

REPORT OF GENERAL MANAGER

**APPROVED**  
JUL 23 2008

NO. 08-212

DATE July 23, 2008

C.D. 13

**BOARD OF RECREATION  
and PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: SUNSET/GORDON PARK – AGREEMENT BETWEEN THE DEPARTMENT OF RECREATION AND PARKS, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AND SUNSET AND GORDON INVESTORS, LLC, FOR THE ALLOCATION OF FUNDS, DESIGN, DEVELOPMENT, OWNERSHIP AND MAINTENANCE OF A NEW PARK

R. Adams	_____	J. Kolb	_____
H. Fujita	_____	F. Mok	_____
S. Huntley	_____	K. Regan	_____
V. Israel	_____	*M. Shull	<u>RAJA</u>

[Signature]  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Approve the proposed Tri-Party Agreement, substantially in the form on file in the Board Office, between the Department of Recreation and Parks, the Community Redevelopment Agency of the City of Los Angeles and Sunset and Gordon Investors, LLC, for the purpose of creating a new park, with the terms of ownership and maintenance, subject to approval of the Mayor and City Council and of the City Attorney as to form;
2. Approve the proposed Maintenance Agreement between the same parties, in the form as an attachment to the Tri-Party Agreement;
3. Direct the Board Secretary to transmit forthwith the proposed Tri-Party Agreement, in accordance with Executive Directive No. 3, to the Mayor's Office for expedited review and concurrently to the City Attorney for review as to form; and
4. Authorize the Board President and Secretary to execute the Tri-Party Agreement upon receipt of the necessary approvals.

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### SUMMARY:

The purpose of the proposed Tri-Party Agreement and the subordinate Maintenance Agreement is to set forth the terms for the development, ownership, use and maintenance of a new park. The occasion is the application of Quimby/Zone Change requirements. The firm of Sunset and Gordon Investors, LLC, is involved in an Owner Participation Agreement (OPA) with the City's Community Redevelopment Agency (CRA) for a mixed-use development that will include the park. The OPA was approved by the CRA Board on October 18, 2007, and adopted by the City Council on December 14, 2007 (C. F. No. 07-3459). The site of the proposed rectangular park fronts Gordon Street, a half-block north of Sunset Boulevard and two blocks west of the Hollywood Freeway/State Route 170. The site is within the CRA's Hollywood Redevelopment Project Area.

The mixed-use project, having the address of 5939 Sunset Boulevard, is expected to comprise 1.6 acres and to cost over \$180 million. Starting with the park, the project will extend south along Gordon Street to Sunset Boulevard and then east toward Bronson Avenue. In addition to the half-acre park, the project will have residential, office and retail components. The area planned for the park includes Assessor Parcel Numbers (APNs) 5545-009-005, -006 and -007; the park's tentative address is 1534 Gordon Street.

The park will be developed over a multi-story underground garage that will serve as required parking for the remainder of the project and accommodate over 500 vehicles. The underground garage will not automatically be available to park users. Due to the size of the park and proposed amenities, it is anticipated that most park users will walk there or use public transportation rather than use their vehicles.

The project is part of the area's revitalization that began seven years ago with the opening of the Hollywood/Highland complex, including the Kodak Theater. The Sunset/Gordon site is also near two existing media studios and two former studios, each considered an icon of Hollywood history. Along Gordon Street, the predominant use is for multi-story and multi-family residences. At present, there do not seem to be other equivalent open spaces planned for the neighborhood.

The entire project is expected to be completed in 2011. Plans include the expansion and partial restoration of the Peerless Motors showroom on Sunset Boulevard (1920s). Also planned are over 300 residential units, 13,500 sq. ft. of retail space, including restaurants, 40,000 sq. ft. of office space and the underground garage. (It has not yet been determined whether the units will be apartments or condominiums.)

A community meeting was held on June 26, 2008, in order to assess preliminary plans for the park. Besides landscaping, irrigation, benches and picnic tables, attendees wanted the park to be an intergenerational space and accommodate a variety of uses. Some of these might include

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outdoor fitness classes, an exercise circuit along a walking/nature trail and a water feature. The proposed Tri-Party Agreement requires the developer to obtain the Department's approval for the design, noting that it is intended to be similar to other small nearby City parks. The proposed Tri-Party Agreement commits Sunset and Gordon Investors, LLC, to spend up to \$500,000 in developing the park.

The City will obtain a vested condominium interest or fee ownership of the entire park. This interest will extend to a depth sufficient to install and maintain the park's amenities on top of the underground garage. At the start of the mixed-use project, the CRA will fund a two-thirds surface interest in the park. Quimby/Zone Change requirements of approximately \$2,086,000 will provide City ownership of a one-third surface interest. Upon completion of the park, the CRA will deed their interest to the City. A Class "A" appraisal in December 2007 gave \$2,300,000 as the fair market value of City ownership of the entire park.

The site's developer or successor-in-interest will have a non-exclusive easement over the park surface in order to operate and maintain it at no cost to the City. This activity is to adhere to guidelines that Department operations staff recently revised. It is possible that maintenance and operation of the new park will be contracted to a non-profit organization such as the Los Angeles Neighborhood Land Trust, who currently performs these types of services at City parks of a similar size and purpose. The proposed Tri-Party Agreement states that the City will have no liability for any repairs to the underground garage due to damage resulting from the park, i.e., subsurface irrigation leaks. Attached to the Tri-Party Agreement is a Maintenance Agreement, to be recorded with the County, that specifies the project owner's ongoing responsibilities concerning the park.

The Assistant General Manager of Operations East, the Superintendent of Metro Region and the Office of Council District Thirteen concur with staff's recommendations. Counsel for the CRA has also reviewed and approved the proposed Agreements.

### FISCAL IMPACT STATEMENT:

The proposed park will be operated and maintained by the owner/developer of the adjacent office, retail and residential complex or by those the owner contracts for such services. Based on current Department practices, Metro Region staff estimates that annual maintenance costs would be approximately \$28,000 if staff had to perform the work.

The only anticipated impact to the Department's General Fund that may result from the approval of this report is the minimal staff time associated with occasionally providing advice on operational matters, such as Department standards for equipment and landscaping.

This report was prepared by Joan Reitzel, Senior Management Analyst in Real Estate and Asset Management, Planning and Development Division.