



Tribune Real Estate

April 2, 2015

The Honorable Stephen Mensinger
City of Costa Mesa
77 Fair Drive
Costa Mesa, California 92626

Re: Tribune Property/Former LA Times Printing Press

Mayor Mensinger:

As you know, over the past year, affiliates of Tribune Real Estate Holdings LLC (“Tribune”) (as owner of the former Los Angeles Times printing press property), have been exploring opportunities to allow the printing press property to be appropriately redeveloped in a way that is beneficial to the City of Costa Mesa and Tribune. It serves no one’s interest to have this property remain unutilized and vacant. We have been closely monitoring the City’s general plan update process because it presents an ideal forum for determining the kinds of uses that could make sense for this unique 21-acre property. With this letter, we respectfully request that the general plan process and associated EIR consider redesignation of the property to Urban Center Commercial or Commercial Center, either of which would correspond to a PDC zoning and permit the development of a commercial mixed-used project.

We understand that the City has indicated that it does not want to see significant residential development on the site and in this area at this time. At the same time, as we actively look for partners to work with us on implementing a specific development proposal, it has become apparent that the current industrial park zoning is out of step with the kinds of uses that would likely be attractive at this location, in this marketplace. An Urban Center Commercial designation would enable us to attract a corporate end-user for an office campus or similar development that would be in keeping with the surrounding uses and consistent with other changes being proposed in the City’s general plan update.

The current general plan designation permits a very limited floor area ratio (FAR) and only allows office uses that are compatible with the intended industrial uses. This designation made sense when the property was being used as a printing press with a small amount of associated office. However, changes in technology and changes in the real estate market have made the site less attractive for industrial development and a much better a location for commercial uses as primary, not ancillary, uses. Given that the City will be completing exhaustive traffic and other impacts studies as part of the general plan process, we think this is an ideal time for the City to determine whether the positive economic benefits, jobs, and increase in the tax base, provide by a vibrant mixed used configuration makes sense notwithstanding potential impacts.

Currently, permitted floor area varies with the possible trip generation. Therefore, if the property were to be developed with an office use, under the current designation, it is possible that the permitted FAR could be as little as .2, or roughly 185,000 square feet of development. Based upon our review of the marketplace, most end-users are looking for the possibility of at least 900,000 to one million square feet in making their decision to locate in a particular campus. We know, for example, that the Home Ranch property is being considered for an FAR of 1.5, which would increase the total amount of office allowed to about 1.2 million square feet. Based upon our analysis of other projects in the market, we suggest that an FAR of 1.0 applied to our 21 acre site is what is likely required to create sufficient development to be attractive to an ultimate corporate end-user. Based upon the Business Park Overlay that was proposed as part of the General Plan Land Use workshop in April 2014, there could be a maximum 1.0 FAR on our site, but only for low traffic uses. The Business Park overlay would yield a relatively modest increase in development potential and allow none of the other types of development seen in recent mixed-use projects.

Specifically, we asked Cushman & Wakefield to put together some materials that demonstrate the kinds of corporate campus projects that would be suitable for the printing press property. The results of their review of the market are attached. Broadcom is the most recent example. They have outgrown their 920,000 square foot campus and are relocating to the Heritage Fields development at the old El Toro air base. The FAR is .63 of office use. That is similar to the FAR for the Hyundai Motors site in Fountain Valley. Interestingly, we understand from Cushman & Wakefield, however, that even though the Hyundai campus was completed as recently as 2013, Hyundai has outgrown that location and are in negotiations for construction of another 200,000 square feet of space in Irvine and they also occupy about 100,000 square feet on Michelson in Irvine. Consolidation would require approximately 950,000 square feet with room to accommodate growth.

We also note that most of the corporate campuses have other uses incorporated into them including health clubs, restaurants and retail. Accordingly, to reflect the market reality, we are suggesting that the designation be changed from an industrial one to a commercial/mixed used based designation which would more accurately reflect the anticipated and desired uses. It is our understanding that the City is currently putting together the traffic modeling that would support the EIR analysis of various possible general plan designations. We respectfully request that the council consider more than simply changing the industrial designation to a Business Park overlay but rather consider changing the printing press site general plan designation to one which is consistent with the kinds of uses expected to be seen at Home Ranch. We think it is important that the City be able to capitalize on economically beneficial development and jobs over the next 20 years.

Please let us know if we can provide you with additional information. We appreciate your consideration and the thoughtful way the City has been going through the replanning effort.

Sincerely,



Murray McQueen
President, Tribune Real Estate Holdings, LLC



CITY OF COSTA MESA

P. O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

April 23, 2015

Murray McQueen, President
Tribune Real Estate Holdings
202 West First Street
Los Angeles, CA 90012

RE: Tribune Property / Former L.A. Times

Dear Murray,

We are in receipt of your letter dated April 2, 2015 (attached) regarding the Tribune's property formerly the L.A. Times site. We appreciate the significant research you have compiled and are excited about the potential this property offers our city. As you know staff received direction last year from our City Council to move forward with fiscal and traffic studies on the staff recommended Preferred Land Use Alternative. We plan to bring those studies back to the council in the June timeframe.

Your request involves the following discretionary actions:

- **General Plan Amendment** to change the designation from Industrial Park to Urban Center Commercial or Commercial Center.
- **Rezone** to change the zoning classification from Industrial Park (MP) to Planned Development Commercial (PDC).

Please note the following:

- Development Agreements are typically negotiated.

All four properties in the Urban Center Commercial designation involved development agreements (Automobile Club of Southern California, Metro Pointe, South Coast Metro Center/Experian, and Sakioka Lot.) The Urban Center Commercial designation is intended to allow high intensity development within a limited area.

- No comments were received from the public or City Council during the GreatReach process related to this level of intensification for the property.

The City's community outreach effort has already been completed and there are cost implications related to including additional environmental analysis for this property. At this point, Council would need to provide direction to staff to incorporate this request into the General Plan update.

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There are financial and scheduling implications that would need to be considered as this request is not within the original scope of work.

Your request is for a significantly higher level of development intensity and staff is unable to just plug this into our studies without the review of the City Council and the public. We can bring your plan forward as an option/ or alternative when we do bring back the Preferred Land Use Plan to council, but we anticipate that this level of intensity will have significant traffic impacts to the surrounding area.

- This request could be initiated by the property owner. One option for you to consider is to independently process a General Plan Amendment and Zone Change request for the property under the current General Plan. You could submit a General Plan Screening Application that would be reviewed by the City Council. The Council would give you preliminary feedback as whether they would consider a GPA and accept the formal GPA application. If accepted you could move forward with the necessary studies and environmental analysis to support your proposed GPA and Rezone. This request would require a traffic study.
- The other option is to complete a traffic study and request that a Council member agendaize your request for consideration. This would allow the full council, in a public meeting, to review your proposal and direct staff to proceed with the requisite analysis. This could add significant time and cost to the GPA effort as our land use and traffic studies are underway. Staff would attempt to quantify the implications of this addition for the council's consideration.

We would be happy to meet with you to further discuss these options at your convenience.

Sincerely,



Gary Armstrong, AICP
Economic Development and Development Services
Director / Deputy CEO

GA:mgr

CC: City CEO
City Council