

APPROVED
JUL 23 2008

REPORT OF GENERAL MANAGER

NO. 08-213

DATE July 23, 2008

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: BARNSDALL PARK - HOLLYHOCK HOUSE - TWENTY (20) YEAR
LEASE AND LEASE BACK AGREEMENT WITH PROJECT RESTORE

R. Adams	_____	J. Kolb	_____
H. Fujita	_____	F. Mok	_____
S. Huntley	_____	K. Regan	_____
V. Israel	_____	*M. Shull	<u>RAGH</u>

Ray Adams
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve a Lease Agreement, substantially in the form on file in the Board Office, between the City of Los Angeles and Project Restore, a California non-profit corporation, for the occupation/restoration of the Department's historic Hollyhock House facility, located in Barnsdall Park at 4808 Hollywood Boulevard, Los Angeles, CA 90027, subject to the approval of the Mayor and the City Council, and of the City Attorney as to form;
2. Direct the Board Secretary to transmit forthwith the proposed Lease Agreement to the Mayor for expedited review in accordance with Executive Directive No. 3 and concurrently to the City Attorney for approval as to form; and,
3. Upon obtaining all necessary approvals, authorize the Board President and Secretary to execute the Lease Agreement.

SUMMARY:

The Department of Recreation and Parks (RAP) has been working with the Cultural Affairs Department (CAD), the Department of Public Works, Board of Public Works, the General Services Department (GSD) and Council District Thirteen in an effort to secure funding for the restoration of the Hollyhock House located in Barnsdall Park at 4808 Hollywood Boulevard.

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Listed in the City of Los Angeles Historic Cultural Monuments as Monument No. 12, the Hollyhock House was originally designed for Aline Barnsdall in 1919 by renowned architect Frank Lloyd Wright. Listed in the National Historic Register, the Hollyhock House is one of the most important and significant crown jewels of the City of Los Angeles' inventory of Cultural and Recreational facilities. Hollyhock House was Frank Lloyd Wright's first commission in the Los Angeles area designed with contributions from R.M. Schindler, Lloyd Wright and Richard Neutra, the Hollyhock House is the cornerstone of the City's Barnsdall Park Complex and must be preserved for future generations. The Hollyhock House and the approximately 14 acres upon which it sits, was acquired in 1927 from Miss Barnsdall who entered into an agreement with the City of Los Angeles whereby the Hollyhock House would be donated to the City of Los Angeles for recreation and art purposes. Currently the property is maintained and operated with the cooperation of GSD and CAD.

In 1994, the Hollyhock House suffered extensive earthquake damage which prompted RAP and other Departments to undertake the restoration and preservation of the Hollyhock House using a three phase approach. Phase I restoration work was completed in 2003 at a cost of \$5,700,000. Phase I work included partial seismic retrofit, partial repairs of the roof and parapet system and stone art restoration. Phase II work included general repairs and fire life safety modification to meet current building codes. The total cost for Phase II was \$450,000.

The project scope for Phase III includes strategic repairs and seismic retrofit of critical structural systems. It also includes elimination of water intrusion and historical restoration of key exterior and interior building elements. As part of this continued effort to restore and preserve this example of preeminent 20th century American architecture, the City, with the help of Project Restore, has undertaken the task to obtain funding in the amount of \$3,870,000 to restore the Hollyhock House with an award from the California Cultural and Historical Endowment (CCHE) to complete Phase III work. Project Restore is a non-profit organization committed to the historic restoration and revitalization of City-owned historic facilities, including the successful restoration of City Hall. In October 2007, the State of California announced that the Hollyhock House was to be awarded a grant in the amount of \$1,935,000 through Proposition 40 CCHE. Said funds, along with monies from Quimby, and Proposition G Seismic Bond will be used to complete the restoration of the Hollyhock House. Once completed, the Hollyhock House will be used as a museum, gallery, and design space.

Since Project Restore is the grant recipient and the entity that will perform the restoration work, Project Restore, per the grant requirement, will need to demonstrate site control for twenty (20) years. In order to accomplish this, the City Attorney has drafted a Lease/Lease Back Agreement between the City of Los Angeles and Project Restore that will comply with the 20-year grant requirement. This will enable Project Restore to perform the restoration work (earthquake retrofitting) to the house and allow the City of Los Angeles to continue to operate the Hollyhock House as a recreational and art facility. The approval of the Lease Agreement will also permit the Project Restore to continue with the grant process by negotiating a Memorandum of Understanding (MOU) with CCHE.

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Project Restore is currently working to enter into an MOU with CCHE. CCHE Grant funds in the amount of \$1,935,000 were reserved for this project on August 23, 2007. The grant language states that projects will have no more than one (1) year from the date a project is reserved for funding to resolve all issues related to the project. If a project is not able to supply the information or cannot meet all requirements within this one year period, its reservation of funding will be released and its reserved funds will revert back to the CCHE general grant fund. For this reason it is imperative that the review and approval of the Lease/Lease Back Agreement take place before August 23, 2008. Expeditious review and approval of the above mentioned Lease Agreement will insure that the grant funding is not lost and that restoration work is completed to the Hollyhock House. Preservation of this Los Angeles jewel requires every effort necessary to insure that all steps are taken to preserve this monument for future generations to enjoy as it was intended.

RAP Staff has determined that the subject project will consist of the restoration of the Hollyhock House at Barnsdall Park including seismic retrofit of structural components, roof repair and other restoration activities in compliance the Secretary of Interior Standards for this historic landmark. Therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1a, Class 1 (1, 4), Section 1b, Class 2(1), and of the City CEQA Guidelines and Class 31 of the State CEQA Guidelines (Pub. Res. Code. Sec. 15331).

The Councilmember for Council District 13 and the Metro Region Superintendent concur with staff's recommendations.

FISCAL IMPACT STATEMENT:

The Department will save on restoration costs as a result of grant funding that will be received by Project Restore. There are no anticipated additional fiscal impacts to the Department's General Fund as a result of approval of these recommendations.

This report was prepared by John Barraza, Management Analyst II in the Real Estate and Asset Management Division.