



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: April 21, 2009
To: Honorable Mayor & City Council
From: David Lightner, Deputy City Manager
Subject: Project Status Updates: 331 Foothill Road, 9268 Third Street,
9400 Santa Monica Boulevard, Parcels 12 and 13
Attachments: 1. Site Illustrations
2. Parcel 12 and 13 Report

INTRODUCTION

This report provides a status update on four long-term projects at various stages of development. The projects include the office building currently nearing completion at 331 Foothill Road, office concepts at 9268 Third Street and 9400 Santa Monica Boulevard, and the privately-owned former railroad rights-of-way known as Parcels 12 and 13.

DISCUSSION

In order to better utilize City land in the Entertainment Business District (EBD) and elsewhere, feasibility studies have been conducted to identify where additional long-term revenue sources to the City can be created through development of City owned property. These evaluations were done in the context of first establishing the functional needs of the City. A consolidated and updated Public Works campus has been laid out along Foothill Road in the EBD. This campus includes a Public Works vehicle storage and parking facility in a shared garage nearing completion in coordination with the office building at 331 Foothill Road. The last proposed phase of this project would be construction of a multi-level warehouse and CNG fueling station.

331 Foothill Road

Construction will be complete in March of 2010 on a 72,000 square foot, four story office building at the northwest corner of Third Street and Foothill Road. This building will house the City's Cable TV production facility and office space for lease to entertainment business office tenants. A restaurant tenant is envisioned for the ground floor as this is a need that has been identified universally by the businesses in the area. These are the only uses envisioned for this building at the time the City Council authorized construction to commence. The City's Property Management team is marketing this building to

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entertainment business office users. However, lease rates are currently being reevaluated in response to the downturn in the economy.

9268 Third Street

The City owns a 1.5 acre, "L" shaped property at the southeast corner of Third Street and Foothill Road. The property is currently developed with a one-story, 1,900 square foot building leased to the City Credit Union, a 19,000 square foot, one-story building leased to Lakeshore Entertainment and surface parking. The main Post Office is immediately east of the site and L'Ermitage Hotel is south of the site, across an alley.

The feasibility analysis conducted for this site identified practical building options that range from 150,000 to 200,000 square feet of headquarter office space. These development options would be consistent with the most recently proposed zoning modification for the EBD. However, the City Council has directed that further evaluation of development on this site should proceed after the EBD zoning comes forward for discussion and review. This site remains attractive to entertainment business office users, even in a down economy, because of the lack of alternatives in Beverly Hills for occupancy of a high profile building with 150,000 square feet or more. The Lakeshore Entertainment lease in the existing building expires in March, 2010. The credit union is on a month-to-month lease.

9400 Santa Monica Boulevard

The City owns a 7,184 square foot, triangular parcel at the southwest corner of Canon Drive and Little Santa Monica Boulevard. The site is vacant and was acquired by the City after a fire destroyed the building previously on the lot. Although the site is quite small, irregularly shaped and has vehicular access challenges, it is a very visible location at the gateway to the dining and shopping areas of the Triangle. It is also diagonally across the street from the future Annenberg Center for the Performing Arts.

The feasibility analysis conducted for this site identified a practical building option at approximately 14,000 square feet in a three story configuration. Because of the triangular shape of the lot, extremely limited site frontage along Canon Drive and traffic safety concerns along the Little Santa Monica frontage, on-site parking would be very difficult at this site. However, the City is set to construct a 470 space garage one block away, beneath Crescent Drive serving the Triangle during the mid-day peak and the Annenberg Center off peak. This garage is well within the 500 foot distance identified in the Code for off-site parking. Construction of the garage is scheduled to be complete early in 2011.

Local real estate brokers have been consulted about the desirability of office space at this location and in this configuration and the response has been very positive regarding the long-term viability and attractiveness to tenants. There has also been conversation about the possibility of a Visitors Center on the ground floor. This eastern gateway location has potential advantages as a designated starting point for visitors making their way toward Rodeo Drive. This project is included in the proposed 5-year Capital Improvement Program budget and City Council direction on whether to proceed with design for this project will be sought through the budget process.

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Parcels 12 and 13

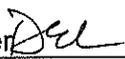
Beverly Hills Land Company owns approximately 5 acres of vacant former railroad right-of-way along the southern boundary of Santa Monica Boulevard between Alpine Drive and Doheny Drive. Please see the attached memo describing the status of this property.

FISCAL IMPACT

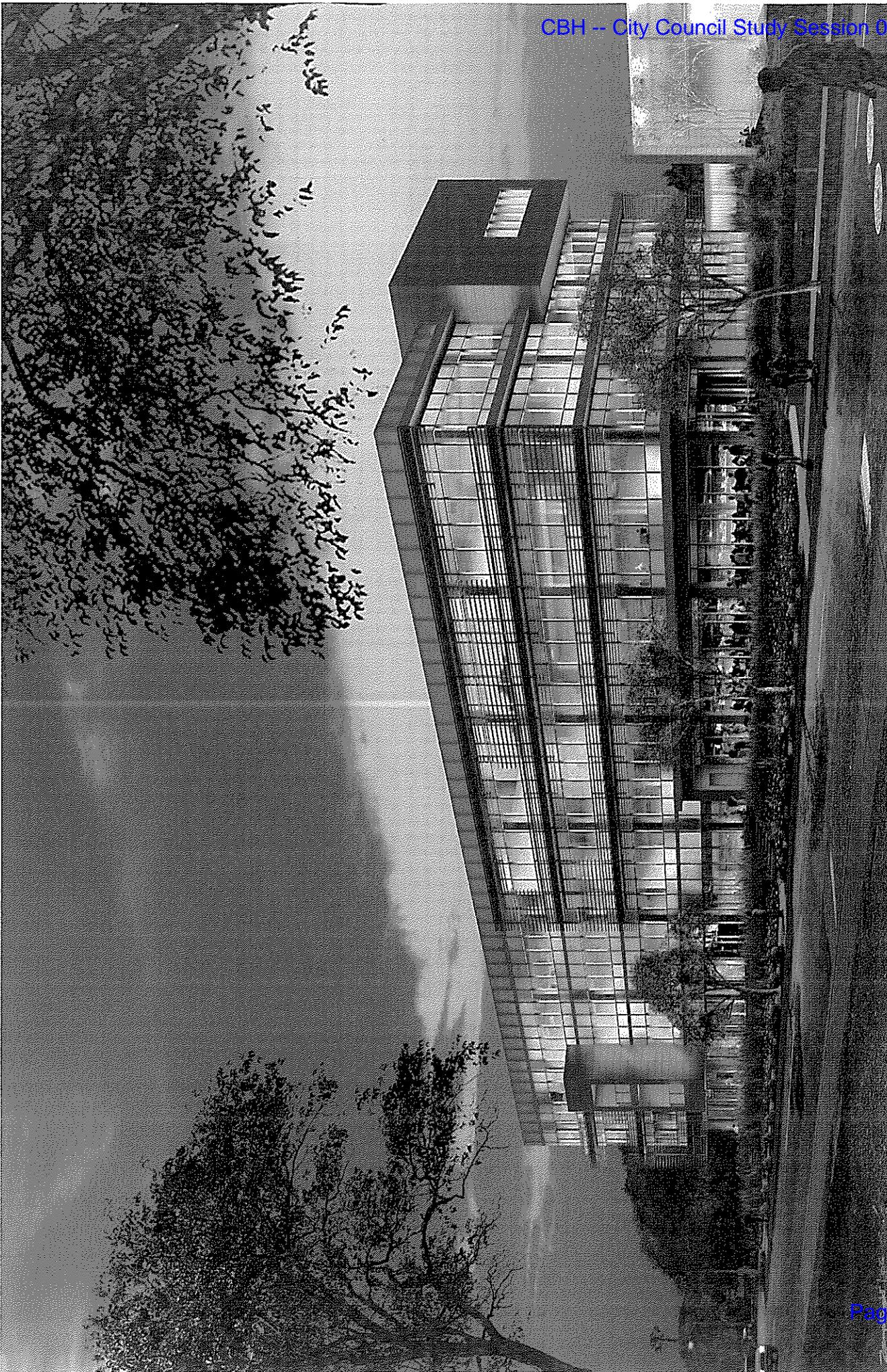
The fiscal impact of each of the projects outlined will be assessed and presented as the project parameters get defined and as the projects are brought forward for decisions.

RECOMMENDATION

This report is an update. No City Council direction is sought at this time.

David Lightner 

Approved By



CITY OF BEVERLY HILLS
331 FOOTHILL ROAD, BEVERLY HILLS, CA 90210



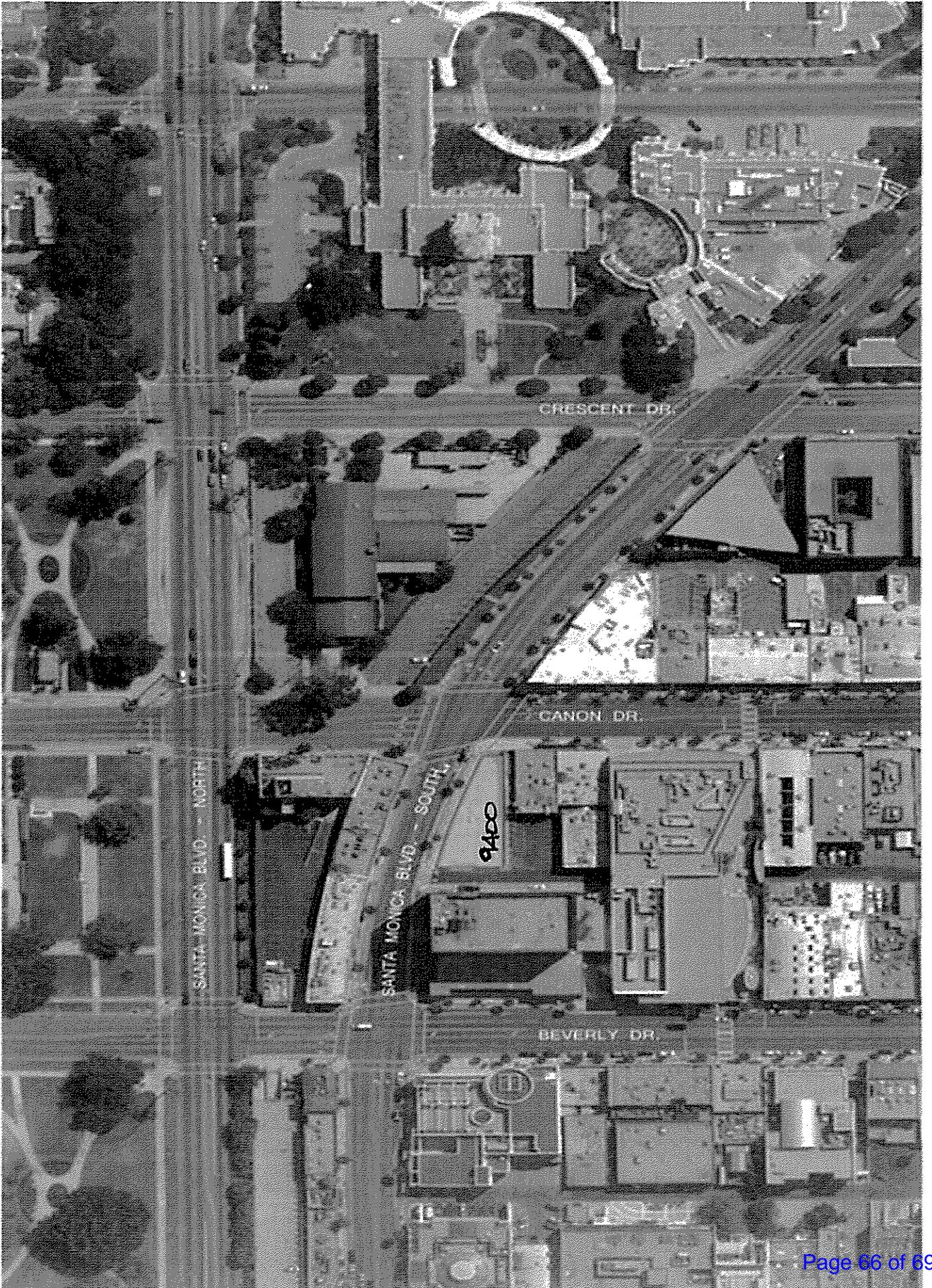
STEVEN EHRLICH



March 2008



February 2008





**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting April 21, 2009
Date:
To: Honorable Mayor & City Council
From: Daniel E. Cartagena, Assistant to the City Manager
Subject: Parcels 12 & 13 Update
Attachments: 1. Aerial Image

INTRODUCTION

This report provides an update on recent environmental assessment and other activities associated with Parcels 12 and 13.

DISCUSSION

Parcels 12 and 13 are the vacated railroad right-of-way located just south of Santa Monica Boulevard between Alpine and Doheny. The property includes the median located in the middle of Santa Monica Boulevard and Doheny. Though these parcels differ in appearance, they share a similar width of 60'. The 20' south of each parcel is an easement conveyed to the City for roadway purposes. These parcels use the easement differently. Parcel 12 uses the 20' easement for angled parking. On Parcel 13 this is not the case. Thus the easement on Parcel 13 is obscured and appears to be an extension of the railroad right-of-way. Combined, these properties constitute a little over 5 acres. Both parcels are improved with a perimeter fence to restrict public access.

Prior City Councils contemplated the purchase of these parcels. However, the most recent City Council direction has been to reevaluate the zoning on the site without the need for the City to purchase the property. Therefore, acquisition is not currently being pursued.

Parcels 12 and 13 are owned by Beverly Hills Land Company (BHLC) and the Whittier Trust. BHLC is responsible for the on-going maintenance of both the property and perimeter fence. City staff is in regular contact with BHLC when the City observes or receives complaints from the public regarding the properties' condition. Sale of the property to a private party has been discussed over the past several months. It was the potential sale of the property a number of years

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ago that prompted the environmental investigation of the sites resulting in the identification of elevated arsenic levels in the soil.

Currently, these Parcels 12 and 13 are undergoing an environmental study to determine the extent of the elevated arsenic levels found in the soil. The arsenic level is considered the by-product of the railroad use of the property operated by the Union Pacific Railroad Company and its predecessors. As a result, the property owner has persuaded Union Pacific Railroad (UP) to enter into a Voluntary Clean-up Agreement (VCA) with the California Department of Toxic Substances Control (DTSC) to complete the environmental study.

Staff continues to push for completion of the VCA involving the DTSC and UP including outreach and attending a series of meetings with Assemblymember Mike Feuer. However, progress has been extraordinarily slow over the past several years. When completed, the VCA will provide the necessary clean-up steps the current property owner, BHLC, or future property owner would be required to follow to allow development to take place.

Last year, DTSC directed UP to expand its study of the sites to include testing the ground water found at approximately 60' below the surface. In turn, UP has proposed five locations to place its groundwater testing wells. Based on their proposal, three wells would be located within the parcels themselves. The remaining two would be located in public roadways adjacent to the site. DTSC has agreed with UP's proposed location for the 5 test wells.

The groundwater data collected from these tests will be reviewed by DTSC. Based on the test results, the department may choose to add groundwater monitoring into the scope of the property's clean-up. If the decision is to add the groundwater monitoring into scope of the clean-up efforts, this new element will extend the length of time needed to complete the environmental study and develop a mitigation plan.

Staff will continue to work with DTSC and BHLC on matters involving the environmental study and on-going maintenance of these parcels. As issues arise, staff will update the City Council and seek direction on activities or issues associated with the development of a certified clean-up plan or RAW for Parcels 12 and 13.

FISCAL IMPACT

No Fiscal Impact

RECOMMENDATION

This report is an update. No City Council direction is sought at this time.

Daniel E. Cartagena

Approved By



**CITY OF BEVERLY HILLS
LOCATION MAP
OF PARCEL 12 & 13**