SUMMARY REPORT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 53083
ON A
AMENDED AND RESTATED PARKING LICENSE AGREEMENT
BY AND BETWEEN
THE CITY OF CULVER CITY
AND
CULVER PUBLIC MARKET, LLC

The following “Summary Report” sets forth certain details of the proposed Amended and Restated Parking License Agreement (Parking Agreement) proposed to be executed by and between the City of Culver City, a municipal corporation (City) and Culver Public Market, LLC, a Delaware Limited Liability Company (Developer). This Summary Report describes how the economic development subsidy proposed to be provided under the terms of the Contract complies with the requirements imposed by California Government Code Section 53083 (Section 53083).

A number of terms are capitalized and defined within this Summary Report. Any capitalized terms in this Summary Report that are not herein defined have the same meaning as set forth in the Contract.

BACKGROUND

Disposition and Development Agreement (DDA)

On October 8, 2018, the Successor Agency to the Culver City Redevelopment (Successor Agency) and the Developer entered into a DDA for the conveyance of property that was assembled by the City of Culver City Redevelopment Agency (Agency) in 2007 using Property Tax Increment funds. This assembled property was transferred to the Successor Agency by operation of law when the Culver City Redevelopment Agency was dissolved on February 1, 2012. The properties owned by the Successor Agency can be described as follow:

1. Site A encompasses a total of approximately 53,022 square feet of land area, and includes the following properties:

    a. 12403-12423 Washington Boulevard;

    b. 4064 Colonial Avenue;

c. 4063 Centinela Avenue; and

d. 4061 Centinela Avenue.

2. Site B encompasses approximately 19,736 square feet of land area, and includes the property located at 12337-12343 Washington Boulevard.

The Successor Agency-owned properties were subsequently conveyed on to the following entities:

1. An approximately 39,650 square foot portion of Site A was conveyed to the City. This site is identified as “Site A-1”.

2. The approximately 13,372 square foot remaining balance of Site A, which is identified as “Site A-2”, was conveyed to the Developer.

3. Site B, at 19,736 square feet was conveyed to the Developer.

Site A-2 and Site B are to be developed with the following uses:

1. An anchor retail tenant of approximately 12,300 square feet of leasable area; and

2. Inline shops and food service totaling approximately 13,700 square feet of leasable area.

Development and Construction Contract (Contract)

Under the terms of the Contract, Site A-1 will be subdivided into a Public Parking Condominium and a Retail Condominium: [1]

1. The Public Parking Condominium will be developed with a 2-1/2-level parking structure that contains approximately 180 parking spaces.

2. The Retail Condominium will be transferred by the City to the Developer and developed with loading, storage, restrooms and other uses identified by the Developer.

The following Summary Report is based upon the information contained within the Contract and the Agreement. This Summary Report adheres to the restrictions imposed by Section 53083 on the City’s provision of economic development subsidies.

[1] A condominium plan will be prepared and, if applicable, recorded in the Official Records of Los Angeles County for the purposes of legally separating the Public Parking Condominium and the Retail Condominium.

I. **Identity of the Recipient of the Economic Development Subsidy**: This section provides the name and address of the Developer.

II. **Project Description**: This section describes the scope of development of the Project.

III. **Economic Development Subsidy**: This section details the economic development subsidy proposed to be provided, and the cost to the City associated with fulfilling the Contract and Parking Agreement terms.

IV. **Schedule of Economic Development Subsidy**: This section describes the start and end dates and schedule for the economic development subsidy.

V. **Public Purpose of Economic Development Subsidy**: This section describes the public purpose of the economic development subsidy.

VI. **Tax Revenue Projected to be received by the City**: This section provides projections of the property tax, sales tax and business license tax revenues to be received by the City as a result of the proposed economic development subsidy.

VII. **Job Creation**: This section provides estimates of the temporary and permanent jobs anticipated to be generated by the proposed economic development subsidy.

This Summary Report and the Parking Agreement are to be made available for public inspection prior to the approval of the Parking Agreement.

I. IDENTITY OF THE RECIPIENT OF THE ECONOMIC DEVELOPMENT SUBSIDY

The recipient of the economic development subsidy is:

Culver Public Market, LLC
c/o Regency Centers Corporation
Attention: Mr. John Mehigan
915 Wilshire Boulevard, Suite 2200
Los Angeles, California 90017

II. PROJECT DESCRIPTION

The Contract requires the following to be developed (Project):

1. The Public Parking Condominium will be owned by the City. The Public Parking Condominium consists of the fee simple ownership interest in the 39,650 square foot Site A-1, and the Public Parking Improvements.

2. The following interests will be owned by the Developer:

   a. The Retail Condominium, which consists of the airspace rights to the portion of Site A-1 that is improved with ancillary uses; and

   b. The "Common Elements," which are defined as all improvements located outside the boundaries of either the Public Parking Condominium and the Retail Condominium, other than structural elements, shared utility facilities, and other shared facilities.

3. The Public Parking Condominium will be developed with a 2-1/2-level parking structure that contains approximately 180 parking spaces that will be allocated as follows:

   a. The private development being constructed on Site A-2 is required by the City's parking code to be served by 137 parking spaces; and

   b. The remaining 43 spaces are available to the general public.

4. The Retail Condominium will be developed with loading, storage, restrooms and other uses identified by the Developer.

III. ECONOMIC DEVELOPMENT SUBSIDY

The City must provide an economic development subsidy to the Developer that is comprised of the following components:

A. Economic Development Subsidy: Contribution to the Public Parking Improvements

The City is required to contribute $6.6 million to the construction of the parking structure on Site A-2.. This component of the economic development subsidy was included in the Contract that was approved in 2019.

The economic subsidy associated with this contribution is calculated in the following table:

Economic Development Subsidy to the Public Parking Improvements		
I.	<u>Estimated Parking Structure Costs</u>	
	Estimated Total Construction Cost	$10,630,000
	Total Number of Parking Spaces	÷ 180
	Estimated Cost Per Parking Space	$59,060
	Spaces Available to the General Public	x 43
	Estimated Cost for the Public Parking Spaces	$2,540,000
II.	City Contribution to the Public Parking Improvements	$6,600,000
III.	<u>Estimated Economic Development Subsidy</u>	
	City Contribution to the Public Parking Improvements	$6,600,000
	(Less) Estimated Cost for the Public Parking Spaces	(2,540,000)
	Total Estimated Economic Development Subsidy	$4,060,000

B. Economic Development Subsidy: Public Parking Improvements Revenue Contribution

Under the terms of the executed Parking License Agreement, the City and the Developer agreed to set the parking rates each year based on the amount estimated to generate a breakeven between revenue and expenses. The proposed Parking Agreement provides for the City and the Developer to agree on a budget each year that sets the parking rates at an amount projected to achieve the following revenues:

1. The cost to manage and operate the parking structure;

2. Capital repairs costs incurred in excess of the amount available in the capital reserve fund;

3. A budgeted amount to be paid to the Developer to partially offset the increased cost being incurred by the Developer to construct the Project (Developer Assistance);

4. A budgeted amount to be paid to the City to partially offset the cost being incurred by the City (City Assistance); and

5. Contributions to a capital reserve fund.

Developer Assistance payments will be made each year until the earlier of:

1. The cumulative total of the payments equals $15 million; or

2. The year in which the term of the Declaration of Covenants, Conditions and Restrictions (Condominium CC&Rs) expire.

C. Other Economic Development Subsidies to the Project

The following economic development subsidies were agreed to as part of the approval process for the Contract in 2019:

1. The City is required to waive the building permit fees associated with the Public Parking Improvements. These fees are currently estimated at $18,000. This fee waiver was contemplated in the DDA.

2. The City will provide $120,000 to the Developer in the form of cash assistance or fee waivers.

3. The City agreed to accept a corporate financial guarantee in place of a performance bond related to the construction of the Public Parking Improvements. This modification is anticipated to generate an $80,000 savings to the Developer.

D. Total Economic Development Subsidy

The total expenditure of City funds and foregone parking revenue resulting from the economic development subsidy are presented in the following table:

City Expenditures and Foregone City Revenues	
Contribution to the Public Parking Improvements	$4,060,000
Building Permit Fees Waiver – Public Parking Improvements	18,000
Cash Assistance or Fee Waivers	120,000
Developer Savings – Corporate Financial Guarantee	80,000
Foregone Parking Revenue	15,000,000
Total City Expenditures and Foregone City Revenues	$19,278,000

IV. SCHEDULE OF ECONOMIC DEVELOPMENT SUBSIDY

A. Upfront Economic Development Subsidy Components

The following components of the economic development subsidy will be provided to the Developer in accordance with the terms set forth in the Contract and/or the proposed Parking Agreement:

1. In 2019, the City deposited the Contribution to Public Parking Improvements into an escrow account to be disbursed in accordance with the Disbursement Procedures set forth in the Contract;

2. Building permits fees waiver for the public parking improvements;

3. Cash assistance or fee waivers; and

4. Developer savings related to the corporate financial guarantee.

B. Economic Development Subsidy Received Over Time

The Parking Agreement allows the Developer to receive a 50% share of net parking revenue (up to a maximum amount of $15 million) throughout the term of the Condominium CC&Rs. The term of the Condominium CC&Rs is set as follows:

1. The base term of the Condominium CC&Rs is set at 99 years.

2. The Condominium CC&RS will be renewed automatically for successive ten (10) year periods, unless members holding at least sixty-seven percent (67%) of the voting power of the Association vote not to automatically renew the term following the expiration of the initial term or the expiration of any extension period.

V. PUBLIC PURPOSE FOR THE ECONOMIC DEVELOPMENT SUBSIDY

The City Council of the City of Culver has determined that encouraging economic development along the West Washington Boulevard corridor serves an important public purpose. The development of the Public Parking Improvements required by the Contract will allow for the commercial development of Site A-2 and Site B at the intersection of West Washington Boulevard and Centinela Avenue.

Important goals and objectives that are satisfied by the development are:

1. Potential increases in private investment in properties along the West Washington Boulevard corridor as a result of this public investment in this catalytic Project;

2. Attraction of new retail and restaurant tenants to Culver City;

3. Increased number of visitors to Culver City, who will spend money on dining, retail and entertainment activities in Culver City;

4. Direct and indirect increases in revenues received by the City's General Fund; and

5. Increased employment through the additional jobs created by the Project.

VI. TAX REVENUE PROJECTED TO BE RECEIVED BY THE CITY

The commercial development proposed to be developed in Site A-2 and Site B is the beneficiary of the proposed economic development subsidy. Keyser Marston Associates, Inc. (KMA), the City's financial consultant prepared tax revenue projections for this proposed commercial development. The projections follow this Summary Report in Attachment I, and the results are summarized in the following tables:

Total Tax Revenue to be Received by the City			
	Years of Operation		
	10	20	30
Property Tax	$606,000	$1,296,000	$2,138,000
Sales Tax	3,399,000	7,966,000	14,104,000
Business Tax	213,000	499,000	884,000
Total	$4,218,000	$9,761,000	$17,126,000

Net Present Value of the City Tax Revenue [2]			
	Years of Operation		
	10	20	30
Property Tax	$404,000	$654,000	$824,000
Sales Tax	2,195,000	3,842,000	5,078,000
Business Tax	137,000	241,000	318,000
Total	$2,736,000	$4,737,000	$6,220,000

VII. JOB CREATION

It is estimated that 142 temporary jobs will be created during the construction period. At stabilized operation, it is estimated that the Project will generate approximately 200 jobs on site. It is not currently possible at this time to allocate the jobs would between full-time jobs and part-time jobs.

[2] The projected City tax revenues are discounted to present value using a 6% discount rate.

ATTACHMENT I

STABILIZED CITY TAX REVENUE ESTIMATES (2023 $)
SECTION 53083 REPORT
CITY TAX REVENUE ANALYSIS
CULVER CITY, CALIFORNIA

ATTACHMENT I: APPENDIX A

SUMMARY TABLE
SECTION 53083 REPORT
CITY TAX REVENUE ANALYSIS
CULVER CITY, CALIFORNIA

I.	**Stabilized Tax Revenue Estimates (2023 $)**	
	Property Tax Revenue	$48,300
	Sales Tax Revenue	263,400
	Business Tax Revenue	16,500
	Total Annual Revenue	$328,200
II.	**Years 2023 - 2034**	
A.	**Total**	
	Property Tax Revenue	$606,000
	Sales Tax Revenue	3,399,000
	Business Tax Revenue	213,000
	Total Revenue	$4,218,000
B.	**NPV @ 6% Discount Rate**	
	Property Tax Revenue	$404,000
	Sales Tax Revenue	2,195,000
	Business Tax Revenue	137,000
	NPV @ 6% Discount Rate	$2,736,000
III.	**Years 2023 - 2044**	
A.	**Total**	
	Property Tax Revenue	$1,296,000
	Sales Tax Revenue	7,966,000
	Business Tax Revenue	499,000
	Total Revenue	$9,761,000
B.	**NPV @ 6% Discount Rate**	
	Property Tax Revenue	$654,000
	Sales Tax Revenue	3,842,000
	Business Tax Revenue	241,000
	NPV @ 6% Discount Rate	$4,737,000
IV.	**Years 2023 - 2054**	
A.	**Total**	
	Property Tax Revenue	$2,138,000
	Sales Tax Revenue	14,104,000
	Business Tax Revenue	884,000
	Total Revenue	$17,126,000
B.	**NPV @ 6% Discount Rate**	
	Property Tax Revenue	$824,000
	Sales Tax Revenue	5,078,000
	Business Tax Revenue	318,000
	NPV @ 6% Discount Rate	$6,220,000

ATTACHMENT I: APPENDIX B

ANNUAL CITY TAX REVENUES
STABILIZED CITY TAX REVENUE ESTIMATES (2023 $)
SECTION 53083 REPORT
CITY TAX REVENUE ANALYSIS
CULVER CITY, CALIFORNIA

I.	**Property Tax Revenue**				
	Assessed Value		$36,760,000		
	Property Tax Rate		1.0%		
	Total Property Tax Revenue			$367,600	
	City Share of Property Tax Revenue			13.13%	
	City Property Tax Revenue				$48,300
II.	**Sales Tax Revenue**				
	A. Taxable Sales				
	Market Hall Space				
	Sf of Building Area	11,483 Sf			
	Taxable Sales Per Square Foot of Leasable Area [1]	$375 /Sf			
	Taxable Sales - Market Hall Space		$4,306,100		
	Restaurant/Food Service Space				
	Sf of Building Area	15,352 Sf			
	Taxable Sales Per Square Foot of Leasable Area [2]	$700 /Sf			
	Taxable Sales - Restaurant/Food Service Space		$10,746,400		
	Total Taxable Sales			$15,052,500	
	B. City Share of Taxable Sales			1.75%	
	Total Sales Tax Revenue				$263,400
III.	**Business Tax Revenue**				
	A. Gross Sales				
	Market Hall				
	Sf of Building Area	11,483			
	Gross Sales /Sf of Building Area	$500			
	Total Gross Sales		$5,741,500		
	Restaurant/Food Service				
	Sf of Building Area	15,352			
	Gross Sales /Sf of Building Area	$700			
	Total Gross Sales		$10,746,400		
	Total Gross Sales			$16,487,900	
	B. Business Tax Rate ($1.00/$1,000 Gross Sales)			0.1%	
	Total Business Tax Revenue	Rounded			$16,500

[1] Assumes that 75% of the gross sales are taxable.
[2] Assumes that 100% of the gross sales are taxable.

Prepared by: Keyser Marston Associates, Inc.
File name: 5 8 23 City Tax Projection; Rev Calcs

ATTACHMENT I: APPENDIX C - TABLE 1

PROPERTY TAX REVENUE [1]
TAX REVENUE TO BE RECEIVED BY THE CITY
SECTION 53083 REPORT
CITY TAX REVENUE ANALYSIS
CULVER CITY, CALIFORNIA

Year [2]		Assessed Value	Total Property Tax Revenue	City Share of Property Tax Revenue
2023		$9,190,100	$91,901	$12,067
2024		27,570,300	275,703	36,200
2025	1	33,084,400	330,844	43,440
2026	2	40,168,645	401,686	52,741
2027	3	40,972,017	409,720	53,796
2028	4	41,791,458	417,915	54,872
2029	5	42,627,287	426,273	55,970
2030	6	43,479,833	434,798	57,089
2031	7	44,349,429	443,494	58,231
2032	8	45,236,418	452,364	59,395
2033	9	46,141,146	461,411	60,583
2034	10	47,063,969	470,640	61,795
2035	11	48,005,249	480,052	63,031
2036	12	48,965,354	489,654	64,292
2037	13	49,944,661	499,447	65,577
2038	14	50,943,554	509,436	66,889
2039	15	51,962,425	519,624	68,227
2040	16	53,001,673	530,017	69,591
2041	17	54,061,707	540,617	70,983
2042	18	55,142,941	551,429	72,403
2043	19	56,245,800	562,458	73,851
2044	20	57,370,716	573,707	75,328
2045	21	58,518,130	585,181	76,834
2046	22	59,688,493	596,885	78,371
2047	23	60,882,263	608,823	79,938
2048	24	62,099,908	620,999	81,537
2049	25	63,341,906	633,419	83,168
2050	26	64,608,744	646,087	84,831
2051	27	65,900,919	659,009	86,528
2052	28	67,218,937	672,189	88,258
2053	29	68,563,316	685,633	90,024
2054	30	69,934,582	699,346	91,824

	Total	NPV [3]
Years 2023 - 2034	$606,179	$404,000
Years 2023 - 2044	$1,296,350	$654,000
Years 2023 - 2054	$2,137,664	$824,000

[1] Based on a 1% property tax rate and a City share of 13.13%. The statutory increase of 2% per year is applied.
[2] The projection period starts during construction.
[3] Based on a 6% Discount Rate.

ATTACHMENT I: APPENDIX C - TABLE 2

OTHER REVENUE SOURCES [1]
TAX REVENUE TO BE RECEIVED BY THE CITY
SECTION 53083 REPORT
CITY TAX REVENUE ANALYSIS
CULVER CITY, CALIFORNIA

Year [2]		Sales Tax Revenue	Business Tax Revenue
2023			
2024			
2025	1	$296,459	$18,571
2026	2	305,353	19,128
2027	3	314,513	19,702
2028	4	323,949	20,293
2029	5	333,667	20,902
2030	6	343,677	21,529
2031	7	353,988	22,175
2032	8	364,607	22,840
2033	9	375,545	23,525
2034	10	386,812	24,231
2035	11	398,416	24,958
2036	12	410,369	25,706
2037	13	422,680	26,478
2038	14	435,360	27,272
2039	15	448,421	28,090
2040	16	461,873	28,933
2041	17	475,730	29,801
2042	18	490,002	30,695
2043	19	504,702	31,616
2044	20	519,843	32,564
2045	21	535,438	33,541
2046	22	551,501	34,547
2047	23	568,046	35,584
2048	24	585,088	36,651
2049	25	602,640	37,751
2050	26	620,719	38,883
2051	27	639,341	40,050
2052	28	658,521	41,251
2053	29	678,277	42,489
2054	30	698,625	43,764
Years 2023 - 2034			
Total		$3,398,570	$212,895
NPV	3	$2,195,000	$137,000
Years 2023 - 2044			
Total		$7,965,965	$499,007
NPV	3	$3,842,000	$241,000
Years 2023 - 2054			
Total		$14,104,161	$883,518
NPV	3	$5,078,000	$318,000

[1] See ATTACHMENT I: APPENDIX B for base year estimates in 2023 dollars. The base year estimates are escalated at 3.0% per year for three years to reach the projected revenues in 2025. Annual inflation at 3.0% thereafter is applied in the projections.
[2] The projection period starts in the first year of operation. The cash flow is discounted back to 2023 for NPV purposes.
[3] Based on a 6% Discount Rate.