

Technical Assistance Panel for the Santa Monica Civic Auditorium

May 9 and 10, 2013

Highlights from the Panel

The City of Santa Monica, directed by the Community & Cultural Service Department's Cultural Affairs Division ("Cultural Affairs Division"), requested ULI Los Angeles to host a ULI Technical Assistance Panel on May 9 and 10, 2013 to provide a roadmap to address the long-term future of the Santa Monica Civic Auditorium and provide a framework to implement the vision. The event was part of ULI Los Angeles's Technical Advisory Panel ("TAP") program which provides expert, multidisciplinary advice on land use and real estate issues facing communities in the Los Angeles Region.

For many years, the Civic Auditorium was one of the largest concert venues in Southern California. International artists, such as the Doors, the Rolling Stones, the Beach Boys, Bob Hope, and Bob Dylan performed in the main auditorium. It was designed to be flexible enough to allow for local community events or large concert performances. But, with the lack of capital investment in the facility, and years of deferred maintenance, most concerts and events located to new facilities constructed in the Los Angeles area. The majority of event bookings at the Civic Auditorium now consist of consumer event shows, and while it remains home to the Santa Monica Symphony Orchestra, the building systems have deteriorated and reached the end of their useful life. At this time, the City plans to close the Civic Auditorium indefinitely, as of June 30, 2013

The Santa Monica Civic Auditorium is the Cultural Heart of the City

The ULI Los Angeles Technical Assistance Panel recommends the City of Santa Monica set the Dream – to renovate the theatre as a cultural icon for posterity. The City of Santa Monica can establish a cultural center – performing arts, visual arts, and more importantly, a special place for the Westside. The City can be a leading place for culture, for all the arts, and qualitatively compete with downtown venues so that the Westside population does not need to travel downtown to enjoy the best entertainment and special events.

The Panel believes that the future of the Civic will require major financial commitments; harmonious, appropriately-scaled development; improvements to the operating model, and other sources of revenue, such as naming rights, general obligation bonds, or other financial subsidies.

Programming and Management

The Civic Auditorium exists in a highly competitive, fluid market environment, which will require a distinct market position in order to succeed. Successful facility management demands extensive knowledge, expertise and creativity. A modern, well-managed facility can capture concerts, Broadway shows, family shows, filming, award shows, local events, graduations, and local performances. Additional event opportunities for revenue are tradeshow, conventions, consumer shows, meetings, outdoor parking lot events, and banquets and receptions.

Consideration should be given to a public non-profit management model, to be explored for the operation and management of the Santa Monica Civic Auditorium. This model will allow the City to maintain budget authority and to elect the governing board. The governing board oversees the management and sets policy. The manager implements the policy. This governing format is valuable in that it enables the facility management to operate with greater flexibility and effectiveness, especially in the areas of personnel management, payroll, purchasing, contract approval, sales and marketing, event booking, scheduling, event management, parking, ticketing, advertising, concessions and catering, facility maintenance, and generally just being able to negotiate competitive “deals.”

The Facility Manager is in charge of the day-to-day operation, not the governing board. The leadership model can be successful if there are clearly defined goals and the management is entrepreneurial and market-oriented.

The Panel believes the future of the Civic will require substantial subsidies and annual operating support. The Panel recommends the City set the direction for the Civic and determine whether the Civic needs to operate at profit; break-even from operations; cover debt service; or operate at a loss. Currently, there is a large City subsidy, which cannot continue in the current economic environment. The Panel suggests the Civic Auditorium needs to recover costs for services to the City. In addition,

services should be priced within the industry norm. A snapshot of the Civic's financials indicate the cost of services are too high and out of alignment with what is considered feasible within the market.

Set the Dream

The Civic Auditorium needs to be a state-of-the-art facility that is flexible enough to be an ideal venue for drama, musicals, ballet, popular concerts, choral, classical concerts, film and both raked seating and flat floor special events including exhibits. The Civic Auditorium should be renovated to enhance acoustics; incorporate telescopic seating; and modernize the theatre system technology. These improvements are in addition to the excellent study already presented to the City for the renovation and addition to the Civic.

Move Beyond the Civic: The Civic Center Creative District

The Civic Center Specific Plan, adopted by the City of Santa Monica in 2005, has proven to be a planning vehicle that is adaptable to the changing market conditions and opportunities facing the City. In 2013, given the new reality facing the City, that the funding previously available to renovate the Civic Auditorium is no longer available, new solutions and opportunities must be sought. The entire 10 acres that currently encompasses the Auditorium Special Use District within the Specific Plan must now be replanned. While the Early Childhood Center currently proposed in the District is still a viable use, and planning for it is ongoing with Santa Monica College, the proposal to incorporate a soccer field within the acreage, to be shared with Samo High is now obsolete. The space that this use would have occupied within the District, has therefore been reconsidered by the TAP Panel.

The Civic Auditorium has survived as an island in a sea of surface parking for long enough, but for the Civic to succeed in the future, it must be embedded in a larger Creative District, flanked by compatible uses, and reconnected to the urban fabric of the City. In the future a surface parking lot will be considered an inappropriate use of a precious piece of land in this location. The District must reflect four essential characteristics, it must be: *Civic, Cultural, Creative, and Activated*. The District must also incorporate multimodal opportunities in order to knit the site together.

Opportunities

The Panel suggests the following directions for the District to support the Civic Auditorium: 1) Support the renovation & modernization of the Civic Auditorium with significant financial support through development opportunities of the surrounding City controlled surface parking lots; 2) Support and encourage the establishment of the Civic Center Creative District through complimentary development uses to expand the arts impact; and 3) Bring a renewed vibrancy and activity to the Civic Center Creative District and establish the connections and linkages to the surrounding area.

The City is quite fortunate to share a location and environment which is in high demand for a variety of potential development uses which could all be successful and achieve the established goals. Many cities and agencies are not so fortunate with land for development opportunities. What this provides is a clean slate of many viable development scenarios for the approximately five to six acre development property. The Panel recommends a healthy mix of uses to generate activity in the Civic Center Creative District while programming a revenue stream to support any renovation and development. A mix of some of the following complimentary uses should be explored: boutique hotel and conference center; residential apartments; artist in residence; creative commercial office; and pedestrian activated ground floor retail.

Financing Options

Now that redevelopment funding is no longer a resource for the City, the ability to raise new annual revenues to make debt service payments is severely curtailed. In order to determine what the City can afford in the post-redevelopment era, many alternatives must be explored prior to making a decision to continue planning such a project. These alternatives must be truly “alternative,” i.e. creative and substantially different from traditional financing structures historically deployed by municipalities to pay the costs of capital improvements. The panel believes that a balanced multi-sourced approach should be utilized and suggests the City explore the following options: naming rights, voter authorization for general obligation bond; leverage the value of parking lots with development; public/private opportunities; and other financing vehicles such EB-5 financing, New Markets Tax Credit financing and Historical Tax Credits.