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## Stone for Getty Center

*The J. Paul Getty Trust is developing a new center for the arts in Los Angeles. As project management consultant for The Getty Center since 1986, Karsten/Hutman Margolf has helped the Getty Trust oversee complex project features such as the stone facade.*

The stonework at The Getty Center is a critical design element. Because of its magnitude and uniqueness, it required an extraordinarily long lead time. The selection process began late in 1989 even though the project's initial opening date was over six years away.

Over a period of months, Project Architect Richard Meier and Partners looked at hundreds of samples of stone from Italy, India, the U.S. and France. Representatives of

The Getty Trust participated in the investigation, evaluation, and final choice of stone.

After considering many different kinds of granites, limestones, and sandstones, Project Architect Richard Meier and Partners zeroed in on travertine, a form of marble.

### Travertine

Three quarries satisfied the architect's design criteria. Since travertine is porous and not very strong, tests were conducted by a Connecticut firm to determine what thickness of material would meet the needs of the project. The experts found that the travertine from all three quarries could provide the desired texture and color and meet the necessary structural criteria.

### Long lead order

To be sure that the huge quantity and specified range of texture and color of stone would be ready by the time it was scheduled to be installed,

*(Please see Getty Center, page 2)*

## Public/Private Ventures

### A Tale of Two Cities

**T**oday, municipalities and public agencies are under increasing financial pressure. Many of them are exploring unique public/private relationships to meet a wide range of community needs in cooperation with third party private sector developers. Partnerships between public and private sector entities present diverse opportunities and challenges. When public agencies joint venture with private developers, they typically must deal with people who know more about development than they do.

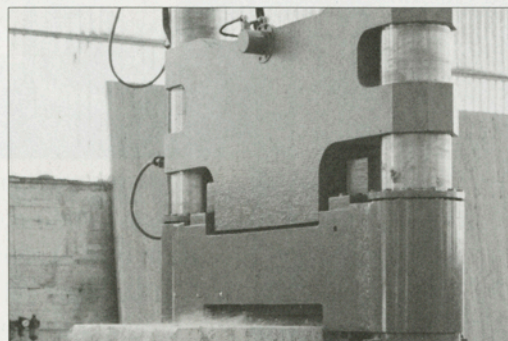
They may find it difficult to:

- ◆ anticipate development risks
- ◆ know what to bargain for
- ◆ get what they bargain for.

In the following **Tale of Two Cities**, we analyze two very different public/private ventures in which K/HM is helping public sector clients safeguard their interests.

*(See Public/Private Ventures, page 3.)*

*Dust rising from block as guillotine descends*





## The Key Players Talk about Disney Hall



**Frederick M. Nicholas**

"My conditions for accepting the Disney Hall chairmanship were that Mrs. Disney be committed to creating world class architecture and have no preconceived notions as to who the architect would be or what the building would look like," said Frederick M. Nicholas, Esq. "I want a good building, good sound, and a garden," she said. He took the job. As Chairman, Nicholas has had many hurdles to face and many people to please. The major challenges were:

- 1. Selecting an architect**
- 2. Changing the design concept** from a *surround hall* to a modified *shoebox* design on the advice of the acoustician
- 3. Finding a commercial use for the site**, a County requirement, "cost us 1 1/2 years and \$5 million when the proposed hotel couldn't get financing."
- 4. Negotiating with dual jurisdictions:** the County and the Community Redevelopment Agency (CRA). It took 1 1/2 years to negotiate

an Owners' Participation Agreement (OPA) which defined the rights and responsibilities of each of the parties involved. "This was a very difficult, painful process," Nicholas said. "The CRA, which oversees Bunker Hill, became involved because we asked them to share the cost of the street and bridgework the new concert hall required — an \$8 million package."

### **5. Hammering out master agreements with the**

**County.** "The County is conservative, careful, and suspicious. Although they didn't want to give up the gift, they had to be sure we had sufficient funds so they would not be left with a half-built concert hall or a garage without a concert hall. We had to convince Richard Volpert and Richard Dixon that we would do anything necessary to avoid cost overruns and that the County wouldn't have to contribute more than the bond could fund.

"The Board of Supervisors, helped tremendously. They saw that a \$200 million concert hall, largely paid for by a single donor, represented a major commitment to rebuild Los Angeles."

### **6. Getting the Philharmonic to sign their lease.**

"I got Richard Dixon, Supervisor Edelman, and the Philharmonic people in the same room. Because they trusted Ron Gother and me, we were able to help them work out the last details, and the lease was signed.

### **An Unusual Compromise**

To get the County's permission to break ground before the working drawings and the bids were complete, the Disney family agreed to (1) put up a \$10 million cash forfeiture if they didn't perform and (2) pay the initial costs of the garage until we had final bids and knew exactly what the cost of the entire project would be. Partial reimbursement for the garage is due in July. "We had to get started because the gift would have expired at the end of '92 if we were not in the ground. The final bids wouldn't be ready for another year. If we waited, we would lose the gift, lose continuity, costs would go up, and numerous people would drop off the project. We had to proceed at any price or give up. Although we had many dark moments, it's pretty hard to abandon an outstanding design and a \$50 million gift that had grown, with interest, to \$75 million. Making this miracle happen took tenacity and cooperation from everyone, especially the Disneys."

Asked what it was like to sit across the table from K/HM, Fred Nicholas said:

**"I found K/HM very well organized, skilled at what they do, and fair. They acted like Project Managers should. They contributed substantially to the well-being of Disney Hall. I've recommended them for other jobs."**



**Richard S. Volpert**

When the County Board of Supervisors needed an expert in complex real estate matters to help protect their interests in the Disney Hall project, they thought of Richard S. Volpert, Esq. He had represented them in other major negotiations.

### **The County's Concerns**

Volpert's major task on the Disney Hall project was to contain the County's costs. Though delighted with Mrs. Disney's generous gift, the County could not afford to plunge ahead without examining the ramifications of the total plan:

- how much it would cost to build the garage
- how to fix those costs
- how much it would cost to maintain and operate the concert hall for the life of the lease (60+ years)
- would the garage generate sufficient net revenue to pay for its financing
- would there be adequate funds to build the Concert Hall?

"Their overriding concern was a design costing far more than the Disney gift. Who would pay for that? Keenly aware of their severe budget constraints, the County did not want to put

(Please see RICHARD VOLPERT, p. 6.)



## Richard S. Volpert

(Continued from page 5)

the public at risk," Volpert explained. Understandably, they were disappointed when the original plan to use a portion of this magnificent site for an income-generating hotel fell through.

### Protecting the County

"We negotiated a series of protections and limitations," said Volpert. "We had to agree on when construction could begin, what was required before then, the cost of the entire project, how to limit the County's costs, how to conduct a review of the plans when costs threatened the County's financial interests. Mrs. Disney's condition that construction must begin by the end of 1992 made the start date a crucial issue.

### Risks

"If, to meet Mrs. Disney's deadline, construction began before plans were complete and all bids were in, who would bear the risk of cost over-runs on the garage and the concert hall? We were

looking for a way to guarantee construction costs and control future maintenance and operation costs.

"The Disney group didn't want to put concert hall funds at risk for the garage, but they wanted to go ahead. Disney is developing the County's garage and concert hall on County land. Because the concert hall sits on top of the garage and is linked with vertical transportation and other overlapping functions, it didn't make sense to have two different contractors. But the County's money would be at risk at the beginning and end of the project."

### A Long Process

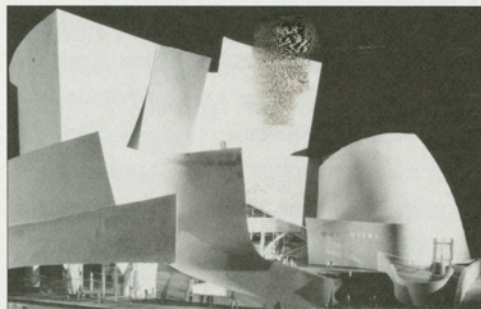
Volpert looks back on the negotiations as "a very long process, working coopera-

tively but at arm's length with the Disney people. There were many ups and downs. It took from May 1989 until December 1991 to agree on the deal and the documentation and another year to complete negotiations with the Music Center and the Philharmonic. The Music Center took six months to satisfy themselves that it made sense for the deal to go forward. Getting Community Redevelopment Agency approval took much longer than we expected. We lost a lot of time pursuing a hotel that didn't work out, and we had an environmental law suit.

### Nicholas' Key Role

"Through all of this, Fred Nicholas was an absolute delight to work with. I think

he's the reason the deal happened. He is a very balanced, practical, and decent guy to work with. There were plenty of times when the parties were very far apart on difficult issues. It was not a question of right or wrong; it was just very difficult. It always came down to who took the risk." □



Disney  
Concert  
Hall

**"K/HM helped us think through long-range problems and schedules. Disney was doing the plans, controlling the construction, yet it was the County's financial risk, garage, and will be the County's concert hall. We needed an entity with K/HM's talents to look over the shoulders of the Disney folks, to look out for the County's side of the transaction from a technical, planning, design, pricing, and construction contract point of view."**

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