

City of Culver City, California
Redevelopment Agency Agenda Item Report

Meeting Date: 04/16/07		Item Number: _____	
AGENDA ITEM: Authorization to Terminate the Exclusive Negotiation Agreement with Olson Urban Housing LLC for the Washington Boulevard/Centinela Avenue Redevelopment, the Purchase of Certain Documents Relative to the Property, and Issuance of a Request for Proposal for the Redevelopment of the Site.			
Contact Person/Dept.: Joe Susca		Phone Number: 310-253-5763	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Public Notification: A postcard announcing the meeting was mailed to businesses and residents adjacent to the project (04/02/07); Peter Woo, Jack Woo, Charles Woo, Shu Woo and their attorney Peter Wallin; John Reekstin of The Olson Company; Barry Peterson and Eric Grodan of the California Community Foundation; and the Master E-Mail Notification List (04/11/07).			
Department Approval: Todd Tipton (04/05/07)		Executive Director Approval: Jerry B. Fulwood (04/11/2007)	
City Controller Approval: Marlee Chang (04/11/07)			
<u>RECOMMENDATION:</u> Staff recommends the Culver City Redevelopment Agency ("the Agency") direct staff to terminate the Exclusive Negotiation Agreement with Olson Urban Housing LLC for the Washington Boulevard/Centinela Avenue redevelopment, to purchase certain documents relative to the property, and to either issue a Request for Proposal for redevelopment of the site or put it up for sale to the highest bidder. <u>BACKGROUND:</u> <u>Olson ENA</u> During its meeting of September 9, 2004, the Agency approved entering into an ENA with Olson for redevelopment of several parcels within the vicinity of Washington Boulevard and Centinela Avenue. On October 17, 2005, the Agency approved the first amendment to the Olson ENA, removing the Centinela Plaza Shopping Center and two Grandview Avenue Mobile Home Parks from the proposed redevelopment. During its meeting of December 18, 2006, the Agency approved the second amendment to the Olson ENA, which removed Site A and extended the schedule to negotiate redevelopment of only the northeast corner of the project. The northeast corner of the project is comprised of 12337 and 12343 Washington Boulevard (the former Shell Gasoline Station and adjacent Michel's Flower Shop), and is commonly referred to as Site B. <u>Woo ENA</u>			

City of Culver City, California
Redevelopment Agency Agenda Item Report

On March 5, 2007, the Agency unanimously voted to approve entering into a six-month ENA with SJ Woo LLC and PCKW LLC ("Woo") to negotiate a redevelopment project for the northwest corner of the project, commonly referred to as Site A. Since that approval, Woo has notified staff that they have decided not to enter into the ENA.

DISCUSSION:

Olson Acknowledgement of Termination of ENA, Purchase of Documents and Release

The second amendment to the Olson ENA included a clause which stated that if both parties were unable to agree upon a sale price for the Site B properties to Olson within a specified time, the ENA would automatically terminate. The parties have been unable to mutually agree upon a land sale price and now wish to formally acknowledge the termination of the ENA. In connection with such acknowledgment, staff has also requested a release from Olson for any claims which may arise related to the ENA through the proposed Acknowledgment of Termination of the ENA, Purchase of Documents and Release (the "Agreement") before you this evening for consideration.

Purchase of Certain Documents from Olson

In preparation for the redevelopment of Sites A and B, staff and Olson ordered a number of surveys, plans, appraisals, traffic analyses, and related reports that continue to have value to the Agency and/or a replacement Developer of the project area.

Upon execution of the original ENA in 2004, Olson made an initial deposit of \$25,000 with the Agency. In January 2006, Olson deposited another \$25,000, for a total of \$50,000 to be applied toward Agency-initiated reports performed for the redevelopment.

Though the Olson ENA states that Olson will be responsible for all expenses related to preparing the Sites for redevelopment and that the Agency has no obligation to reimburse Olson for those costs, some of these documents continue to have value to the Agency and/or to a replacement developer of the project area.

Olson has submitted a list of documents initiated by Olson which may have value to the Agency and/or a future developer of the Sites. Staff has prepared a combined list of documents which staff believes will continue to have value to either the Agency and/or a new developer, as follows:

City of Culver City, California
Redevelopment Agency Agenda Item Report

Item	Cost	Comments
Initial and Updated Appraisals for Sites A and B	\$11,838	The Agency will be negotiating for the sale of Sites A and B, and the appraisals will aid it in its negotiations.
Acoustic Study	\$850	This is a study of adjacent street noise that will likely be used by a new developer of Sites A and B.
Environmental Investigation Reports	\$15,560	Environmental reports may be required by a future developer of Sites A and B to determine if the sites have any hazardous materials present which may affect any proposed development.
Soil Boring Studies	\$11,368	This study was performed to determine the soil's ability to support construction of the proposed development.
ALTA Civil Geographical Survey	\$11,000	This survey was performed to determine existing easements and encumbrances at Sites A and B.
Total	\$50,616	

Staff recommends the Agency purchase these items from Olson (or reimburse Olson, as appropriate) for \$50,616 as they continue to be of value to the Agency and/or a new developer for Sites A and B. The Agreement includes language for the purchase of the foregoing items from Olson and, where applicable, requires Olson to obtain authorization by the firm who created the document to release them to the Agency and its replacement developer.

The Agreement requires that Olson make available, and sell the reusable portions of, the updated traffic study and any other documents or reports created for Sites A and B, for purchase by the Agency or directly by any new developer. Any documents purchased will be at Olson's cost.

Woo ENA

Citing opposition by the community as witnessed during the proceedings of the Agency meeting held on March 5, 2007, the Woo family decided not to sign the ENA approved by a unanimous affirmative vote of the Agency. The Woos have stated that they will not be proceeding with preparation of a redevelopment proposal for Site A after all. As a result, staff recommends inclusion of Site A in the Site B Request for Proposal (the "RFP" as outlined below), or alternatively, to sell the two Sites together to the highest bidder.

Request for Proposal

City of Culver City, California
Redevelopment Agency Agenda Item Report

If (a) the proposed Olson Agreement is approved this evening, and (b) the inclusion of Site A in the proposed RFP is also approved, the Agency may authorize staff to release the attached RFP for the redevelopment of both Sites A and B.

The attached RFP includes the 12331-33 Washington Boulevard parcel as an option for potential inclusion in the project. If an RFP is approved, staff will review the developer responses and, if appropriate, recommend that the Agency enter into a Disposition and Development Agreement or a Purchase and Sale Agreement with a new developer for both sites redevelopment. Once selected, the new developer will be required to conduct a minimum of one community meeting to present their redevelopment plans to the neighborhood to aid them in refining the plans.

Alternatively, in lieu of issuing a formal RFP, the Agency may consider putting the two Sites up for sale to the highest bidder, with the 12331-33 Washington Boulevard parcel as an option for potential inclusion in the sale.

FISCAL ANALYSIS:

The Agreement includes the reimbursement or purchase from Olson of the various reports that still have value to the Agency and/or any new developer of the sites for \$50,616. Staff believes the majority of the costs to purchase the Olson documents are eligible for reimbursement by a subsequent developer of the sites. Sufficient funds exist in the Washington-Centinela Other Contractual Services Account #55092610.619800 to purchase/reimburse these documents from Olson.

ATTACHMENTS:

1. Acknowledgement of Termination of Exclusive Negotiation Agreement, Purchase of Documents and Release
2. April 2, 2007 Public Notice
3. Request for Proposal

MOTION:

That the Culver City Redevelopment Agency:

1. Approve the Acknowledgment of Termination of Exclusive Negotiation Agreement, Purchase of Documents and Release with Olson Urban Housing LLC in the amount of \$50,616 and authorize the Executive Director to sign the agreement on behalf of the Agency; and

City of Culver City, California
Redevelopment Agency Agenda Item Report

2. Acknowledge that though the Agency previously approved an Exclusive Negotiation Agreement with SJ Woo LLC and PCKW LLC, they have decided not to enter into the ENA for Site A; and,
3. Approve the proposed Request for Proposal and its subsequent release to developers for redevelopment of Sites A and B, including the 12331 to 12333 Washington Boulevard parcel as an option for potential inclusion in the project;

OR

4. Approve placing Site A and B up for sale to the highest bidder, including the 12331 to 12333 Washington Boulevard parcel as an option for potential inclusion in the sale.