

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

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| Meeting Date: 01/30/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  | Item Number: <u>J-2</u>                                                                                                       |  |
| <b>JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: (1) Approval of a Purchase and Sale Agreement with Hackman Capital Partners to Purchase Public Parking Spaces at 8550 Higuera/8600 Hayden Place; and (2) Direction to Staff to Commence Formation of a Parking District in the Hayden Tract.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                                                                                               |  |
| Contact Person / Department:<br>Joe Susca/CDD<br>Todd Tipton/ CDD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | Phone Number:<br>(310) 253-5763<br>(310) 253-5783                                                                             |  |
| Fiscal Impact: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | General Fund: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                             |  |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  | Action Item: <input checked="" type="checkbox"/> Attachments: <input checked="" type="checkbox"/>                             |  |
| Commission Action Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Date: _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                               |  |
| Public Notification (E-Mail) Redevelopment Agency Projects (01/27/12); (E-Mail) Meetings and Agendas – Redevelopment Agency (01/27/12); (E-Mail) The Advisory Committee on Redevelopment (01/17/12); (E-Mail) The Culver City Chamber of Commerce (01/17/12); (U.S. Post) A public notice was mailed to businesses, residents, and property owners in excess of a 500' radius of the site (01/17/12); (E-Mail) Hackman Capital Partners (01/26/12).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |                                                                                                                               |  |
| Department Approval:<br>Sol Blumenfeld: (01/25/12)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | City Attorney Approval:<br>Carol Schwab (by H. Baker) (01/25/12)<br>City Special Counsel Approval:<br>Murray Kane: (01/25/12) |  |
| Chief Financial Officer Approval:<br>Jeff Muir (by N. Kimball)(01/26/12)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  | City Manager/Executive Director Approval:<br>John M. Nachbar (01/26/12)                                                       |  |
| <p><b><u>RECOMMENDATION:</u></b></p> <p>Staff recommends the City Council approve a Purchase and Sale Agreement (Agreement) with Hackman Capital Partners (Hackman) to purchase 180 public parking spaces in a proposed parking structure at 8550 Higuera Street/8600 Hayden Place.</p><br><p><b><u>BACKGROUND:</u></b></p> <p>The parking supply in the Hayden Tract is deficient and the City Council/Agency Board has expressed a strong interest in developing needed parking to support the area and foster growth of businesses. If approved, the proposed purchase will provide 180 parking spaces to businesses in the Hayden Tract for expansion and/or intensification purposes, through long-term and monthly city parking leases. The funds committed must be used for the delivery and use of the public parking spaces. In the event that Hackman does not deliver the public parking spaces within three years of the City's payment then the funds shall be refunded to the City.</p> |  |                                                                                                                               |  |

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**Terms of the Purchase and Sale Agreement:**

Hackman will construct a 556-space, 5-level parking structure with ancillary retail on the ground floor (Project). The City will purchase a long-term easement in the Project for \$5 million in order to control and access the 180 spaces. The term of the easement is equivalent to the longer of 50 years; provided however, the City can use the easement for so long as developer retains the structure for parking. There is no provision for buyout of the City parking easement. The price per space is approximately \$27,500 (\$5 million total).

The City will:

1. Fund its pro rata share of the ongoing maintenance/operation costs, which will be established by an independent bid approved by both the City and Hackman.
2. Pay its pro rata share of capital costs for any long-term maintenance.
3. Deposit \$5 million in a separate interest bearing account for the parking structure construction. In the event the Project is not built, the funds in the deposit account will be returned to the City. Any interest accrued will be provided to Hackman in consideration for costs incurred.
4. Lease the garage spaces at market rate to Hayden Tract property and business owners on a monthly or long term basis. Long term leases may be entered into for a maximum term consistent with the easement.

**Hayden Tract Parking District:**

In order to facilitate use of the 180 spaces by existing and prospective businesses in the Hayden Tract, staff recommends pursuing creation of a City-initiated parking district encompassing the Hayden Tract boundaries. The process to establish a parking district can commence immediately upon execution of the Agreement with City Council direction.

**FISCAL ANALYSIS:**

Sufficient former Agency tax exempt bond proceeds exist in the Hayden Tract Parking Structure project (48894130) to fund the City contribution of \$5 million for the 180 public parking spaces. Maintenance and operational costs for the 180 spaces is estimated at \$75,600 annually. Assuming 80% occupancy (144 spaces), if the City leases the spaces at the current market rate of \$125 per space per month, the total annual revenue is \$216,000 calculated as follows: (180 spaces x .80 occupancy = 144 spaces leased monthly x \$125 = \$18,000 per month x 12 = \$216,000 annually). The estimated total annual maintenance and operation cost is

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approximately \$75,600 (\$35/month per space), which will be offset by City leasing revenues.

Comparing revenue against operational costs, the net annual income from the spaces would be \$140,400 in General Fund revenues (\$216,000 - \$75,600 = \$140,400). These cost and revenues would reflect the actual bid amounts for maintenance and operation services.

**ATTACHMENTS:**

1. Project Area Map;
2. Purchase and Sale Agreement;
3. Public Parking Easement Agreement.
4. Public Notice

**MOTION:**

That the City Council:

1. Approve a Purchase and Sale Agreement with Hackman Capital Partners for the purchase of a long-term easement for 180 public parking spaces in a parking structure to be constructed at 8550 Higuera Street/8600 Hayden Place; and
2. Authorize the City Attorney and City Special Counsel to review/prepare the necessary documents; and
3. Authorize the City Manager to execute the Purchase and Sale Agreement on behalf of the City, and to issue interpretations, waive provisions, enter into amendments on behalf of the City, and to sign all such other documents and instruments necessary to implement and carry out the agreement on behalf of the City in such form as is reasonably acceptable to the City Manager; and
4. Authorize the formation of a Parking District in the Hayden Tract by the City.