



DATE / NOV 3 2011

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1200 West 7th Street / Suite 500  
Los Angeles / California 90017-2381

T 213 977 1600 / F 213 977 1665  
www.crala.org

CRA File No. 9450  
Council District: 15  
Contact Person: Will Cipes  
310-241-1374

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 November 3, 2011, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

Warner Grand Theater Improvements. Findings pursuant to California Health and Safety Code Section 33445 for CRA/LA-funded improvements to the City-owned Warner Grand Theater at 478 West Sixth Street in the Pacific Corridor Redevelopment Project Area.

HARBOR REGION (CD 15)

**RECOMMENDATION**

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

**ENVIRONMENTAL REVIEW**

The proposed improvements will be completed in conformance with the Secretary of the Interior's Standards for the Treatment of Historic Properties; therefore, the proposed action is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15331 of the CRA/LA 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

bcc: Nenita Tan, Office of the City Controller  
Records (2 copies)  
Curt Holguin  
Jenny Scanlin, Will Cipes, Megan Hunter

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

MEMORANDUM

9

PA3200  
100193

**DATE:** NOVEMBER 3, 2011

**TO:** CRA/LA BOARD OF COMMISSIONERS

**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

**STAFF:** JENNY SCANLIN, ACTING REGIONAL ADMINISTRATOR  
WILLIAM CIPES, ACTING PROJECT MANAGER  
MEGAN HUNTER, SENIOR PLANNER

**SUBJECT:** **Warner Grand Theater Improvements.** Findings pursuant to California Health and Safety Code Section 33445 for CRA/LA-funded improvements to the City-owned Warner Grand Theater at 478 West Sixth Street in the Pacific Corridor Redevelopment Project Area.  
HARBOR REGION (CD 15)

**RECOMMENDATION(S)**

The CRA/LA Board of Commissioners acknowledges and understands that the California Supreme Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of California Assembly Bills x1-26 and x1-27. Given the Court's stay and the uncertain status of such legislation, although CRA/LA is, and the City Council may be approving certain recommendations and actions as described herein, to the extent that such actions are stayed then 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.

1. That the CRA/LA Board of Commissioners request that the City Council acknowledge and approve CRA/LA's implementation of the Warner Grand Theater project 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 CRA/LA and the City of Los Angeles; and
2. That the CRA/LA Board of Commissioners adopt, and request that the City Council adopt, a Joint Resolution under California Health and Safety Code Section 33445 finding that: (i) the proposed use of CRA/LA Pacific Corridor Tax Increment funds not to exceed \$1,000,000 for said improvements will benefit the Pacific Corridor Redevelopment Project Area ("Project Area") by eliminating blight within that Area; (ii) the proposed expenditure is the only reasonably available means of financing these improvements for the Project Area; and (iii) the construction of the improvements is consistent with the Five-Year Implementation Plan adopted by the CRA/LA Board of Commissioners for the Project Area.

**SUMMARY**

In March 2011, CRA/LA executed a Work Order with Construction Forces Division ("CFD") of the City General Services Department ("GSD") through a Cooperation Agreement between CRA/LA and the City (Contract No. 503391) for certain improvements to the City-owned Warner Grand Theater (the "Theater"). The Theater improvements consist of repair and replacement of plumbing and electrical systems, restoration of historic terrazzo and marble, repair of fire-life-safety elements, reconfiguration of auxiliary space, and restoration of the lobby ceiling and wall murals (collectively, "Improvements"). The Theater is owned by the City and managed by the

Department of Cultural Affairs ("DCA"), in partnership with the nonprofit Grand Vision Foundation ("GVF").

The recommended actions provide for adoption of a Joint Resolution under California Health and Safety Code Section 33445, which will authorize CRA/LA, once the action is no longer stayed by the Court, to fund the Work Order (\$400,000) for the Improvements, and fund additional Theater improvements (up to \$600,000) as funds become available.

The goal of the Improvements (i.e., to maintain the Theater's integrity and contribution to the revitalization of downtown San Pedro) far exceeds the funds currently available to reach that goal. Further Theater improvements will be informed by two ongoing studies commissioned by CRA/LA: a Marketing, Operations and Financing Plan; and a Historic Conditions Assessment Report. The completion of these studies will help DCA, CRA/LA and the community prioritize improvements that allow the Theater to better compete with other performing arts venues in the region, attract events that can utilize its full capacity, and enhance its service to the community and contribution to the revitalization of downtown San Pedro.

### **PREVIOUS ACTIONS**

April 30, 2008 – Cooperation Agreement between CRA/LA and DCA for improvements and a technical study related to the Warner Grand Theater. (CF#06-1244)

January 17, 2008 – Various actions related to amendment of Cooperation Agreement with the Department of Cultural Affairs to increase CRA/LA Grant in an amount not to exceed \$175,000 for improvements and technical studies related to the City-owned Warner Grand Theatre.

January 17, 2008 – Authorization to amend and enter into cooperation agreements with the City of Los Angeles through its various departments in a total amount not to exceed \$21,900,000 over an initial three-year period to provide as needed construction of public improvements, building maintenance, publishing, proactive code enforcement, wastewater conveyance, and community beautification services in various CRA/LA redevelopment project areas and related budget actions.

June 16, 2005 – Authorization to execute cooperation agreements with the City of Los Angeles Department of General Services to provide asset management and construction services on an as-needed basis in various agency projects.

### **DISCUSSION & BACKGROUND**

#### Location

The Theater is located at 478 W. 6<sup>th</sup> Street in the heart of the downtown San Pedro commercial district.

#### Description and Project Context

The existing Work Order with GSD is for \$400,000 and will proceed once the action is no longer stayed by the Court. The scope includes: replacement of existing sump pump; repair of damaged/cracked terrazzo at the front entrance to the Theater; cleaning, repair and replacement of rose marble at the theater entrance; repair of peeling paint on the ceiling of the Theater and lobby of 2<sup>nd</sup> story balcony; repair of bathrooms; and restoration of the lobby ceiling and wall murals; and related electrical and plumbing work.

#### Project History

The 1,598-seat Theater was built in 1931 by the Warner Brothers Studios in the waning days of the movie palace/vaudeville era. In 1996 CRA/LA, at the request of the community and Council District 15, purchased the Theater using Federal CDBG funds. CRA/LA subsequently conveyed the Theater to DCA for programming as a community-based cultural institution. In 1982, the Theater was declared a Los Angeles Historic Cultural Monument, and in 1999 was placed on the National Register of Historic Places.

Since the Theater's acquisition, the City has committed significant resources towards its renovation. In 1996, the Grand Vision Foundation ("GVF") was formed to preserve the Theater as an operating cultural facility and premiere cultural venue on the San Pedro area. A series of cultural events are held at the Theater annually. DCA, along with GVF, has gradually increased the number of events to approximately 70, drawing over 23,000 visitors.

A comprehensive Market Study and Operations Plan, completed in 1996, identified \$4.2 million of improvements and renovations to the Theater aimed at increasing the facility's potential to become a regional performing arts center. Three important upgrades were identified as priority items and completed between 1996 and 2008, including upgrades to the stage rigging and sound system, a new film screen, and a seat restoration project. Funding for these improvements was from Port of Los Angeles, CRA/LA and private funds raised by GVF. Most recently, in 2008 CRA/LA provided \$100,000 for aisle lighting, handicapped seating, and a fire curtain.

#### Community Benefits

The Five-Year Implementation Plan (FY 2008-2012) for the Project Area contemplates the expenditure of over \$3 million to renovate the interior/exterior of the Theater. A fully renovated and functional Theater furthers several Objective of the Pacific Corridor Redevelopment Plan ("Redevelopment Plan"). They are:

- Community Image and Vision – this Objective calls for maintenance of Downtown San Pedro and its surrounding area as an aesthetically pleasing community reflecting its historic past and international port city status. The Theater is a City and Federal-designated historic building, and the restoration of its interior/exterior will add positive visual aesthetics to the historic district of San Pedro. Also, the restored Theater will complement CRA/LA's ongoing Business and Commercial Façade Improvement Program by beautifying the streetscape at its location.
- Diversification of Retail and Entertainment Facilities – This Objective calls for development of a variety of consumer retail, shopping, and entertainment opportunities, and discouraging commercial activities perceived to have detrimental effects on the community. The described Improvements are a bridge to finishing the "first among entertainment venues" in the Project Area. It is also anticipated that improvements to the Theater's exterior will spur nearby owners of dilapidated buildings to restore their properties.
- Historic Preservation and Promotion of Cultural Heritage – This Objective calls for the preservation of the unique cultural, social and physical features of the community. Through the Improvements, the Theater will be restored thus adding to the inventory of restored historic structures in the Project Area that can be enjoyed by the surrounding community and region. Additionally, the restored Theater will attract additional investor interest to the revitalization of the area and add to the growing regional arts and cultural center status of San Pedro.

- Public Improvements and Amenities – This Objective calls for the installation, repair and maintenance of public improvements and amenities in the Project Area. The installation of the described improvements to the City-owned Theater is a bridge to finishing this key publicly owned amenity in the Project Area.

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 finding can be made, which are summarized here and set forth in the proposed Resolution attached hereto as Attachment "B."

- Finding 1:** *33445(a)(1) The improvements must benefit the funding Project Area by eliminating blight.* The proposed Improvements are located within the Pacific Corridor Redevelopment Project Area. The Redevelopment Plan for the Project Area identifies the condition of public improvements and amenities as significant blighting conditions in the Area. The Improvements will benefit the Project Are by helping achieve several Objectives of the Redevelopment Plan, including: (i) community image and vision; (ii) diversification of retail and entertainment; (iii) historic preservation and cultural heritage; and (iv) public improvements and amenities, and will upgrade deteriorated and/or substandard public improvements and amenities.
- Finding 2:** *33445(a)(2) The proposed expenditure must be the only reasonably available means of financing the public improvements.* Due to the City's current fiscal shortfall, as demonstrated by its ongoing reductions in staff and budget cuts, there are no available funds for the proposed improvements to the Warner Grand Theater outside those available to CRA/LA.
- Finding 3:** *33445(a)(3) The improvement must be consistent with the Five-year Implementation Plan.* The proposed improvements are consistent with the Pacific Corridor Five-year Implementation Plan for FY2008-2012, where goals and objectives include installation of public improvements (Section III.D.5).

ECONOMIC IMPACT

The following table\* describes the economic impacts estimated to be created by this project.

<b>Estimated Economic Impacts Created by this Project*</b>	
<b>Estimated Construction Jobs Created</b>	2
<b>Estimated Permanent Jobs Created</b>	TBD
<b>Estimated Gross Property Tax Increment (TI) Revenue</b> (Year 1 of Tax Increment Generated)	NA
<b>Estimated Net Present Value (NPV) of Net Property TI Generated</b> (Revenue to the CRA/LA Project Area through the last Tax Increment Receipt Date)	NA
<b>Estimated NPV of Property TI for Affordable Housing</b> (25% set-aside towards the CRA/LA Low and Moderate Income Housing Fund through the last Tax Increment Receipt Date)	NA

<b>Estimated Economic Impacts Created by this Project*</b>	
<b>Estimated NPV of Utility User Tax Revenue</b> (Revenue to City of Los Angeles)	<b>\$126,000</b>
<b>Estimated NPV of Sales Tax Revenue</b> (1% portion of taxable sales to City of Los Angeles)	<b>NA</b>
<b>Estimated NPV of Business Tax Revenue</b> (Revenue to City of Los Angeles)	<b>TBD</b>

\*The figures provided in the table about are for estimation purposes only; actual fiscal impact or job creation may be higher or lower than these estimates. Standardized formulas were used to generate these figures and are based on accepted econometric practices and basic tax calculations taken from research performed by a variety of sources, including the Los Angeles Economic Roundtable, California Redevelopment Association, US Department of Housing and Urban Development, CRA/LA, and the City and County of Los Angeles.

**SOURCE OF FUNDS**

Pacific Corridor Redevelopment Project Area Tax Increment funds.

**PROGRAM AND BUDGET IMPACT**

The expenditure of \$400,000 for the Warner Grand Theater improvements is consistent with the current adopted FY2012 Budget and Work Program for the Pacific Corridor Redevelopment project Area.

No additional funding is currently being requested for the Improvements. Funding for additional Theater improvements (up to \$600,000) will come out of future year tax-increment and obligated during the annual budget process.

Sufficient funds remain in the Pacific Corridor Redevelopment Project Area budget to pay for its identified share of required Voluntary Alternative Redevelopment Program (VARP) transfers to the City for remittance to the County Auditor-Controller.

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

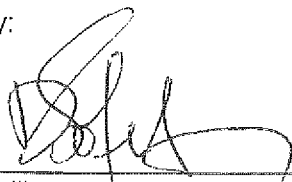
**ENVIRONMENTAL REVIEW**

The proposed improvements will be completed in conformance with the Secretary of the Interior's Standards for the Treatment of Historic Properties; therefore, the proposed action is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15331 of the CRA/LA CEQA Guidelines.

The Pacific Corridor Community Advisory Committee strongly supports CRA/LA's investment in the Theater.

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. Resolution
- Attachment C. Project Summary Report



**ATTACHMENT A**

**LOCATION / SITE MAP**

**Warner Grand Theater**  
478 W. 6<sup>th</sup> Street, Los Angeles, CA 90731  
Harbor Region, Pacific Corridor Project Area



Location / Site Map

**ATTACHMENT B**

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA PURSUANT TO SECTION 33445 OF THE CALIFORNIA REDEVELOPMENT LAW DETERMINING THAT IMPROVEMENTS TO THE WARNER GRAND THEATER IN THE AMOUNT OF \$1 MILLION ARE OF BENEFIT TO THE PACIFIC CORRIDOR REDEVELOPMENT PROJECT AREA.

**WHEREAS**, The Community Redevelopment Agency of the City of Los Angeles (the "CRA/LA") desires to provide for the improvements to the City-owned Warner Grand Theater in the Pacific Corridor Redevelopment Project Area ("Project Area"); and

**WHEREAS**, Section 33445 of the California Health and Safety Code requires that certain findings be made before CRA/LA funds may be used to pay for such public improvements in a project area; and

**WHEREAS**, the CRA/LA and the City Council of the City of Los Angeles have reviewed and considered the facts and information with respect to improvements to the Warner Grand Theatre

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

1. The proposed Improvements benefit the Pacific Corridor Redevelopment Project Area because they will eliminate blight, and help achieve several Redevelopment Plan Objectives, including: (i) community image and vision; (ii) diversification of retail and entertainment; (iii) historic preservation and cultural heritage and (iv) public improvements and amenities.
2. There are no other reasonable means of financing the proposed Improvements..
4. The improvements to the Warner Grand are consistent with the Redevelopment Plan and the Five Year Implementation Plan for the Project Area.

Adopted by the Community Redevelopment Agency of the City of Los Angeles, California, on the 3rd day of November 2011.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2011.

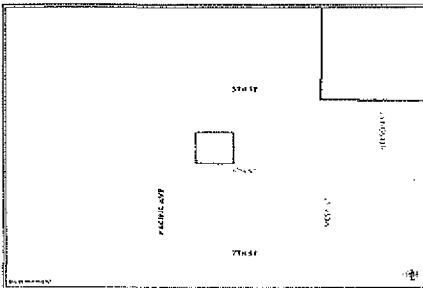
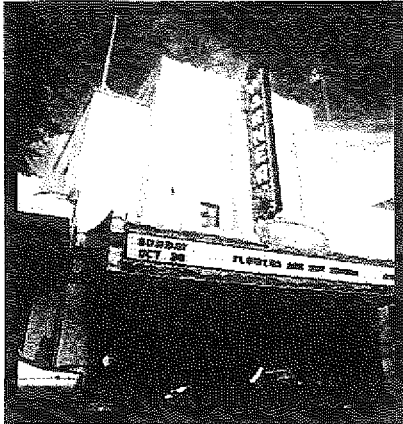
I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Los Angeles, California, at its regular meeting held on \_\_\_\_\_, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of  
the City of Los Angeles on this \_\_\_\_ day of \_\_\_\_\_, 2011

\_\_\_\_\_, City Clerk

By: \_\_\_\_\_  
Deputy

**HARBOR REGION**



Maps created by CRA/LA GIS Team

STATISTICS AT A GLANCE	
<b>Estimated Jobs Created:</b>	
Construction Jobs (est.):	26
Permanent Jobs (est.):	15
<b>Total Development Costs (TDC): \$4 million</b>	
CRA/LA Investment:	\$2 million
CRA/LA Investment % of TDC:	55.49%

**PACIFIC CORRIDOR**

**WARNER GRAND THEATER**

**Board Item Number:**  
**Board Date:**

**Project Location**  
478 W. 6th Street, San Pedro, CA 90731

**Proposed CRA/LA Action**  
N/A

**Additional Information**  
N/A

- Elected Officials**
- Council District 15, Janice Hahn
  - County Supervisor District 4, Don Knabe
  - State Senate District 28, Ted Lieu
  - Congress District 36, Jane Harman
  - Assembly District 54, Bonnie Lowenthal

**Project Description**

This 1,598-seat theater, built in 1931, was declared a cultural historic monument by the City in 1982. This project includes major upgrades to the facility including stage-rigging improvements, film sound system upgrade, roof repair, terrazo improvements, seat restoration project - with the goal of making the theater a regional performing arts center.

**Project Type**

Community / Public Facility

**Construction Category:** Rehabilitation

**Project Features:**

- Culture/Theatre/Entertainment Venue

**Developer / Participant(s)**

**Public Agency Partners:** City of Los Angeles  
Department of Cultural Affairs

**CRA/LA Project Staff**

- Jenny Scanlin, Regional Administrator
- Walter Beaumont, Assistant Project Manager

**Project Activities**

**Completed Activities:**

- Board Action, 05/18/06
- City Council Action, 06/21/06
- Construction Start, 08/01/06
- Board Action, 01/17/08
- City Council Action, 04/01/08
- Certificate of Completion, 08/01/08
- Funds Disbursement, 06/01/09

**Scheduled Activities:**

**Agreement Type(s)**

- Cooperation Agreement
- Memorandum of Understanding (MOU)

**Terms of CRA/LA Investment:**

Conditional Grant.

**Community Benefits**

- Attract other investment to the area
- Development of underused lot
- Economic Revitalization
- Elimination of Blight
- Historic Preservation
- Improve Image of Area
- Improves the economic vitality of the area
- Preserve the design of the building
- Prevailing Wage Jobs
- Promotes Tourism
- Reinivgorate business

**CRA/LA Policies Applied**

**CRA/LA Policies Not Applied**