

**City of Culver City, California
Agenda Item Report**

Meeting Date: 05/24/2010		Item Number: <u>C-3</u>	
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of a Fifth Implementation Agreement with Axis Mundi RE II, LLC, for Development of the Baldwin Site (12803-23 West Washington Boulevard)			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒	Attachments: ☐
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas – Redevelopment Agency (05/19/10), (E-Mail) Redevelopment Agency Projects - West Washington Boulevard.			
Department Approval: Sol Blumenfeld: (05/14/10)		Agency General Counsel Approval: Murray O. Kane: (05/13/10)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (05/19/10)		Interim Executive Director Approval: P. Lamont Ewell	

RECOMMENDATION:

Staff recommends the Redevelopment Agency Board (Agency Board) approve a Fifth Implementation Agreement with Axis Mundi RE II, LLC (“Axis Mundi”) for the development of the Baldwin Site located at 12803-23 West Washington Boulevard (the “Site”).

BACKGROUND:

On February 4, 2008, the Agency Board approved a Disposition and Development Agreement (DDA) with Axis Mundi for the purchase and development of the Site. The development proposed for the Site will create: a 37,000+/- square foot commercial building featuring office condominiums above ground floor retail, a 39 space public parking lot to be operated in partnership with the City of Culver City, underground parking for the offices users, building environmentally friendly “green” features and a public art component that will be incorporated in the building’s design.

Four subsequent Implementation Agreements have been executed between the Culver City Redevelopment Agency (Agency) and Axis Mundi. The purpose of the Implementation Agreements has been to extend the time frame in the DDA Schedule of Performance for the sale and construction of the project.

DISCUSSION:

The economic downturn that began in the fall of 2008 impacted Axis Mundi’s ability to meet its obligations under the Schedule of Performance. Paramount amongst the impacts, the equity partners and the bank financing needed for Axis Mundi to close

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escrow and purchase the Site had pulled out of the project. Since then, Axis Mundi and staff have looked for replacement funding and also looked at design changes in order to lower the project's cost. To date, Axis Mundi and the Agency Board have remained committed to the original building design and have agreed to a series of time extensions.

The Schedule of Performance, as currently amended, requires Axis Mundi to close escrow by June 1, 2010. Recently, staff and the Agency's financial consultant from Keyser Marston Associates met with Axis Mundi and concluded that another time extension will be necessary if Axis Mundi is to avoid defaulting on its commitment to acquire the Site by the scheduled date. This circumstance could lead to the termination of the DDA with Axis Mundi, and the Agency would have to begin the search for a development and developer anew. Approval of a proposed Fifth Implementation Agreement to extend the Schedule of Performance another year will avoid this scenario and is recommended.

Reasons to approve the Fifth Implementation Agreement include:

- The principals comprising Axis Mundi are Wally Marks and Jim Suhr, who have proven track records of successful development. Mr. Marks is best known in Culver City for the nationally known Helms Bakery complex.
- The architect they selected, Roger Sherman Associates has won accolades for its innovative designs using the latest energy efficient materials. Staff feels it would be difficult to replace a team of this quality.
- The building design, which is entitled, is an eye-catching, energy efficient retail/office building that has potential to become the icon for the renaissance of the western end of Washington Boulevard.
- Of all the various designs and uses proposed to the Agency Board for the Site over the years, none combine the innovative architecture, public art, energy efficiency, urban design and additional public parking that Axis Mundi has agreed to in the DDA.

FISCAL ANALYSIS:

As currently constituted, the proposed project is estimated to generate \$40,000 annually in ongoing Business, Sales, and Utility Users Taxes and \$68,000 annually in Parking Meter revenues for the City once complete. The project is estimated to generate approximately \$96,000 in tax increment revenues for the Agency once complete.

MOTION:

That the Redevelopment Agency Board:

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1. Approve a Fifth Implementation Agreement with Axis Mundi RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard); and,
2. Authorize the Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the Executive Director to execute such documents on behalf of the Agency.