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# City Council Report

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City Council Meeting: April 10, 2012

Agenda Item: 8-D

To: Mayor and City Council  
From: Andy Agle, Director of Housing and Economic Development  
Subject: Request for Qualifications for 4<sup>th</sup>/5<sup>th</sup>/Arizona Opportunity Site

## **Recommended Action**

Staff recommends that the City Council authorize staff to prepare and release a Request for Qualifications (RFQ) for the purpose of soliciting development team qualifications for the City-owned, three-acre site located between 4<sup>th</sup> and 5<sup>th</sup> Streets, south of Arizona Avenue, in accordance with project objectives and development team qualifications identified in this staff report.

## **Executive Summary**

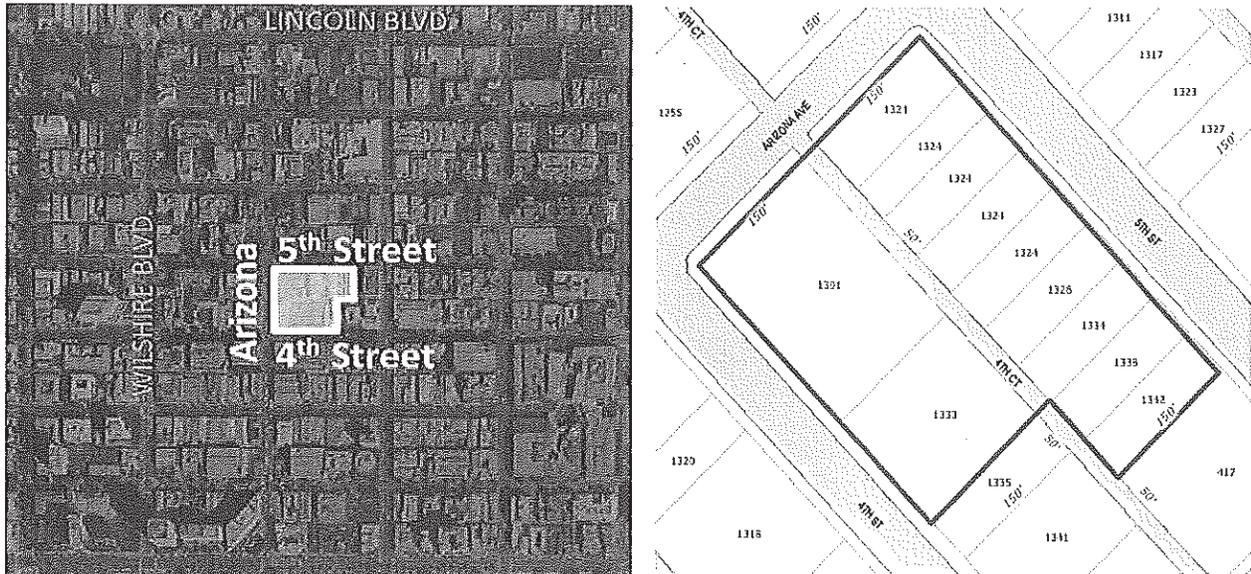
The City has assembled a three-acre site between Fourth and Fifth Streets, south of Arizona Avenue, in Downtown Santa Monica ("Site") that offers a rare opportunity to creatively reshape and extend the vibrant downtown urban core to the north and the east and to create new community amenities in this part of Downtown.

Guided by principles outlined by the City Council, staff has conducted a community visioning process to solicit ideas for development of the Site. Staff recommends that the City release an RFQ to seek a development team with the qualifications and capability to implement the City's vision for the Site.

## **Background**

The Site consists of 12 contiguous parcels comprising 127,000 square feet between Fourth and Fifth Streets, south of Arizona Avenue. The parcels were purchased by the City between 2007 and 2010. The Site is currently occupied by bank tenants with leases that expire in 2022 and 2026, and three commercial tenants whose leases expire December 31, 2012. The Site is also used for surface public parking and for the last four winters by Downtown Santa Monica Inc.'s seasonal public ice skating rink.

During the acquisition and assembly process, a specific re-use for the Site had not been identified. It was anticipated that a vision for the site would be developed through a community planning process and in coordination with preparation of a new Downtown Specific Plan.



On December 14, 2010, the City Council endorsed guiding principles for formulating a vision for the 127,000-square foot Site and approved initiating a community planning process. The Guiding Principles to redevelop the Site called for a development that would:

- Exemplify the principles, policies, and recommendations set forth in the LUCE;
- Provide a model of sustainable development;
- Help animate Fourth Street, Fifth Street, and Arizona Avenue with pedestrian-oriented ground floor urban design;
- Include a wide range of public benefits including open space options and public parking;
- A large portion of the Site was purchased as part of the Downtown Parking Program. Therefore, reuse of the Site should plan for incorporation of public parking spaces into the integrated Downtown/Civic Center shared parking program, including special consideration as an alternative replacement parking location to replace those proposed for demolition elsewhere in the Downtown.
- In considering re-use of the Site, special consideration should be given to the

needs of tenants with long-term leases on the Site. Two community workshops, one hosted by the Planning Commission and one by Downtown Santa Monica Inc., were held in March 2011 to solicit community input on the vision for the future of the Site. The results of those community meetings and an update on the visioning process were presented to Council at a Study Session on May 10, 2011. During the summer and fall of 2011, staff conducted a series of discussions with real estate professionals and prepared design and economic feasibility analyses related to development of the site. A community workshop was held on January 26, 2012, to discuss alternatives for development of the site within the larger context of the Downtown Specific Plan process. For the purpose of eliciting community discussion, the workshop presented four hypothetical schematic site layouts with varying densities, heights and open space configurations, based on current zoning and zoning concepts being investigated as part of the Downtown Specific Plan process. Staff presented the initial phase of the Downtown Specific Plan, to City Council on February 28, 2012.

On January 10, 2012, Council authorized the issuance of a Request for Property Exchange that could be used for future development of Fire Station No. 1. One of the parcels offered for an exchange is the 15,000-square foot site at 1338-42 (Carlson's Appliance). If the Request for Property Exchange is successful, the Site may be reduced to 112,000 square feet.

### **Discussion**

At the January 26, 2012 community workshop, conceptual development scenarios were presented for the purpose of eliciting community discussion. The alternatives discussion was intended to inform both the RFQ for the Site development and the Downtown Specific Plan process. The concepts were not intended to represent recommended designs or preferred options, but rather to visually demonstrate how building heights and floor area ratios result in different massing approaches and options for open space. Once a development team has been selected, actual development plans would be subject to community discussion and commission and Council review and would be

expected to exemplify the vision and goals of the Downtown Specific Plan.

### Community Vision

The community visioning process invited residents, businesses and property owners to assess and prioritize uses and development options for the Site, identify issues and concerns, and ultimately build consensus around a vision through the discussion of a range of issues and opportunities (see Attachment A: Community Survey Summary.) Participants described and ranked preferences regarding potential community benefits, mix of uses, parking, height, massing, and types of businesses. Participants were also asked about the types of uses they would not like to see on the Site.

The concepts that participants most frequently prioritized for the Site:

*Open space:* Participants favored ample open space that could serve as a social gathering space for the community, including a seasonal public ice rink.

*Mix of uses:* Participants favored a variety of uses, including retail, restaurant, office, hotel, and residential uses. Retail, office, and hotel were ranked higher than residential (apartments, condos, and live/work units) as desirable uses for the Site. There was consensus that the Site should serve as a major Downtown anchor and while it should not “compete” with the Promenade, it should be integrated with it and provide complementary uses. There was also support for animated ground-level activities, such as outdoor dining.

*Design and building practices:* Participants favored exceptional architecture, attractive open space, sustainable design, and streetscape improvements that would support and enhance pedestrian activity.

*Height and massing:* Participants supported additional height in return for open space and iconic architecture, with upper levels and rooftops that could provide opportunities for the public to access ocean views.

*Parking:* There was no clear consensus regarding the amount of parking on the Site. The following reflects the range in opinions:

- 1) Maximize the amount of public parking that could be constructed in a subterranean garage to address anticipated future needs.
- 2) Provide parking for the new development and replacement parking for Parking Structure No. 3 and potentially Structure No. 1.
- 3) Minimize new parking resources because there is sufficient parking in Downtown that needs to be made more easily accessible.

### Feasibility Studies

Staff and consultants conducted design and financial feasibility analysis of a variety of mixed-use concepts. One purpose of the feasibility analysis was to determine whether alternative development scenarios would generate sufficient ground rent to the City to satisfy the annual debt service of approximately \$3.3 million related to land assembly. Ground rents can also be considered a proxy of a development's ability to provide extraordinary public benefits, such as large amounts of public parking. The analysis also considered the feasibility of incorporating community benefits of open space (for which there was clear consensus) and public parking to replace Parking Structure No. 3. Concepts included open space ranging from 37,000 to 45,000 square feet featuring a space that could be programmed as a seasonal ice rink, varying combinations of retail, office, hotel, and residential uses, and several scenarios for the addition of on-site parking, up to total of 1,400 spaces. Building heights were considered that ranged between 56 and 110 feet and floor area ratios (FAR) ranged from 2.25 to 2.85. General conclusions of the conceptual analysis include:

- Scenarios which include ground-floor retail and restaurant uses with office, hotel, and residential uses above are expected to generate sufficient ground rent to cover the City's debt service.
- The incorporation of larger format, value-oriented retail is expected to reduce ground rents, primarily because the needs of the retail constrains what can be built on upper levels.
- Taller development that provided higher floors with ocean and mountain views could command higher office rents and hotel rates and enhance the ground rents to the City.
- Taller development could allow for a modest increase in open space.
- Residential uses would likely need to be rental units, given the financing

constraints associated with a ground lease, unless the City decided to sell to the developer that portion of the property where the residential uses would be constructed.

- LUCE approaches to the provision of parking (to be codified in the Downtown Specific Plan) which assume shared parking, transportation demand management (TDM) and integration into a circulation and streetscape system of improved transit, pedestrian and bicycle access (estimated at 450-600 parking spaces to serve the new development) are expected to increase ground rent to the City by reducing the developer's construction costs.
- Concepts where the majority of on-site parking is integrated into the larger Downtown public parking system enhances use of the parking and serves the broadest needs Downtown.
- Concepts where the City meets its ground-rent threshold are unable to fully fund the construction of an additional 339 public parking spaces that could replace parking currently provided by Parking Structure No. 3. Funding for the public parking could require the City to reduce its ground rent or issue debt based on parking revenues and ground-rent receipts.
- Providing an even greater supply of public parking on the Site would require additional funding that could not be provided by the development. The Downtown Parking Strategy identifies property assessments as a recommended source of funding for additional parking. If additional public parking was desired for the Site, development of the Site could require a new property assessment to be considered and approved by affected property owners.
- Constructing approximately 900 to 1,000 parking spaces on the site is expected to serve the needs of the development and replace the loss of public parking in Parking Structure No. 3. Exact numbers would be determined when the final use mix is decided. Constructing a greater number of parking spaces on the Site could negatively affect traffic circulation Downtown, particularly in the immediate vicinity of the Site by creating a significant shift in traffic patterns that could impact 4<sup>th</sup> and 5<sup>th</sup> Streets. The interaction of vehicles and pedestrians at parking structure driveways is one of the most challenging aspects of Downtown mobility. Existing Downtown parking structures that accommodate between 600 and 1,000 vehicles can have substantial vehicular delays at driveways due to a high volume of pedestrians on the sidewalk. Given the walkable nature of Downtown and the City's desire to ensure pedestrian safety, the number of parking spaces provided in the proposed facility should also take into account the realities of driveway capacities. Continuing to distribute public parking among a variety of locations Downtown, including the Site, has the potential to allow for increased public parking resources while minimizing circulation impacts. Future public parking opportunities could include the terminus of the Exposition Light

Rail site at 4th and Colorado and potential partnerships with private developments being planned in the Downtown.

### Real Estate Professional Input

In addition to seeking input from the City's economic and design consultants, staff met with seven real estate professionals regarding the Site, including five representatives of developers, a representative of a major retailer, and a real estate broker. Everyone confirmed that the Site would be highly sought after by the development community and had the potential to transform the northeastern portion of the Downtown, which is still perceived to be less active than the area around the Third Street Promenade and the southern end of Downtown. Though approaching the site from different perspectives, many of the people interviewed expressed similar ideas:

*Clarity and Flexibility:* The professionals recommended that the City be clear at the outset about the preferred vision, desired community benefits, and acceptable development parameters, without being overly prescriptive on design and exact mix of uses. Such an approach enables a development team to bring their experience and creativity to bear and allows adjustments to the development program based on changes in the market.

*Potential Tenants:* Large, value-oriented retail users would be very interested in the Site, preferably with a large, single-level retail space that could be located on the first or second level. Value-oriented retailers could adapt to a two-level operation if merchandising and sales occurred on one level with storage and back-of-house operations on the other. Value-oriented retailers would need to adapt to an urban environment, offering smaller amounts of merchandise and requiring more frequent deliveries than are seen in suburban locations. Space that is designed to meet the needs of value-oriented retail could be difficult to convert to serve other uses as needs change over time.

Several developers expressed concern about the integration of a large, value-oriented retail space with the other uses above, such as office or hotel, particularly because of

needs for vertical circulation, loading, signage, shopping cart management, and constructability of various uses.

Several professionals suggested that while the general office market is still soft, institutional users, creative firms, and tech firms could be drawn to the location, particularly if the design was appropriate and the architecture was exceptional. Many creative and tech firms have been drawn to Santa Monica and the Downtown in particular, resulting in a diversity of businesses Downtown. Additional creative space could entice such firms to stay in Santa Monica as they grow.

*Parking:* Parking was an important element of all of the discussions with professionals. All emphasized the importance that lenders, as well as eventual tenants and visitors to the site, feel that there is adequate parking to serve the site. Several felt that the unique “park once” nature of Downtown Santa Monica makes it possible to secure financing and tenants in an environment where most parking is not exclusive to the users.

Some expressed an interest in access strategies that include automated parking and outstanding connections to existing and new transit and bicycle networks. Most see the arrival of the Exposition Light Rail as a key element in enhancing access to the Site.

*Public Gathering Space:* Effective programming and management of the public gathering space was also discussed, with representatives from DTSM Inc. expressing a preference that programming and management of the public space be contracted to them.

#### RFQ: Project Objectives

Staff recommends issuance of an RFQ to seek out well-qualified teams who are capable of implementing the City’s vision for the Site and have demonstrated the ability to undertake similar, complex mixed-use developments involving extensive public participation and public-private partnership.

To ensure that the RFQ clearly states the City’s vision and goals, staff recommends that

Council adopt project objectives for inclusion in the RFQ. The recommended objectives for development of the Site are:

- Inclusion of an exceptionally designed and well-managed, programmable gathering space that adds to the civic life of the community with public gatherings and seasonal activities, such as an ice rink.
- Inclusion of ground-floor retail, restaurant and cultural uses that animate the area and contribute to the pedestrian experience.
- Uses above the ground floor may include a mix of uses including retail, restaurant, cultural, office, hotel and residential to maximize market feasibility and to create an anchor for the northern portion of the Downtown. However, a single type of use for all upper-level spaces will not be considered.
- The development must exemplify exceptional architecture and sustainable design and construction.
- Public access to views should be created in parts of the development where greater heights support ocean or mountain views.
- Parking for the development should consider LUCE parking approaches and shared parking considerations. Parking that is exclusively reserved for the future tenants should be minimized, while shared parking should be maximized for public availability.
- The development at a minimum should include an additional 339 public parking spaces to replace parking that will be lost when Parking Structure No. 3 is demolished. A greater amount of public parking may be built provided there is a viable financing plan and the shifts in traffic circulation as cars enter and egress the parking garage can be mitigated in accordance with the Downtown Specific Plan.
- Development of the Site should encompass maximum flexibility in order to respond to changes in community and market needs over the coming decades.
- The development must exemplify the concepts identified in the Downtown Specific Plan process. Conceptualization and design of the Site must be coordinated with the specific planning process to ensure that each process informs the other.

#### RFQ: Development Team Qualifications

Successful development of the Site will require a team of professionals that demonstrates the following qualifications:

- Demonstrated relevant development experience in high-quality construction and management of mixed-use developments consisting of a variety of uses including

hotel, office, residential, dining, pedestrian-oriented ground floor retail and restaurant uses, and publicly accessible open space.

- Demonstrated experience with one or more development projects previously completed or under development of at least \$150 million in value.
- Demonstrated experience with development of public and private parking, as well as innovative parking solutions.
- Inclusion of strong and creative architects on the team who have demonstrated innovative and iconic approaches to mixed-use, urban infill development.
- Demonstrated experience with design and programming of signature open spaces.
- Experience and ability to assemble a team with the appropriate specialties for construction, market analysis, business recruitment, and marketing.
- Demonstrated ability to secure funding for complex, mixed-use development.
- Excellent references regarding development experience.
- Demonstrated record of success in implementing sustainable development and building practices.
- Demonstrated success with similar public-private partnerships.
- Demonstrated commitment to community participation.

#### Next Steps

The goal is to select a development team who can work with the team preparing the Downtown Specific Plan so that each effort can inform the other. Unless one RFQ respondent is clearly superior, staff would recommend that the City establish a short-list of teams who would be invited to submit detailed development proposals. At the conclusion of the proposal process, staff would recommend that Council authorize an Exclusive Negotiating Agreement with a recommended development team during which time the development would be further refined, entitlements would be considered, and business terms would be negotiated.

Environmental Analysis

Issuance of a Request for Qualifications is not subject to the California Environmental Quality Act. It is anticipated that a development will be subject to future environmental review under the forthcoming Downtown Specific Plan environmental analysis.

Public Outreach

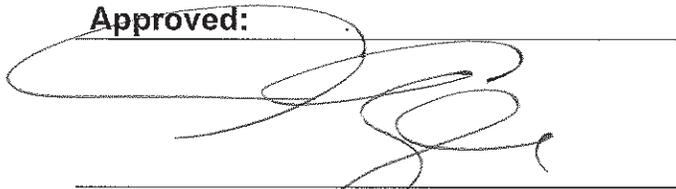
In addition to the community workshops described above, on March 22, 2012, the Downtown Santa Monica Inc. Board reviewed draft development team qualifications and project objectives for the RFQ and provided comments shown in Attachment B.

**Financial Impacts & Budget Actions**

There is no immediate budget/financial impact to the policy decision.

**Prepared by:** Elana Buegoff, Sr. Development Analyst

**Approved:**



Andy Agle, Director  
Housing and Economic Development

**Forwarded to Council:**



Rod Gould  
City Manager

Attachments:

- Attachment A. Community Survey Summary
- Attachment B. DTSM Comments on Development Objectives

## 4<sup>th</sup>/5<sup>th</sup> + Arizona Opportunity Site Survey Summary

### Downtown Santa Monica Community Meeting

January 26<sup>th</sup>, 2012

Total surveys collected: 31

#### 1) Most Important Community Benefits

Note: Scores based on 28 responses; 3 did not respond.

	<i>Community Benefit</i>	<i>Score</i>
Tier 1	Public Open Space for community gatherings, multi-use (e.g. season ice rink)	15.1
	Affordable Commercial Space for small/local businesses (e.g. art/craft market, start-up incubator, cultural organizations)	12.8
	Public Parking	12.0
Tier 2	Streetscape Improvements (e.g. outdoor seating, landscaping, wider sidewalks)	8.5
	Sustainable Design	7.4
	Iconic Architecture	7.1
	Funding for Transit Improvements	6.9
Tier 3	Restaurants/Nightclubs	4.0
	Affordable Housing	3.6
	Public Art	2.5
	Live/Work	1.0
	Demonstration Community Garden	0.8
	Contemporary Architecture	0.5

#### 2) Elements of the Opportunity Site: Feedback

##### Proposed Mix of Uses

Summary:

9 x Retail	5 x No Residential	8 x Open Space	2 x Ice Rink
8 x Office	2 x Housing	3 x Nightlife	1 x Bike Share Hub
8 x Hotel	1 x Live/Work	3 x Entertainment	1 x Hot Air Balloon
7 x Restaurant		1 x Farmers' Market	1 x Community Garden
4 x Commercial		1 x Public Market	

Comments:

- Do not want to see residential. With people leaving movie theaters late at night & car noises, and night club on 5<sup>th</sup>, it will sandwich residents with noise. Residents will complain. Office, retail & restaurants are best suited for this area. More open space.
- It would be a shame to lose the ice rink that would be choice #1.
- Bike share hub.

- Nightlife east of 4<sup>th</sup> Street
- Open space with options beyond the ice rink (or the void created by an ice rink)
- Affordable commercial space that will give Santa Monica a unique character; the chains on 3<sup>rd</sup> Street Promenade are so boring! Demonstration community garden with a permanent farmers' market. Keep the banks! Bring back J.C. Penney! More truly affordable housing than commercial, per state housing element. Rooftop gardens. Rainwater catchment.
- More community space for entertainment (not movies)
- Public Market like Ferry Building. Upscale- e.g. fish market.
- Hotel, restaurants, office. This is not a place for affordable housing.
- Gradient of open space; a sunny large space, narrow linear links. Retail, restaurants, hotel. Make all the residential live/work- not at ground floor necessarily, but on all other floors- like Soho, NYC.
- Hotel-Retail
- Flexible open space is great! Need a division & make sure it is consistently programmed.
- Retail, office, hotel, restaurants, night club, NO residential!
- Hotel, commercial, office & retail
- Off season (ice rink). What about hot air balloon ride to see the mountain/ocean and show people the new park, Main Street & Bergamot Station, like Orange County Great Park or Downtown Disney Orlando.
- Live theatre
- Retail, restaurant at street level. Housing, market rate or affordable. Open space integrated throughout site, not just in plaza.
- Retail & office- park & concerts when not ice rink.
- Small retail, office, hotel, ice rink.
- Rooftop night clubs, rooftop green garden public space with view
- Commercial use. There are too many residences in SM already.
- Hotel (revenue), Office (Tax generator for city/community)
- I want more business and small companies and job opportunities in the area.
- I think food/beverage establishments would be the most appropriate for this location considering that mostly what's in the area. Residential (i.e. condos or apartments would be least favorable)

Parking

Summary:

9 x More Parking 6 x No More Parking	3 x Automated 2 x Stacked 2 x Shuttle	1 x Restricted 1 x Valet 1 x Underground	1 x Bike Parking
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Comments:

- Ample parking is extremely important if SM wants to attract more shoppers to the area.
- Parking exclusively for employees or residents of Promenade. Parking with retail (or other use) on ground floor. Park & shuttle system.
- Add bike parking “long-term” and short-term (retail)
- Automated
- Dedicated stacked parking & concentrated in this one site
- Replace lost parking with new parking. Give incentives for people who arrive via Expo, bike, bus or who walk.
- Downtown can’t handle more auto traffic! Stop adding spaces & increase cost of current. We need to encourage people to use other means of transportation. Let’s make Downtown a pedestrian wonderland, not a giant parking lot!
- Related note: How to reduce gridlock during peak times (summer, xmas, etc.)- is lack of parking the reason? Can people park off-site and shuttle in?
- Very, very important
- Make better use of existing stacked/valet/automatic
- Entirely underground. Enter from 5<sup>th</sup>, not Arizona.
- No more additional parking spaces
- Should max out parking, 4-5 sub-levels
- No need for parking Downtown. Park & ride from another station.
- Maximum. As much as you can squeeze on the lot.
- Parking in excess of what site uses require, for public use.
- Max parking.
- Need to build out maximum parking. It will help solve the traffic problem. There is storage for retail & office.
- Don’t add net new parking & not adding net new car traffic gets a lot easier. Existing parking underutilized looking at the data.
- De-couple residential units from car parking.
- More parking necessary
- Make better use of existing, explore new technologies- automated.
- Cheap parking and plenty.
- More parking is definitely need and should be prioritized; with so many businesses in that area, parking for businesses would help patrons.

## Height/Massing

### Summary:

6 x Height is Okay	8 x Liked Scenario #4
4 x Height is Good	4 x Mix of Heights
4 x Height is Not Good	1 x One Tall Building

### Comments:

- Height should be consistent with local area buildings.
- Scenario #4 with height in center is less ominous.
- Height is good! SM is too afraid of heights! But a mix is necessary to fit within the context of the entire Downtown area.
- Scenario #4
- Stay within current height of existing buildings. One tall building okay (Scenario #4 of 4<sup>th</sup>/5<sup>th</sup> – awesome)
- Multiple heights, low to very high. Keep massing interesting, not a box.
- Towers okay, but base buildings should be 1, 2, 3 stories.
- Alt. 4- this allows for project to achieve good elevation at one point without max density throughout. Also allows for real public use.
- Maximize open space. 2-3-4 okay. I don't like 1.
- Height should be limited to the existing buildings, 4-6 floors.
- Add height to gain open space. The plan with the taller background building is the most interesting.
- High enough to be Empire State of SM.
- Massing okay. As high as needed. Scenario #4.
- Scenario #4 seems acceptable- different heights, one tower higher, good open space.
- Scenario #4
- Alt #4 steps up building height best to pedestrian on street
- Height and density are okay in Downtown. Do not create solid mid-rise, have different heights.
- Same as others, do not want buildings to stick out.
- No more tall buildings, this is LA. Keep it low.

### Businesses you'd like to see at 4<sup>th</sup>/5<sup>th</sup> + Arizona Opportunity Site &/or in Downtown Santa Monica

- Better restaurants, night clubs, office, retail, open air arena or amphitheater for shows/events. This would keep people staying in city & spending money.
- Small theater/black box performance space
- J.C. Penney- bring it back! Keep Chase Bank! Hallmark gift shop, Global Exchange store, nature store/natural wonders
- Hotel, brew pub, independent retailers, Target somewhere

- Office, retail, restaurant & night clubs.
- Café
- More affordable opportunities for local non-corporate businesses to thrive & add unique character & variety to Downtown.
- Mom & pop businesses, Target store
- Restaurants, Office headquarters (employment)

Other

- Don't build as single project! City can build garage & engage master developers, but should be opportunity for individually developed, and owned, components within.
- Want mid-block pass through to 5<sup>th</sup>
- Break massing with pedestrian thoroughfares, north, south, like the alley; mid-block passages, connect across from 5<sup>th</sup> to 4<sup>th</sup> to 3<sup>rd</sup>. Renderings showing large open space at corner of 4<sup>th</sup> & Arizona- don't like. TJ Maxx, Milken & Wells Fargo don't provide a compelling enclosure for this space. Should be a built edge along Arizona here.
- RFQ should include architects & idea proposals in conjunction with developer packages. The architect is as important as the developer. Elegant & innovative architecture, not gimmicky.
- Retain existing street trees and enhance the urban forest.
- Restaurants, bars, gentlemen's clubs, strip clubs, dive bar. You get the picture.
- Tourism is important in Santa Monica and I would like to see more businesses to attract the tourists, such as shops & restaurants and other entertainment.

**3) Undesired Uses on the Opportunity Site**

<i>Use</i>	
Residential – Apartments	7
Residential – Condominiums	7
Residential – Live/Work	7
Value-Oriented Retail	3
Hotel	2
Night Club or Bar	2
Ground Floor Retail/Restaurant	1
Office	1
Public Market for Produce or Craft	1
Non-Profit Arts/Cultural Space	0
Roof top Restaurant	0

#### 4) Trade-offs Exercise Results

I would accept more height in return for having more public open space.	12
I would accept more height in return for iconic architecture.	10
I would support more public parking, even if it means more traffic congestion.	8
I would accept higher public parking fees in return for having more public parking.	5
I would support more public parking, even if it means less community benefits on the site.	5



March 27, 2012

Mayor Richard Bloom and  
Santa Monica City Council Members  
City of Santa Monica  
1685 Main Street  
Santa Monica, CA 90401

Re: Development Objectives for a Request for Qualifications  
Downtown Opportunity Site, 4<sup>th</sup> & 5<sup>th</sup> Street, South of Arizona

Dear Mayor Bloom and Honorable City Council:

Upon review of the draft Development Objectives for an RFQ for 4<sup>th</sup> and Arizona, the Board of Downtown Santa Monica, Inc. respectfully submits these comments for consideration.

The 4<sup>th</sup> & 5<sup>th</sup> Street and Arizona site offers an amazing opportunity in Downtown that we have not had for generations, and is unlikely to be duplicated in our lifetime. Choosing the right team, providing the right framework and careful consideration of all alternatives is the difference between a good project and an incredible one.

The overarching objective of the project should result in a development that adds vitality and value to this important site. The project should compliment the balance of Downtown, and not compete with any other entity.

*Design:* The Board concurred with the staff report that calls for exquisite design, including enough height to provide ocean views. They also noted that the City should provide an approval process that encourages a developer to take risks.

*Prescription of the RFQ:* The Board agreed with the staff report that offered the maximum flexibility for the development teams to take advantage of market conditions and creative thinking.

*Parking:* The Board strongly agreed that we must maximize parking on the site, and not miss an important opportunity to insure the downtown infrastructure. DTSM believes that the unique location of 4<sup>th</sup> & 5<sup>th</sup> and Arizona offers the community a chance to balance the parking inventory evenly throughout downtown and offer visitors entering from the north accessible, convenient parking that eliminates the need to troll numerous structures for an available space.

Moreover the parking system in the NE section of downtown should be seen as a system. It is a rare opportunity to consider the loss of spaces in Parking Structure #3, slated for the AMC Theatre, as well as Parking Structure #1 – a structure with 338 spaces that has not been seismically upgraded - as part of the mix.

Finally, all financial alternatives should be explored to maximize parking on the site, including possible expansion of the Parking District and bonding. Expanding the Parking District may provide other benefits throughout downtown such as the elimination of surface parking lots.

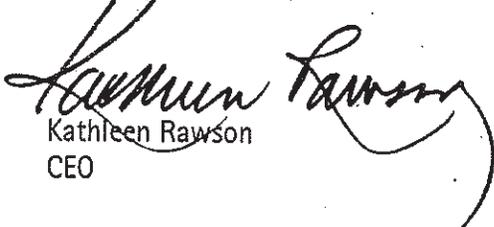
*Open Space Requirement:* The Board strongly urges the City to engage professional public space designers to assess the optimal size of the open space requirement on the site. There is some concern that too large of an open space requirement could result in a space that feels dead and much like an uninteresting corporate plaza, and the Board believes an investment of professional consultation on this issue is prudent. The space should be carefully designed with the right kinds of materials and landscaping that encourage an active environment. While the Board concurs that open space should include a seasonal ice rink with the infrastructure of the rink built in, it is also important that the space be usable and accessible year round as a gathering place for community events and interesting activities.

*Programming and Management of Open Space:* There was unanimous agreement that the open space on the site is actively managed, and the Board believes that DTSM is the ideal entity to fulfill that role. Similar to the Bryant Park model in New York, the management of the site must allow enough signage and sponsorship opportunities to create a revenue stream so that events such as the ice rink can be priced in a way that most residents can afford.

*Residential:* Based upon the current study done by the City, the Board supports that residential, if any, built on the site be a combination of sizes and number of bedrooms to support residents that are less transient.

Thank you in advance for your consideration.

Sincerely,



Kathleen Rawson  
CEO

cc: DTSM, Inc. Board of Directors  
Rod Gould, City Manager  
David Martin, Director of Planning & Community Development  
Andy Agle, Director of Resource Management  
Miriam Mack, Economic Development Manager  
Francie Stefan, Community and Strategic Planning Manager