



# **CITY COUNCIL AGENDA REPORT**

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MEETING DATE: DECEMBER 6, 2004

ITEM NUMBER:

**SUBJECT: DA-04-03 ANNUAL REVIEW OF TWO TOWN CENTER DEVELOPMENT AGREEMENT  
(DA-00-04)  
655 ANTON BOULEVARD**

**DATE: NOVEMBER 17, 2004**

**FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT**

**PRESENTATION BY: DONALD D. LAMM, AICP, DEPUTY CITY MGR.-DEV.SVCS. DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: CLAIRE L. FLYNN, AICP, ASSOC. PLANNER  
(714) 754-5278**

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## **RECOMMENDATION:**

Pursuant to Planning Commission's recommendation:

1. Determine and find that Commonwealth Capital Management, LLC on behalf of FSP Two Town Center, LLC has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-04 (Agreement).
2. Delegate future periodic reviews to Planning Commission and allow formal periodic review to be conducted every two years.

## **BACKGROUND:**

On July 16, 2001, City Council approved Development Agreement DA-00-04 (Agreement) between the City and FSP Two Town Center/Fifth Street Properties (Developer). The Agreement was approved in conjunction with a preliminary master plan for South Coast Plaza Town Center and Final Environmental Impact Report No. 1047. In October, 2002, Council approved the Two Town Center Master Plan, which allowed the construction of an 18-story high-rise (400,000 sq. ft.) and five-level parking structure (770 new spaces) in addition to the demolition of the South Coast Cinema Building (12,000 sq.ft.) and two-level parking structure.

On November 8, 2004, Commission found that the property owner is in compliance with the Agreement and also recommended approval of the following revisions to the periodic review process: (1) City Council to delegate formal periodic review responsibility to Planning Commission and (2) formal periodic review to occur every two years (biennially).

## **ANALYSIS:**

The Agreement provides assurances to the developer that they may proceed with development, in conformance with existing land use regulations for a period of 20 years. In exchange for these assurances, the City realizes public benefits in the form of the creation/enhancement of a world-class performing arts district within a cohesive and pedestrian-friendly, mixed-use environment as well as additional public revenues.

Section 3.5, Periodic Review, of the Agreement requires a periodic review of the developer's performance of its obligations under the Agreement. The purpose of the periodic review is to determine whether or not the developer has demonstrated "good faith" compliance with the Agreement's terms.

### ***Developer Obligations***

1. *Preservation of Noguchi California Scenario.* The Developer has provided for the preservation, maintenance, public accessibility and validated parking for visitors of the Noguchi California Scenario. A Land Use Restriction related to these provisions will be in effect until 2050.
2. *Creation and Implementation of the TAD Plan.* The Developer submitted a Draft Theater and Arts District (TAD) Plan in March, 2003. The TAD Plan was approved by City Council in February, 2004. The Pedestrian Plaza and traffic circle near the South Coast Repertory Theater is currently being redesigned.
3. *Provision of Excess Parking Capacity in TAD Plan.* The Developer has proposed parking provisions in the TAD Plan which would allow for the equitable use of excess parking capacity in the Pacific Arts Plaza.
4. *Provision of Traffic Improvements.* Environmental Impact Report No. 1047 required traffic improvements at Bristol Street/Sunflower Avenue and Fairview Road/South Coast Drive. These improvements were implemented in 2002.
5. *Fulfillment of additional public benefits.* FSP has fulfilled an additional public benefit described in Exhibit "H" of the Agreement. FSP donated land for the Avenue of the Arts Freeway off-ramp. This land was appraised at more than \$1,100,000 and provided significant traffic mitigation benefits and improved access to Town Center and the surrounding area.
6. *Final Master Plan approval.* Approval of the Two Town Center Final Master Plan occurred in October 2002. The Final Master Plan involved the development of an 18-story, 400,000 sq.ft. office building, four-level parking structure, and demolition of the cinema building and existing two-level structure.

Because the Developer has not yet submitted building plans for construction, there are no other obligations that need to be fulfilled at this time. However, Commonwealth on behalf of FSP Two Town Center, LLC., has submitted a General Plan Screening

request for a residential condominium building at Two Town Center. This proposal is in its early conceptual stages and is not related to this periodic review; thus, it is addressed in a separate staff report. The attached Planning Commission agenda report provides detailed information regarding the Developer's and the City's obligations.

***Amendments to Periodic Review Process***

Planning Commission recommended approval of the applicant's following requests:

- Delegate periodic review to the Planning Commission. City Council may delegate this responsibility to the Planning Commission, as it has done for the Automobile Club Development Agreement.
- Extend the formal "periodic review" period. Given that development activity will not occur in the immediate short-term future, it would be more productive to conduct the formal periodic review by the Commission every two years (i.e. biennial review) instead of every year. Staff will conduct intervening annual reviews in compliance with State law.

**ALTERNATIVES CONSIDERED:**

If the City Council finds the developer is not in compliance with the Agreement's terms, evidence supporting that determination would be required.

**FISCAL REVIEW:**

Fiscal review is not required for this item.

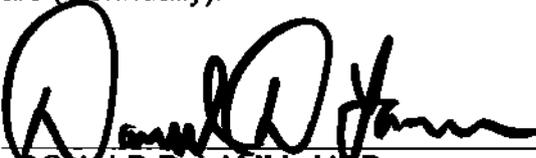
**LEGAL REVIEW:**

The City Attorney's office has approved the Agreement as to form.

**CONCLUSION:**

Commission found that the property owner is in compliance with the Agreement and also recommended approval of the following amendments to the periodic review process: (1) City Council to delegate formal periodic review responsibility to Planning Commission and (2) formal periodic review to occur every two years (biennially).

  
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Associate Planner

  
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Deputy City Mgr.- Dev. Svs. Director

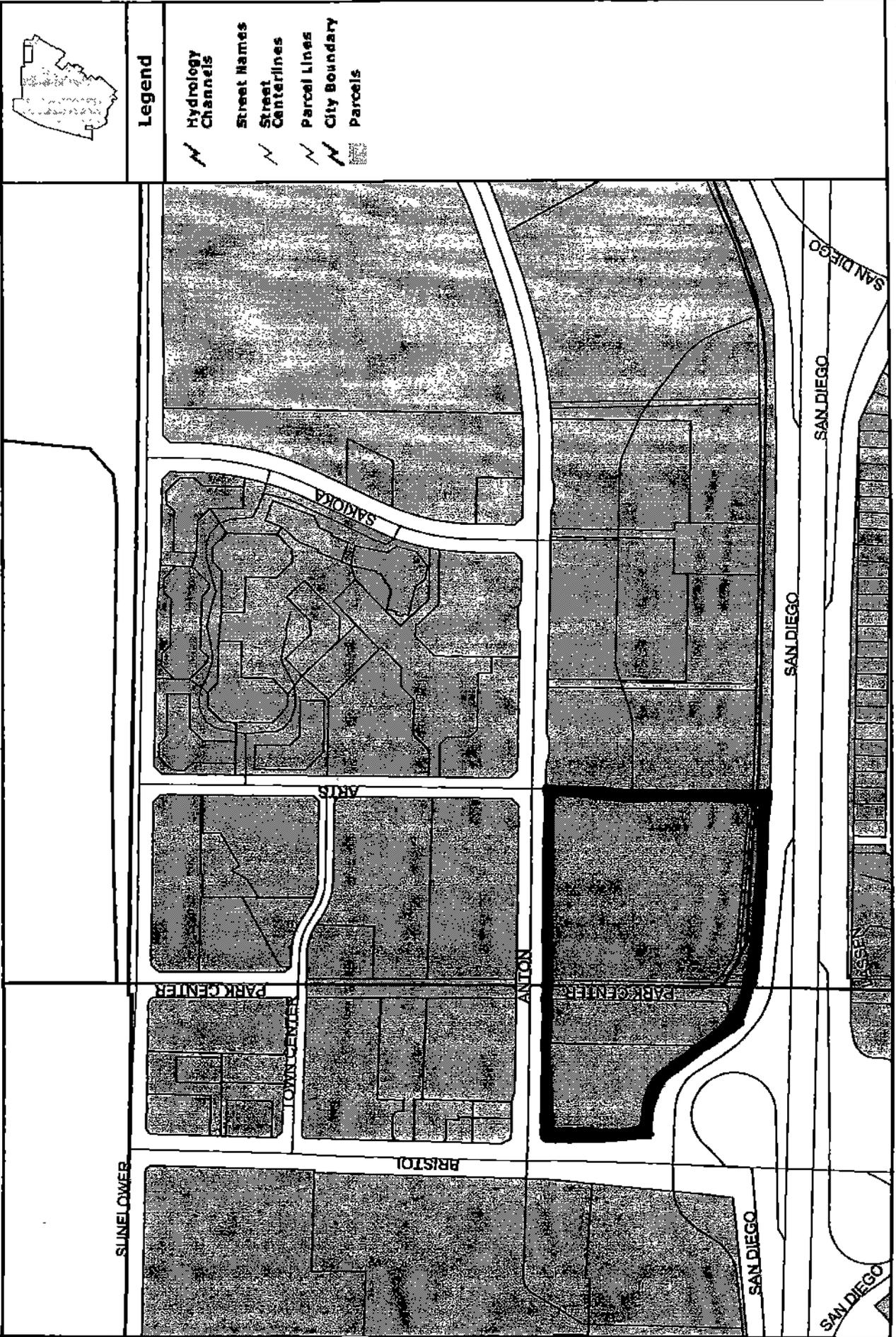
**DISTRIBUTION:** City Manager  
Assistant City Manager  
Deputy City Mgr./Dev. Svcs. Director  
Acting City Attorney  
Staff (4)  
File (2)

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**ATTACHMENTS:** 1. Vicinity Map  
2. Applicant's Letter of Justification  
3. 11/07/04 PC Agenda Report

File: 120604DA0403TwoTownCtr	Date: 110904	Time: 300p.m.
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# Two Town Center (Pacific Arts Plaza)



- Legend**
- Hydrology Channels
  - Street Names
  - Street Centerlines
  - Parcel Lines
  - City Boundary
  - Parcels



# **CITY OF COSTA MESA**

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DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,  
PLEASE CONTACT THE CITY CLERK AT (714) 754-5223**