



AGENDA REPORT

Meeting Date: September 10, 2013
Item Number: D-1
To: Honorable Mayor & City Council
From: William R. Crouch, AIA, NCARB, AICP, LEED (AP), Urban Designer
Subject: A RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING A MILLS ACT CONTRACT FOR FOX WILSHIRE - SABAN THEATRE AT 8440 WILSHIRE BOULEVARD, BEVERLY HILLS.

Attachments:

1. Resolution Approving a Mills Act Contract for Fox Wilshire-Saban Theatre at 8440 Wilshire Blvd., Beverly Hills
2. Mills Act Contract
3. Recommendation of the Cultural Heritage Commission and Commission Staff Report
4. Mills Act Application
5. Preservation Plan

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving a Mills Act Contract for Fox Wilshire - Saban Theatre at 8440 Wilshire Blvd., Beverly Hills.

The Fox Wilshire - Saban Theatre, Landmark Property at 8440 Wilshire Boulevard, Beverly Hills.



INTRODUCTION

The Cultural Heritage Commission recommends the City Council adopt a resolution approving a Mills Act Contract for Fox Wilshire - Saban Theatre at 8440 Wilshire Blvd., Beverly Hills.

BACKGROUND

A Pilot Mills Act Program was established by City Council as an incentive for owners of qualifying Local Landmark properties in Beverly Hills. The program offers a property tax reduction to owners of participating historic properties. In exchange property owners agree to use tax savings to complete a pre-approved Preservation Plan to restore, repair and maintain historic properties over the life of the contract. Mills Act contracts run for an initial ten (10) year term automatically renewing each year on the agreement date anniversary, unless either party serves a written notice of nonrenewal. The City Council adopted Ordinance No. 11-R-12838 on October 18, 2011, establishing the Pilot Mills Act Program for a two year period, for a maximum of six qualified participating properties and with a capped maximum annual revenue loss to the City of \$50,000.00.

On May 31, 2012, a Mills Act Contract Application was submitted to the City by Rabbi David Baron representing the non-profit ownership of the Fox Wilshire – Saban Theatre at 8440 Wilshire Blvd., Beverly Hills. The City's Pilot Mills Act Program specifically enables Public Theaters designated as local Landmarks to participate in the program. In this case, the Fox Wilshire Theater is a Listed National Register Property and designated as Local Landmark No. 13.

The Fox Wilshire - Saban Theatre is the first property under consideration in the 2013 cycle of the Pilot Program; 2013 is the final year of the Pilot Program, unless extended by the City Council. There is one other active application filed with the City for the 2013 cycle which has not yet been considered by the Cultural Heritage Commission. No Mills Act Contracts were awarded in the 2012 cycle and given that the one Mills Act application which was reviewed last year has not since proceeded further, it is anticipated that no more than two qualifying properties will participate in the City's Pilot Mills Act Program.

DISCUSSION

If approved for the City's Pilot Mills Act Program, City staff and the County Tax Assessor's office will use specific formulae to determine the value of the historic property based upon net operating income rather than upon the traditional assessed valuation method, to calculate the property tax reduction. In exchange for the property tax reduction, the owner agrees to protect, maintain, and if necessary, restore the historic property. The Mills Act contract is for a ten (10) year period with automatic yearly extension as discussed above. The applicant plans to use Mills Act Contract savings to:

- Design, fabricate and install removable seating.
- Remodel existing Dressing Rooms and expand Green Room Area.
- Remove Lobby Concession Area and provide portable stands.
- Restore the Main Lobby Rotunda.
- Prep and paint all exterior elevations.
- Refurbish historic seats in Mezzanine and Balcony Areas.

- Provide new LED Reader-boards for the Marquee.
- Provide a motorized lift for Orchestra Pit.
- Upgrade, expand and modernize HVAC systems.

The Applicant's complete Preservation Plan was initially reviewed by the Commission on its Bus Tour of October 2, 2012. The Preservation Plan for this property is a part of the Mills Act application and will be incorporated into the Mills Act contract. The Preservation Plan provides a list of projects to be completed by the property owner during the initial ten year contract term. In addition, the application provides an estimate of the property owner's tax savings as well as an estimate of the City's property tax reduction. Since this estimate is based on financial data submitted by the applicant, the City will work with County Assessor to verify all calculations prior to final tax assessments. By executing the contract, the City does not corroborate the applicant's submitted financial statement, but authorizes tax abatement for the property.

GENERAL PLAN CONSISTENCY

Approval of a Mills Act Program for the Fox Wilshire – Saban Theatre at 8440 Wilshire Blvd., Beverly Hills, is consistent with the objectives, principles, and standards of the General Plan. General Plan Policy “HP 1.3 – Promote National, State, and Local Designation of Historic Resources” encourages the establishment of programs encouraging the nomination of landmarks.

ENVIRONMENTAL DETERMINATION

Approval of a Mills Act Program for the Fox Wilshire – Saban Theatre at 8440 Wilshire Blvd., Beverly Hills was assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. It has been determined that approval of a Mills Act Program for the Fox Wilshire – Saban Theatre would not have a significant environmental impact and is categorically exempt from CEQA pursuant to Sections 15308 and 15331 of Title 14 of the California Code of Regulations because approval of a Mills Act Program for the Fox Wilshire – Saban Theatre is an action of the City to protect and preserve a historic resource.

PUBLIC COMMENT

As required by the City's Historic Preservation Ordinance, notice of the public hearing for consideration of landmark designation by City Council was provided to the property owner of the As of the writing of this agenda report, no public comments have been received.

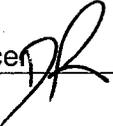
FISCAL IMPACT

Execution of this Mills Act contract would result in reduced property tax revenue to the City of approximately \$10,400.00 per annum and to the School District of approximately \$9,100.00. The City's Pilot Mills Act Program caps the total property tax losses to the City at a maximum of \$50,000.00 per annum. The current annual property taxes for this property are approximately \$76,160.00 which would be reduced under the Mills Act Program to approximately \$16,708.00. Under a Mills Act contract the estimated annual property taxes would be reduced over the period of the contract. The actual yearly tax value, and by extension the revenue loss to the

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City, is subject to annual review and determined by the County Tax Assessor once the contract has been executed and recorded with the County. The Applicant's Preservation Plan projects a total cost for all rehabilitation and maintenance work scheduled over the initial ten year contract period to be \$1,400,000.00

Don Rhoads
Chief Financial Officer
Finance Approval



Susan Healy Keene
Director of Community Development

Approved By
