El Segundo, California
SMOKY HOLLOW DISTRICT
TECHNICAL ASSISTANCE PANEL (TAP) PROGRAM
MAY 2012
ULI Los Angeles Mission Statement
At the Urban Land Institute, our mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI Los Angeles, a district council of the Urban Land Institute, carries forth that mission as the preeminent regional real estate organization providing inclusive and trusted leadership influencing public policy and practice.

About the ULI Los Angeles Technical Assistance Panels
In keeping with the Urban Land Institute mission, Technical Assistance Panels are convened to provide pro-bono planning and development assistance to public officials and local stakeholders of communities and nonprofit organizations who have requested assistance in addressing their land use challenges.

A group of diverse professionals representing the full spectrum of land use and real estate disciplines typically spend one day visiting and analyzing the built environments, identifying specific planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward in a fashion consistent with the applicant's goals and objectives.

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The Smoky Hollow District is an unusual place, even within its unusual setting of El Segundo, California. It is bordered on the south by the Chevron oil refinery, on the west by the Downtown Corridor, on the north by mixed-density residential uses and on the east by the Sepulveda Boulevard stretch of Pacific Coast Highway.

Several decades past, this area was the setting for smaller industrial uses ancillary to the nearby aerospace and refinery industries. Defined by these borders and these uses, the district has remained somewhat frozen in time. The area’s specific plan has not been comprehensively updated since it was adopted in 1985. This has prevented development standards to evolve with market forces. In fact, Smoky Hollow has grown away from the original uses envisioned by the plan: Today, very few businesses serving aerospace and refinery remain, especially as the aerospace industry has declined.

Executive Summary

The Smoky Hollow District holds great potential to become the L.A. region’s next successful “incubator” zone for technology and creative firms, similar to Santa Monica’s “Silicon Beach” or Culver City’s “Hayden Tract”. Indeed, many elements are in place for this transition to naturally and quickly evolve: The neighborhood’s stock of Mid-Century buildings appeal to the tastes of these types of users. Its small parcels are perfect for start-ups. Its beach-close location is also ideal. The character of El Segundo—small-town yet business-friendly—offers a positive environment for entrepreneurs. Even the industrial vibe of Smoky Hollow, epitomized by its name, can be a strong draw for creative types.

In this way, the theme of its development destiny might be: Let Smoky Hollow be Smoky Hollow. And yet, there are significant barriers to this. The existing infrastructure has either not been overhauled or never been consistently upgraded to accommodate the gradual changes in uses. Most importantly, parking challenges are among the biggest obstacles for incoming businesses.

By today’s standards, many of the uses now considering Smoky Hollow desirable are faced with inadequate sewer and storm drainage systems. Fiber optic lines, crucial for high-speed data transmission, are severely limited. Narrow streets and generally limited access severely cramps vehicle traffic, including pick-up/drop-off activities by commercial vehicles.

Among the new uses that have moved into the area, the “creative” businesses—advertising agencies and architecture firms, for example—are attracted despite existing development standards, not because of it. And yet, these are precisely the types of enterprises, along with a variety of other uses, that may allow Smoky Hollow to profitably keep pace with other business districts in the Los Angeles area.
Solving these issues will require addressing issues such as incentives, financing and marketing. And the Smoky Hollow Specific Plan itself will need to be revised to stimulate reuse, rebuilding and redevelopment.

Among the most essential recommendations of the Smoky Hollow ULI TAP are to:

- Transform Smoky Hollow into an incubator district for start-up companies.
- Revise the area’s existing Specific Plan to stimulate reuse and rebuilding and new investment for redevelopment.
- Create a significant amount of additional parking to serve the desired labor-intensive uses in the district.
- Improve the fiber-optic infrastructure in the district to serve its new users.
- Launch a marketing campaign consistent with the authentic nature of the district.

Specific recommendations are detailed in the following sections.
Assignment and Process

THE CITY OF EL SEGUNDO COMMISSIONED the Urban Land Institute to perform a Technical Assistance Panel (TAP) to review the existing development patterns within the Smoky Hollow area and provide recommendations on guiding future development there.

The TAP comprises a group of industry experts not affiliated with the City or current development in the Smoky Hollow area. The group members have expertise in a wide variety of development and real estate fields and collectively formulated the best, most-achievable strategy for the area.

Among the largest questions the group addressed were the following:

- Within the district, what uses should be encouraged and where they should be located?
- Given the relatively small lot sizes, what can the City do to help address the higher parking demand of commercial uses?
- What can the city do to improve the identity or brand of Smoky Hollow to attract tenants and owners?
- How should the district relate to surrounding land uses, including Chevron refinery, downtown El Segundo, adjacent residential and the high-density commercial frontage of PCH?
- Is there a financing tool available to make public improvements or for the City to purchase property for parking and blight removal? And how can the City encourage reinvestment in properties?

The TAP process is one of deep, compressed immersion in the area and its issues. Tours, research, extensive interviews with stakeholders and strategy sessions were conducted over two days on the site. These two days were preceded by the accumulation and study of significant research materials, including an extensive Smoky Hollow Technical Assistance Panel Participant Survey conducted by the City.

This survey yielded a broad range of answers from stakeholders — primarily business and property owners — on variations of the key questions listed above.
These stakeholders included:

- Several representatives from City Planning and Building Safety Department, City Manager, as well as the Mayor’s office
- Real estate brokers with long-time experience in this market
- Large business stakeholders, including executives from Continental Development Corporation and Chevron
- Dozens of business owners, property owners and developers involved in Smoky Hollow
- Representatives of the El Segundo Chamber of Commerce, and reporters from the local Daily Breeze newspaper

At the conclusion of all interviews, the panel embarked on its evaluations and recommendations. Preliminary findings emerged from a Strengths, Weaknesses, Opportunities & Threats (SWOT) process that categorized issues in the district. The team also set forth its major categories of recommendations:

- Vision and Goals
- Market/Retail Conditions and Opportunities
- Land Use, Design, Regulatory and Development Policies
- Road Map for Success – Tools and Implementation Steps

The team then compiled its research and recommendations into a PowerPoint format and presented its findings and recommendations at a public forum attended by stakeholders and community members.

Vision

The Smoky Hollow district is well-situated to evolve into a cohesive and unique environment that supports new creative and tech businesses as well as small-incubator uses, and builds upon its existing engineering/architectural and manufacturing firms that pioneered the revitalization of the area.

These existing uses should be encouraged to expand, while new development opportunities will create an eclectic, creative environment.

The small-town character and fine-grain scale of Smoky Hollow should be maintained and enhanced. This area will become a center for daytime activity, complete with walking and bike connections to downtown locations for restaurants. Intimate outdoor spaces can help create a sense of place and community for employees, residents and visitors to share. The community, businesses, property owners, employees and other stakeholders will be actively engaged in defining the future vision for Smoky Hollow.
Strengths, Weaknesses, Opportunities & Threats

IN FORMULATING STRATEGIC AND DEVELOPMENT plans, the panel first undertook an assessment of the area’s strengths, weaknesses, opportunities and threats.

STRENGTHS
• Prime location: coastal, freeway accessible, westside of region, proximity to Downtown El Segundo, proximity to rich and varied employment base
• Comparatively low-cost of properties
• Small-town charm / high-quality community/ vital town center
• Excellent stock of buildings, including “industrial chic” properties
• “Fine-grain” parcel sizes
  - Small players can play
  - Large players can expand
• Rich variety of uses including: creative, tech, and “mom and pop” businesses
• Good schools
• Relatively low cost of doing business

OPPORTUNITIES
• Strengthen the brand
• Maximize utilization of El Segundo Boulevard to help further revitalization objectives related to parking, vehicular access, sidewalks, etc.
• Establish the area’s unique, flexible potential as small-business incubator district
• Recognize its market value
  - It can fill a void in Southern California market
  - It can create a brand for entrepreneurial start-ups
    o Create buzz
    o Connect to cool beach town history and culture
    o Recognize but play down Chevron and LAX issues
• Strengthen Smoky Hollow’s connection to businesses, employees, resources

WEAKNESSES
• Lack of parking
• Parcelization (small parcels inhibit growth)
• Public realm is deficient (sidewalks, landscaping, etc. are lacking)
• Specific plan is outdated
  - A suburban model
  - Too prescriptive
  - Lacks a coherent vision
  - No clear definition of desired uses
• Lack of broad infrastructure
• Low intensity of uses and land-intensive uses

THREATS
• Over-regulation
• Lack of clear vision for entire district
• Inaction
• Lack of incentives needed to work for entire district
The panel agreed to the following guiding principles to assist in their analysis of the Smoky Hollow District and to direct the group’s discussion, findings, and recommendations.

1. IN PROMOTING ECONOMIC REVITALIZATION, DO NOT PENALIZE OR OVERBURDEN EXISTING Viable businesses.

2. ENGAGE AREA STAKEHOLDERS – TENANTS, LAND OWNERS, CIVIC LEADERS, CITY OFFICIALS – IN THE PLANNING PROCESS.

3. PREVENT FURTHER DEVELOPMENT OF NON-SUPPORTIVE LAND USES, E.G. DOG HOTELS, OPEN STORAGE, AUTO YARDS.

4. CREATE INCENTIVES FOR INVESTMENT BY TARGETED USES.

5. CREATE A REGULATORY FRAMEWORK THAT SUPPORTS AND ENABLES THE MARKET TO OPERATE.
The Market

FROM A COST-OF-DOING-BUSINESS STANDPOINT, El Segundo is an excellent location. In many ways it is superior to other local municipalities such as Manhattan Beach, Santa Monica, Culver City, City of Los Angeles and Beverly Hills.

Historical average rents have allowed for new business to penetrate the market as a low-cost alternative to West Los Angeles and Culver City/Playa Vista. El Segundo has always been viewed regionally as the hub of the aerospace industry. It is safe to say that the image of the El Segundo office market being saturated with service companies to support LAX and/or aerospace is slowly going away.

The office market in El Segundo never really experienced a big bump in Class A, B, C rents for local property owners. Anytime the government reduces its military spending and budgets, consolidation occurs in El Segundo. There was a tremendous amount of commercial square footage originally built for aerospace in El Segundo going back 50 years. In addition to typical Class A office building, submarkets of Los Angeles, such as Santa Monica, Marina Del Rey, Culver City, Venice and Playa Vista have allowed businesses in the past 20 years to inhabit buildings formerly occupied by industrial warehouse or manufacturing uses. It started in Santa Monica where film and television commercial firms no longer wanted to commute to the studio lots and opted for something creative and different. Small businesses and developers acquired these industrial buildings (i.e. metal Butler, brick bow-truss, and concrete tilt up) to enjoy a different office experience. The trend caught on, and these areas have completed successful adaptive re-use projects that all started with local municipality buy-in. Coupled with some strategic planning, this trend has bolstered the demand for a different kind of space, a true “creative” office experience. Successful nearby examples include The Hayden Tract and Blackwelder areas of Culver City.

Creative office vacancy rates in Santa Monica are 6% today compared to the 18% general office vacancy in El Segundo for traditional Class A space. Who doesn’t want to be able to park right in front of their own stand-alone building that offers skylights, operable windows, and outdoor space to take advantage of the Southern California lifestyle? And yet, El Segundo does not have a critical mass within its city border where this type of product currently exists.

Smoky Hollow offers a real, raw, urban, beach-close opportunity where companies whose employment base or key executives live nearby can avoid commuting to the Westside for the same experience. Being pro-business in Smoky Hollow and even pro live/work would allow El Segundo to rebrand itself in Los Angeles not just as the hub of aerospace and engineering, but also as a creative tech community. Smoky Hollow is a place where cool buildings, cool business and cool summer breezes all come together.
Additional Market Considerations:

- The El Segundo office market is approximately 25M square feet.
- The Smoky Hollow market is approximately 1.5M square feet.
- Smoky Hollow can capture creative businesses — particularly start-up tech, entertainment and creative companies — but market to all general office uses.
- It can give companies from the lower Westside and El Segundo a creative alternative.
- In addition to close beaches, Smoky Hollow benefits from lifestyle, education and employment strengths in the area.
- It can offer a desirable indoor/outdoor experience, through patios, operable windows, connection to El Segundo’s retail district.
- The district is a prime investment target for owner/user investors and institutional capital.
- The market is tempered due to the adjacent Chevron facility: Medical uses will not work in proximity to an oil refinery.
- Authenticity sells and Smoky Hollow is real to the core.

Smoky Hollow holds a distinct market advantage in relation to the cost differential between owning property here and owning in other emerging incubator neighborhoods. The price per square foot for an unfinished building in El Segundo is $150 to $175 per square foot. In Culver City the cost is approximately twice as much, or $260 to $300 per square foot. And Santa Monica’s pricing reaches from $450 to $500 per square foot.

**Market: Cost Differential Owning**

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<th>Santa Monica</th>
<th>Culver City</th>
<th>El Segundo</th>
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<tr>
<td>Unfinished</td>
<td>$450-$500</td>
<td>$260-$300</td>
<td>$150-$175</td>
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<td>Building</td>
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As an incubator district, it also owns a unique identity in relation to El Segundo: It is close to the city’s attractive downtown and Main Street Corridor; it is adjacent to residential neighborhoods, and it is close to already established technology companies east of Sepulveda Boulevard.

The existing block footprints lends itself well to divide the district in three sub zones, the smaller block west zone, mid size transition zone, and larger block east zone.
Planning Concepts

**MULTIPLE PLANNING CONCEPTS CAN BE EMPLOYED** to maximize Smoky Hollow’s existing market opportunities.

**Smoky Hollow Is an Incubator District**
It is a truly unique place that exists within the larger context of the region, including LAX, the South Bay and the Westside. It boasts strong demographics and it attracts creative businesses. As an incubator district, it also owns a unique identity in relation to El Segundo: It is close to the city’s attractive downtown and Main Street Corridor; it is adjacent to residential neighborhoods, and it is close to already established technology companies east of Sepulveda Boulevard. It is also one of the few places in the Los Angeles region that can support the incubation of new, creative businesses. The typical physical requirements for an incubator district are:

- Small floor plates, accommodating start-ups businesses
- Strong technological infrastructure, especially fiber-optic cable and power
- A creative environment
- Synergistic uses: e.g. advertising agencies near tech companies; larger numbers of workers near retail district
- Ideal/unique density: able to accommodate more workers than traditional industrial uses
- Adequate parking: both numbers of spaces and proximity to work centers
- Appropriate and flexible regulations that foster entrepreneurship; pro-business climate
- Public realm and connectivity: sidewalks, outdoor spaces, walkability and access to vehicles
- Cost of entry: should be affordable for both owners and renters

**Traffic and Parking Plan Recommendations**
In order to successfully establish an incubator district, Smoky Hollow will require a traffic plan that assists in the creation of additional parking and improves vehicle and pedestrian circulation. Among the components of this plan are:

- Adding on-street parking opportunities, including diagonal parking.
- Enhancing the character and quality of the public realm, including streets and sidewalks.
- Adding one-way street pairs through the western portion of Smoky Hollow.
- Improved utilization of alley passages to serve very local vehicles
- Analyzing the street grid with the aim of altering or closing some streets to create enhanced pedestrian uses and open space
- Re-configuring El Segundo Boulevard to accommodate the limited vehicular traffic, and provide added parking and pedestrian circulation.
- Managing parking resources by creating a parking district, allowing tandem parking for some buildings, recommending valet-assist parking for parking-underserved areas. (See Parking section, below)
- Identifying opportunities for shared parking lots. As part of a parking district designed to optimize existing parking — not create new parking — incentives can be offered to encourage shared use of existing parking lots. Among the mechanisms that can organize this shared use are permit stickers or electronic card systems regulated by time periods.
“BUILD IT AND THEY WILL COME,” is a well-worn phrase from the movie, Field of Dreams. Within Smoky Hollow, we believe that the same sentiment could be restated: “Create the right zoning, incentives and parking program, (all City actions), and they will come.” The market is ready, the properties are ideally suited, the price is right. As with all of the other successful revitalization areas around the region, their success is built on solid commitment and sound City policy. Private investment follows public commitment.

The following are major action elements that are within the City’s purview:

1. REVISE THE EXISTING SMOKY HOLLOW SPECIFIC PLAN

The existing Smoky Hollow Specific Plan needs to be revised in order to stimulate reuse, rehabilitation and stimulation of new investment for redevelopment.

New Vision Compared to Existing Specific Plan
The existing Smoky Hollow Specific Plan envisioned this area as a suburban business/industrial model, with design standards oriented to ground-up, new development. The Plan, Vision and zoning approach, established over 20 years ago, did not anticipate the District transitioning from industrial use to hosting a wide range of creative, technical and office uses with supporting restaurants and cafés. As such, the Smoky Hollow Specific Plan does not provide flexibility in parking, floor-area ratios, uses and development standards needed to achieve this new vision.

Issues to be addressed in the Specific Plan and Action Plan
The Specific Plan rewrite should reflect the cohesive, creative environment that is envisioned. The land uses, intensity (floor area ratio), incentives, locations and components for centers of activity, zoning, development standards, parking standards, parking approach and review process should be coordinated and proactive in order to capture the desired market.

Land Uses
Identify the range of preferred uses. This could include but not be limited to entertainment, creative arts, technical/internet uses, architecture/engineering and the associated office uses including marketing and administrative functions. Certain current land uses -- such as the neighborhood’s advertising and architecture firms -- are already compatible with preferred uses.

Direct sales for manufacturing could also present an opportunity in the future. These uses can be incentivized through target locations, FAR and parking. Retail storefronts for manufacturers could be allowed as a conditional use. However, the first priority is to encourage incubator employment-based uses. These prioritized uses should not be crowded out by retail parking.

Identify uses that are incompatible with the future vision. Expansion of existing pet hotels, outdoor storage and the automotive garage and repair activities may not be appropriate in the future. Existing uses could be grandfathered with future uses limited or restricted to specific locations.
Intensity of Uses (Floor Area Ratio)
The existing floor area ratio (FAR) presents a significant disincentive for both rebuilding/reuse of existing buildings and redevelopment of properties. An increase in FAR that encourages investment, provides economic feasibility and accommodates parking and appropriate building scale should be identified. Increased FAR can serve to reward lot consolidation and intensification of the desired uses in the right location. It would also provide the economic incentive to support the costs of the necessary additional project and area parking.

Identify Opportunities for Parcel Consolidation
A block-by-block analysis of ownership, uses and potential for change should be undertaken. Ownership of parcels should be identified to target opportunities for consolidation and/or coordination between parcels. Efforts should be focused on those areas and blocks where the potential to change exists and is feasible.

Incentives to assist smaller parcels to consolidate should be identified and tested. Undertake an analysis to determine the optimum set of incentives to promote parcel consolidation to create parcels of sufficient size to accommodate the desired uses. Incentives could include increased FAR for larger lots, and allowing off-site parking. The concept of Graduated Density Zoning is well discussed in an American Planning Association paper published in the January 2009 Zoning Practice periodical, titled “Graduated Density Zoning to Encourage Land Assembly for Infill Redevelopment,” by Donald Shoup, FAICP. Successful examples from Glendale and Simi Valley are discussed. Undertake a financial analysis to evaluate incentive programs linking desired development with parking needs and investment parameters.

Consider linking parcel consolidation with increased density/FAR and creative strategies to accommodate off-street project parking requirements, including participation in a parking district, as discussed below.

Areas as Centers for Activity
As the Smoky Hollow District evolves, community and social activity should be focused into areas that can provide a “sense of place” or an outdoor respite for employees, residents and visitors to share. These locations can be incentivized to encourage place-making through the intensity of uses and social activities. Concurrently, innovative landscaping, as well as walking and biking connections through Smoky Hollow will tie these new activity areas to Downtown.

Development Parameters
Development guidelines and parameters should emphasize flexibility, creativity and innovation – the hallmarks of the new media and tech companies that would be attracted to the area. The current standards reward homogeneity and a “one size fits all” perspective. The expectations for building form and location can be described for the district as a whole or for sub areas including the location for the continuation of the fine grained grid, pedestrian orientation at the street level in the activity centers, and maximum building envelopes. This clear guidance, as contrasted to the prescriptive approach, coupled with the location of the intimate outdoor urban amenities, will facilitate well-designed and creative building forms. The current regulatory review process should be reviewed to reinforce and promote innovation and flexibility to accommodate the desired uses.
2. CREATE A COMPREHENSIVE PARKING PROGRAM TAILORED TO SMOKY HOLLOW.

Parking is the primary constraint for the reuse of existing buildings and the redevelopment of properties to accommodate future investment. Given Smoky Hollow’s unique characteristics, e.g., small lot size, limited parking on existing parcels—coupled with the goal of transitioning to higher intensity uses, a “ground-up” approach to addressing the critical shortage of parking will be needed.

The success of a cost-effective, new parking strategy depends on understanding the parking resources that currently exist, studying how to improve them without building parking structures, and rethinking El Segundo’s view of parking. If appropriate, the City should consider structures later, if and when the area can support the significant costs.

The new Smoky Hollow Specific Plan should clearly articulate flexibility in providing the needed parking in the Smoky Hollow District. Additional parking can be developed on- and off-site through tandem, valet and shared parking in conjunction with new public spaces through striping and a joint public-private shared parking program. There should also be consideration of restricting overnight parking and on-street vehicle storage through permits.

Coupled with the revisions to the Specific Plan, a comprehensive analysis and plan should be developed to address area parking needs. The analysis should address the following elements:

- Establish a baseline of need, a parking inventory should be undertaken to determine parking needs, both for existing tenants and for the desired uses. Although the details of this inventory are too in-depth for this report, by hiring a traffic engineer, the city can get further insight into establishing this baseline need.

- A block-by-block study should take place to determine the amount of additional public parking available in the public right of way.

- Identify use of public rights of way currently being used by auto repair and auto body facilities to store vehicles that may be awaiting further repairs may be reducing valuable available public parking. This excess vehicle parking or off-site storage by these types of facilities may be a clear indication that the facility is operating outside of their entitled operation. By increasing the number of vehicles above and beyond the entitled vehicle amount, these type of facilities unlawfully occupy available parking for adjacent and nearby businesses that are abiding by their entitled uses. This may be an opportunity for the City to increase enforcement action by specifically targeting areas on and around nearby

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**FUNDING SOURCE - ABBREVIATION**

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<tr>
<th>BID</th>
<th>PBID</th>
<th>CFD</th>
<th>IFD</th>
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<th>PKG TAX</th>
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<td>PROPERTY BASED BID</td>
<td>COMMUNITY FACILITIES DISTRICT</td>
<td>INFRASTRUCTURE FIN. DISTRICT</td>
<td>CERTIFICATE OF PARTICIPATION</td>
<td>PARKING TAX</td>
<td>IN LIEU PKG FEES</td>
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**FUNDING SOURCE - FULL NAME**

| Whose Approval is Needed | Local Businesses | Local Businesses | Property Owners | City County?? | City | City | City |

**USES OF FUNDS**

- Capital - Without Structures
- Capital - With Structures
- Operations - Without Structures
- Operations - With Structures

**ROLE OF CITY**

- PRIMARILY FACILITATION, POSSIBLE INITIAL SUBSIDY
- PRIMARILY FACILITATION, POSSIBLE INITIAL SUBSIDY
- None directly but See COP
- Consent to forego city tax increment
- City commits to lease obligation as backup only
- Administer tax, no impact on general fund
- Administer, no impact on general fund
auto repair and auto body facilities, both during the work week and weekends.

- A proactive approach and analysis to identify sites throughout the area for shared or joint-use parking should be conducted. San Pedro and North Hollywood’s revitalization areas have adopted successful shared use parking programs. Incentives for shared private parking should be explored.

- Identify sites throughout the area that might be acquired to create new satellite parking lots to be utilized for off-site parking by area businesses.

Parking District for Smoky Hollow

A parking district can take several forms of which two are discussed here:

1. An area-wide parking district with little or no capital investment designed to make better use of existing resources.

2. One or more smaller districts which create parking through purchase of land and/or construction of structures situated to serve subareas within the Smoky Hollow district.

Parking District Funding

The particular costs, funding sources and associated assessments for any type of parking district cannot be reasonably estimated without additional analysis and planning, as well as local input from city staff, local real estate agents and city financial advisors.

1. Areawide district relying on enforcement and optimization of existing parking.

Such a district could involve restriping, meters, reducing red zones, create permits in some areas, etc. Note that a few years ago Santa Monica undertook a parking study in which it was determined that these techniques could add 5-10% to available supply and perhaps more.
The ULI team observed that a minimum program for the parking district would include re-striping, reconfiguration of El Segundo Boulevard south of the District to include angled parking, and improved parking enforcement.

2. Smaller subdistricts to fund capital investment in added parking.

Another approach would be to acquire strategically located parcels in the district to accommodate new parking lots, and possibly parking structures, dedicated to area businesses to help offset the on-site parking requirements. Costs could be paid as in-lieu fees by users, and/or offset by charging for parking.

Fiber Optic Network

SEVERAL STAKEHOLDERS within the Smoky Hollow district expressed concern that the area has limited access to high-speed internet services. It seems that the private resources such as Verizon, AT&T, and other companies do provide adequate services to nearby businesses east of Sepulveda, but those same resources have not been available in Smoky Hollow. Media, software, engineering, aerospace and many emerging business sectors rely heavily on access to the internet. Fiber-optic systems in particular have played a crucial role in enabling Broadband and Wi-Fi Internet access by making transmission of information much more cost-effective than copper wire technology.

All the primary Internet Service Providers (ISPs) currently utilize fiber lines to provide services to commercial and residential customers. El Segundo officials have prepared initial plans to connect public facilities with a fiber optic network. This effort should continue and be extended to the Smoky Hollow area so that the business community can also benefit from the upgrades to service.

In similar instances, other cities and local governments have installed municipal Wi-Fi networks or have worked to create easier fiber access when private services are slow to reach less profitable geographic areas. Here are some other considerations:

- The City should explore practical ways to upgrade and expand a conduit system and/or an active “lit” system. These improvements could be included as a capital project using pooled resources from several department budgets. This will likely include parks, libraries, public works, traffic management, and public safety departments. There is generally just a small incremental cost of adding conduit to other projects. The City should try to take the opportunity to build out additional underground infrastructure any time it gets the chance.
It is important for the City to help facilitate the installation of underground conduit for fiber optics. At a minimum, this conduit needs to accommodate a 144 strand line (a 318 line strand may also be cost effective). Given that the current system proposal primarily runs in an east/west direction, the installation needs to allow proper access points at each north/south intersections for future growth. This will allow the system expand and benefit private customers.

As an example, Santa Monica’s creative approaches have expanded community access to fiber services. Customers pay construction and connection fees, and in many cases the City owns the equipment. Metropolitan Transportation Authority (MTA, or Metro) grants have helped pay for segments along rapid bus routes and the city is very opportunistic in taking advantage of open trenches, public works projects and abandoned water mains. Maintenance is provided through a third-party service provider. Santa Monica was able to reduce costs for broadband service to certain customers by as much as 75%.

Leasing dark fiber to large companies and institutional uses should also be considered to support cost recovery. The cities of Pasadena and Santa Monica have been leasing dark fiber to large employers for years. El Segundo could also consider providing dark fiber and leasing data center space and rack space as opportunities arise.

In addition to the typical municipal and business applications, the city can use its fiber optic backbone to provide links for Wi-Fi hot spot locations.

Marketing and Branding

Connecting With Desire

A recent article in the Los Angeles Times included reporting from a year of living at an advertising agency, TBWA Chiat Day, to understand how such a firm can “invent desire.” The agency is famous for creating such memorable campaigns as Yo Quiero Taco Bell and Apple’s Think Different.

These are all expensive, mass-media approaches to marketing. At Smoky Hollow, however, we don’t have to invent desire, we just have to connect with a desire for this place that is latent in the region. Smoky Hollow has all the raw materials needed to become an exceptional location for creative office, new media and post-production and high-tech uses while retaining its eclectic nature and authentic vibe, as represented by unusual buildings such as its Quonset huts.

Smoky Hollow Will Tell Its Own Story

Just as El Segundo does not need to radically alter the fabric of Smoky Hollow, El Segundo does not need to create an expensive ad campaign to market Smoky Hollow. Developing Smoky Hollow into a successful incubator district is a process of leveraging the significant attributes it already owns. In many ways, it will emerge authentically from its existing identity. Awareness of the district will emerge in the same way: organically.

Its story will be told through the people who work here, the pioneer new economy business that have already come to the area, and through landlords, brokers, the Chamber of Commerce, the City Planning and Building Safety Department, The City Manager and The Mayor — all the stakeholders of the region.

The story will emerge authentically at first through the announcement of a series of changes and enhancements in the district: from the very first parking study, through revisions of the Smoky Hollow Specific Plan, to the completion of
improvements such as sidewalk widening or the signing of significant new tenants.

Onsite events will be key: a ribbon-cutting for a formerly grungy, underused alley that has been transformed into a vibrant pedestrian plaza. Launch parties for new companies in the area. Such events will generate their own word-of-mouth publicity, but they should be enhanced through social media (Facebook, Twitter, blogs) and through traditional media (The Daily Breeze and Los Angeles Times).

The organic nature of this marketing will also emerge from the types of businesses that relocate here. For example, the American Institute of Graphic Arts (AIGA), the largest professional membership organization for design, includes a very active local membership in Los Angeles. Word about Smoky Hollow could spread like wildfire through members who set up shop in Smoky Hollow.

As we have seen, there is tremendous pent-up demand for types of incubator districts already represented in the Los Angeles region by Santa Monica’s ‘Silicon Beach’ and Culver City’s Hayden Tract and Blackwelder project. As Smoky Hollow represents a lower-cost alternative to those areas, its popularity will spread quickly. One has only to imagine the communities of tech workers, ad agencies, architecture firms etc. – all of whom are very connected through online forums – talking among themselves: “Have you heard about that place in El Segundo? It’s a great place for start-ups and it’s much cheaper and cooler than Santa Monica! It’s called Smoky Hollow!”

Indeed, even the name of this place is advantageous. “Smoky Hollow” epitomizes all that it stands for: its sounds industrial, which has an appeal to a certain kind of creative personality. It is colorful and lends itself to additional forms of branding, as in logos and events. And, most of all, it is real: El Segundo need not invent an elaborate new name and identity for this district. It already exists.

One of the guiding principles of this ULI TAP report is to “Let Smoky Hollow be Smoky Hollow.” That perfectly sums up its effective marketing strategy as well.
Public-private partnership: Chevron and Smoky Hollow

IN THIS ERA OF SCARCE AND DIMINISHING PUBLIC resources for economic revitalization, new public-private partnerships are needed to achieve community goals. Around the country, major corporations are undertaking innovative partnerships in their communities to assist in community revitalization.

Chevron is the dominant economic engine in the community, and has a long and proud tradition in El Segundo. Chevron has a large stake in the fiscal health of the El Segundo community, specifically its neighbor to the north — Smoky Hollow.

As a responsible corporate citizen, Chevron should be encouraged to support the revitalization of Smoky Hollow as a good neighbor, and to support the economic benefits that it would represent to its host city. Chevron might be able to:

- Provide seed money for the re-planning for the area;
- Assist in strategic acquisition of properties for distributed parking throughout the area;
- Underwrite costs and/or participate in formation of the Smoky Hollow parking district; and
- Share use of its parking facilities, especially the lot at the northeast corner of El Segundo Blvd and Main St.

These costs could be recaptured as the area is revitalized. These options could be explored in ongoing discussions with Chevron. Chevron is well-known for its corporate commitment to its communities.

In Chevron’s own words (on its website):

Economic Development
“Chevron is committed to improving social, environmental and economic conditions where we operate. Our focus on sustainable employment opportunities promotes self-sufficiency. With partners, we identify programs to promote a better standard of living and create a more stable operating environment.”

Promoting Small Enterprise
“Small and medium-size businesses are the engines that drive economic growth in any community. Helping develop these businesses contributes to the overall prosperity of the communities where we work. We help lift entrepreneurs by offering business development services, supporting business incubator programs, and providing access to credit and markets.”

Investing in Communities
“Wherever we are, we strive to be a good neighbor, sharing the concerns of our communities and working to create a better future. We demonstrate what a company can do to make a difference.

Words to live by! While these quotes reference Chevron’s work in the Third World countries in which it operates, it seems that Chevron’s commitment to economic development, promoting small enterprise, and investing in communities, could serve its host community of El Segundo as well.
Next Steps

The various recommendations outlined in this report are a start. They need to be discussed, debated, refined and integrated into a strategic action plan and a framework for the area’s revitalization that has the blessing of key stakeholders, including the City and the support of area owners, the greater community, and the business sector. Highlights would include the following major actions:

1. Commit to the revitalization of the area. A fresh start is needed. The current Smoky Hollow Specific Plan is outdated, and will not be effective as a framework for the new vision.

2. Educate and inform Smoky Hollow stakeholders of the ULI recommendations. New businesses, investors and developers will need to know that the city is fully committed to the vision set forth in this report. Reach out to prospective companies and real estate professionals to further refine necessary action steps and to promote the area.

3. Engage Chevron as a major participant. Their significant resources can help seed this effort, with a high return on investment.

4. Create a new vision and framework for transition and revitalization – modify the existing Smoky Hollow Specific Plan and related regulations and incentives. Adopt best practices to facilitate economic revitalization.

5. Undertake a comprehensive approach to area parking. Without additional parking, the potential markets cannot come. In the short term, focus on utilizing existing rights of way to increase the parking supply, especially El Segundo Blvd. In the longer term consider formation of a parking district, and strategic acquisition of lots for distributed parking throughout the area. Create it and they will come.

6. Take the next steps in bringing fiber optics to the Smoky Hollow area. This will be essential in attracting the envisioned businesses.

7. Articulate and promote the vision. Seek the assistance and support of the pioneer businesses in the area, as well as the creative types who area already committed to the vision.
Acknowledgements

The Panel wishes to thank the City of El Segundo for hosting the Smoky Hollow Technical Assistance Panel. A special thanks goes to Greg Carpenter, City Manager for his dedication and interest in the panel. Thanks also go out to former Mayor Eric K. Busch for his closing remarks at our presentation and Mayor Pro Tempore Bill Fisher for his participation in a stakeholder roundtable.

In addition, the panel thanks Ted Shove, Economic Development Analyst, whose time and effort in preparing the briefing materials and the involvement and coordination of the panel’s interviews and tour were invaluable. Additional thanks to Kim Christensen, Planning Manager for her participation as an interview stakeholder.

Finally, the panel acknowledges the fifteen individuals who were interviewed. Representing a diverse and informed public, the passion and understanding of these stakeholders provided valuable information and perspectives, greatly aiding the panel in its analysis.

The stakeholders included:

- Thomas E. Abel, Vice President, Advanced Technical Corporation
- Rupesh Bhakta, Director of Acquisitions, CenterCal
- Robert Caban, MA, RHIT, President, Caban Resources, LLC
- Matt Crabbs, Keller Williams
- Lily Craig, Chevron
- John Clark, Principal, Looking
- Marsha Hansen, Executive Director, El Segundo Chamber of Commerce
- Brian M. Lamb, Principal, Electromagnetic Systems, Inc. (EMSI)
- Rob Looker, Vice President, Satco, Inc.
- Allan W. Mackenzie, President, Mar Ventures, Inc.
- Bill Ruane, Resident Real Estate Agent, RE/MAX Beach Cities Realty
- Brian Polkinghome, Senior Vice President, CBRE, Inc.
- Bob Tamofsky, Continental Development Corporation
- R.K. (Rod) Spakman, Chevron
- Jean Paul Wardy, President, CenterCal Properties

John Clark, Marsha Hansen, and Rob Looker share their experiences working in Smoky Hollow and El Segundo.
Panel Members

James Goodell
Owner, Public Private Ventures, Inc.

A pioneer in creating and implementing proactive asset development programs, Jim specializes in directing strategic planning, master planning, project entitlements and the management of complex public-private projects.

Over his thirty year career Jim provided planning and development leadership in a variety of public-private projects. Highlights include: For the State of California, Los Angeles and Orange Counties, University of California, the California State University System, numerous cities, and several health care institutions, Jim served as lead advisor and program manager of planning and disposition of over $3 billion of underutilized real estate assets.

Authoring over 50 redevelopment plans in California cities, often being retained long-term by his public clients to manage implementation efforts on their behalf. Projects included the Third Street Promenade in Santa Monica, Downtown Long Beach, Downtown San Diego, Phoenix, AZ.

As author of the Plan for Old Pasadena, president of the Pasadena Central Improvement Association and as developer of seven of the earliest projects, Jim was a major force in the revitalization and redevelopment of Old Pasadena, one of the most successful, multiple award-winning programs of its kind in the country. As development manager for Carillon Point, a 700,000 square foot mixed-use master-planned project in Kirkland, Washington, which was a recipient of an Urban Land Institute Award of Excellence.

As development manager for the City of Los Angeles, Jim successfully planned and negotiated the various funding and development agreements for the development of the Los Angeles Wholesale Produce Market, the largest market in the country.

Jim now oversees the revenue enhancement programs for more than twenty California community colleges, including the Los Angeles Community College District.

Marty Borko
Principal, Gensler

Marty Borko is a principal in the Los Angeles office of Gensler, one of the leading design firms in the country. With over 25 years of experience in architecture, Marty has developed a unique expertise in the planning and design of large-scale mixed-use and retail entertainment projects that have called for analysis, conceptual design, consensus building, planning, study, and design.

Currently Marty leads the Entertainment/Mixed-Use and Planning and Urban Design Practices in Gensler’s Santa Monica office as well Gensler’s firmwide Entertainment Task Force. He is also a member of the Entertainment Council of the Urban Land Institute.

Marty has been involved in a wide array of projects from studio development to themed attractions to retail entertainment centers. He has worked with most of the major Entertainment Companies; Sony, Warner Bros., Paramount, Disney and DreamWorks and is currently working on major mixed-use retail entertainment projects across the country for companies like Anschutz Entertainment Group.

His focus is in providing leadership to the multi-disciplinary teams necessary to solve complex contemporary design problems in today’s urban context, with an emphasis on urban infill and smart growth.
Eric Duyshart
Economic Development Manager at City of Pasadena

As the Economic Development Manager for Pasadena, Eric Duyshart manages a wide variety of activities for the city including economic development, special events, business district coordination, permitting for filming, and special projects. Eric’s division also manages the City’s real estate asset which includes over 400 properties and leases. One of his key responsibilities includes managing the City Council’s Economic Development and Technology Committee, which provides oversight for the Rose Bowl, Convention Center and a wide variety of business related issues. Mr. Duyshart has managed the City’s technology growth initiatives and continues to facilitate cooperative relationships with Caltech/JPL, Art Center, and other local institutions.

Previous to his time in Pasadena, Mr. Duyshart held positions with David Szany Architects and ICN Pharmaceuticals. He received a Bachelor of Science Degree in Urban Planning from the California State Polytechnic University, Pomona and has Master’s Degree in Public Administration. He holds board positions with the Los Angeles Economic Development Corporation and Pasadena Chamber of Commerce. He has been an advisory board member of the Los Angeles County Business Technology Center, the Pasadena BioScience Collaborative and the Caltech/Art Center Entrepreneurial Fellowship Program. Eric also served as a founding board member of the Glendora Educational Foundation and has served as a Glendora Planning Commissioner for the past 3 years.

Eileen Fogarty
Former Planning Director, City of Santa Monica

Eileen P. Fogarty brings more than thirty years of experience leading economic revitalization and master planning for mixed-use development in major east and west coast cities.

She specializes in creating conditions contributing to long-term expansion and prosperity in both distressed and thriving urban jurisdictions. Her exceptional ability to understand her client’s vision is backed by services in: strategic community and master planning; reinvestment and revitalization strategies/public & private; establishing sustainable, transit-oriented communities; packaging & facilitating site development & projects for approval; and resolving conflict and building consensus.

As Director of Planning and Community Development in Santa Cruz, CA, Alexandria, VA and Santa Monica, CA, her award winning strategic plans have resulted in the implementation of thriving urban transit centers where land uses are integrated with innovative multi-modal transportation and parking strategies. Eileen successfully completed Santa Monica’s first sustainable General Plan and has lectured on the groundbreaking approach at UC Berkeley, UCLA and throughout California. She guided the conversion of the 570,000 SF, Santa Monica Place indoor mall into an open air shopping, dining and entertainment center adjacent to a new light rail station and planned the transition of an aging industrial area into a transit oriented, mixed-use center with a projected 3,000,000 SF of new development in the pipeline.
Panel Members

Andrew Jennison
Partner, Industry Partners

Andrew Jennison is a founding partner with Industry Partners. During his 11-year career in West Los Angeles, Andrew has leased and sold over $1B in transactions encompassing over 3M SF of office space. His approach is simple: partner with tenants, owners, and investors to achieve their business objectives by helping them make sound real estate decisions that will enhance value to their respective businesses. Andrew’s relationships in the Los Angeles business community, coupled with his savvy skill set allow him to take a creative and detailed approach to the real estate transaction process.

Prior to forming Industry Partners, Andrew was a Senior Executive with Madison Partners and Colliers International. Andrew received a BA in International Relations with an emphasis in Business Administration in 1999 from the University of Southern California, and continues to serve as a mentor to undergraduate students in the Marshall School of Business. Locally, he is also involved with the Cystic Fibrosis Foundation, Pancreatic Cancer Action Network and is a member of LACRA and the Santa Monica Chamber of Commerce. Andrew, his wife Julie and their two children, Ava and Tate, reside in Hermosa Beach, California.

Allan D. Kotin
Owner and Principal, Alan D. Kotin and Associates

Allan D. Kotin & Associates (ADK&A) is a real estate economics consulting firm based in Los Angeles, providing creative and innovative strategies and financially feasible solutions to complex real estate and policy issues. Since its founding in 1980 as KRM, the firm has been involved in all major land uses: residential, retail, office, industrial, recreational, retirement, hospitality and mixed-use projects.

ADK&A now specializes in assisting both public agencies and private clients in soliciting, structuring, and implementing public-private joint ventures. ADK&A’s expertise spans traditional redevelopment projects, public sector asset management, ground lease arrangements in ports, marinas, university campuses, and specialized public-private transactions including strategic assessment, sale-leaseback, and lease-leaseback transactions.

ADK&A has experience working with developers, mortgage bankers, financial analysts, asset managers and redevelopment staff.
Sandra Kulli
President, Kulli Marketing

Ms. Kulli is a real estate marketing strategist. Her goal is to help my clients create extraordinary places, and to save time and money in the process. Ms. Kulli’s experience is long and varied, consulting with developers, builders, architects, planners and marketers around the country (and in some other parts of the world) about the business and art of placemaking.

She is an advocate of thoughtful design and innovative problem-solving, from urban infill to new communities, and pretty much everything in between. Ms. Kulli has learned that community is local, And personal. So she looks for the human connection. She believes we can learn more from a casual conversation in the neighborhood cafe than from a behind-the-glass focus group because people let their guard down and tell you what they truly care about.
At the Urban Land Institute, our mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI Los Angeles, a district council of the Urban Land Institute, carries forth that mission as the preeminent real estate forum in Southern California, facilitating the open exchange of ideas, information and experiences among local, national and international industry leaders and policy makers.

Established in 1936, ULI is a nonprofit education and research institute with over 40,000 members across the globe —1,500 here in the Greater Los Angeles area. As a nonpartisan organization, the Institute has long been recognized as one of America’s most respected and widely quoted sources of objective information on urban planning, growth, and development.

The membership of ULI Los Angeles represents the entire spectrum of land use and real estate development disciplines. They include developers, builders, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, lenders, academics and students. Members of the Urban Land Institute in the counties of Los Angeles, Ventura, Kern, San Luis Obispo, and Santa Barbara are automatically members of ULI Los Angeles.