Auditorium district
• Uses can still include the planned Early Childhood Center, as well as existing public parking, and the reinvented Civic
An Arts and Cultural District

Creative District of Santa Monica: A plan for 10 acres within the greater Civic Center. The new cultural heart of the community.

- **Civic** – Maintain the central civic focus of the district.
- **Cultural** – Civic Auditorium becomes the hub of a diverse and dynamic creative district that grows and expands events and offerings.
- **Creative** – Build upon the changing and continued growth of creative industries and population (technology, digital, media, entertainment)
- **Activated** – Accessible, flexible, programmed public open space at the center of it all. Complementary to Tongva Park, but serving different group sizes and accommodating different events
The Cultural District
Public Space Case Studies: New World Symphony
Public Space Case Studies: Segerstrom Plaza
Public Space Case Studies: Federation Square, Melbourne
Public Space Case Studies: Citygarden St. Louis
Public Space Case Studies: Bryant Park Lawn
Public Space Case Studies
Knitting the Urban Fabric

- Multimodal network of paths through the site – from the east (Michigan Ave. Neighborhood Greenway) and from the south (3\textsuperscript{rd} St)
- Reintroducing 3\textsuperscript{rd} Street as a bicycle connector
- Enhancing Main Street – colored buffered bike lanes
- Connecting Olympic through the Civic Center and the developing Village
- Connecting to the Pier and Downtown
- Connecting to Expo Line
Knitting the Urban Fabric
Knitting the Urban Fabric

• Reimagining the Pico Blvd. edge of the site – setback and sidewalk working together
Opportunities

- Nostalgia of structure & place.
- Authenticity and history.
- Adjacent expansion of Civic Auditorium facilities.
- Land/Parking lots available for redevelopment to generate funding sources.
- Connections – transit, beach, amenities, park, downtown.
Site Redevelopment Options

Goal: Continued growth to support the Cultural, Creative and Civic space

Private Land Redevelopment Options
- Hotel and conference center
  200-400 keys; 20-40K SF conference
- Residential apartments/multi-family
  400-600 residential units & amenities
- Artist in residence – live/work lofts or artist housing
  100+ loft units (*WAVE Ventura example*)
- Commercial office – creative, tech, digital, media focus – opportunity for synergy with Auditorium
  100-150,000 SF
- Pedestrian activated ground floor retail
  30-50,000 SF
Site Redevelopment Approach

Land Redevelopment – Potential Revenues to support Civic

- Desired $4-6 Million in annual revenue
- Mix of potential redevelopment on 5.1 acres
- Hotel:
  - 1 acre land area
  - 150,000 GSF +/-
  - 300 rooms +/-
  - $275 ADR, 75% occupancy, 14% TOT = $3.1 Million/year
  - Ground lease of land: approx. $.5 Million/year
- Residential:
  - 3 acre land area; 3.5 FAR; 460,000 GSF +/-
  - 480 residential units
  - Land value approx. $48 Million
  - Ground lease of land: approx. $2.8 Million/year
Site Redevelopment Approach Continued

- Commercial Office
  - 2 acre land area; 3.5 FAR
  - 300,000 GSF +/-
  - Land value approx. $15 Million
  - Ground lease of land: approx. $1.0 Million/year

- Artist in Residence - potential:
  - 1 acre land area; 2.0 FAR; 87,000 GSF +/-
  - 50-75 live/work affordable units
  - Likely requires subsidy/Affordable Housing funds
Financing Options

Currently

• City General Fund backfills Civic Auditorium operations at about $2MM annually
• City desires to eliminate this operating subsidy or substantially minimize it
• City needs more than $50m in capital funds

Broad options for exploration

• Naming rights/philanthropy
• Voter authorization for General Obligation Bond
• Leverage the value of parking lots with development
• Public/private opportunities
• Other sources (NMTC, EB-5, HTC)
• Other City-backed financing
Financing Options

Recommendations

• No “silver bullet”
• Balanced multi-sourced approach
• Setting priorities are essential
• City is fortunate to have alternatives
Implementation

• Achieving the vision requires disciplined, sustained commitment.
• Craft an imaginative, long term and economically viable plan.
• Identify multiple development and operating partners
• Create a new public entity:
  – Lead the planning and development management
  – Make all cross subsidies transparent.
  – Operate a cultural district, including multiple public arts venues and open spaces
Acknowledgements

A Special Thank You!

- City of Santa Monica Department of Cultural Affairs
- City of Santa Monica Department of Housing and Economic Development
- City of Santa Monica City Manager’s Office
- Nederlander
- Save the Civic Community Group
- Santa Monica Convention and Visitor’s Bureau
- Pacific Presentations