

City of Culver City, California Agenda Item Report

Meeting Date: 11/12/12		Item Number: A-1	
CITY COUNCIL AGENDA ITEM: Approval of a Memorandum of Understanding and Lease Agreement with the Wende Museum for the Property Located at 10808 Culver Boulevard (the Former Site of the National Guard Armory)			
Contact Person/Dept.: Martin R. Cole		Phone Number: (310) 253-6000	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Meetings and Agendas – City Council (11/08/12).			
Department Approval: Martin R. Cole (11/07/12)		City Attorney Approval: Carol Schwab (by H. Baker) (11/07/12)	
Chief Financial Officer Approval: Jeff Muir (11/08/12)		City Manager Approval: John Nachbar (11/08/12)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve a Memorandum of Understanding and Lease Agreement with the Wende Museum for the property located at 10808 Culver Boulevard (the former site of the National Guard Armory). <u>BACKGROUND:</u> At the City Council meeting of December 12, 2011, the City Council received a presentation from Dr. Justinian Jampol, Executive Director and Founder of the Wende Museum (Wende). Dr. Jampol conveyed Wende's interest in moving from its current home in the Fox Hills neighborhood to the former site of the National Guard Armory. The City Council favorably received Dr. Jampol's presentation and ultimately directed the City Manager to enter into negotiations with Wende. <u>DISCUSSION:</u> Pursuant to City Council direction, the City Manager has met on several occasions with Wende to relocate their collection, museum, and administrative offices to 10808 Culver Boulevard. The parties have come to a tentative agreement, subject to the City Council's approval and the following terms and conditions: • WORK: Wende will provide all funds and complete a scope of work that will transform the current building and grounds into museum and administrative office space. The work also provides for the completion of all planning, building, and zoning entitlements required of the			

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project, including but not limited to, the determination of the number of code required parking spaces.

- **WORK COMPLETION PERIOD:** The work shall be complete within 12 calendar months of the issuance of the notice to proceed by the City. Upon request by Wende, the City Manager shall grant up to three six-month extensions (a total potential work completion period of 2.5 years).
- **CERTIFICATE OF OCCUPANCY:** Upon satisfactory completion of the work, the City shall issue a Certificate of Occupancy and Wende shall be provided with a Leasehold Interest in the subject property.
- **FULL LEASE PERIOD:** 75 years, subject to cancellation in certain cases (for example, in the case Wende is in default under the Agreement and fails to cure such default). The Leasehold Interest may not be cancelled by the City during the first five years, unless Wende is in default and fails to cure the default. Cancellation by the City after the first five years and up to the fiftieth year is subject to an early cancellation penalty (excepting default and failure to cure the default by Wende).
- **EARLY CANCELLATION PENALTY:** Beginning in the sixth year of the leasehold interest and continuing until the expiration of the fiftieth year, in the case the City determines to cancel the Leasehold Interest, an Early Cancellation Penalty is payable to Wende by the following formula:
$$\text{EARLY CANCELLATION PENALTY} = \{(50 - \text{NUMBER OF YEARS SUBJECT PROPERTY OCCUPIED BY WENDE}) \div 50\} \times \text{AMORTIZEABLE RENOVATION COSTS}.$$
 The Early Cancellation Penalty does not apply in the case Wende is in default of the Agreement or if Wende determines to cancel the Leasehold Agreement.
- **CITY CONTRIBUTIONS:** The City will contribute the following: (1) Value of the Leasehold Interest (the proposed consideration for the leasehold interest is \$1 per year); (2) Sewer Facility Connection Fee; (3) Art in Public Places Fee – the City will work cooperatively with Wende to integrate sufficient components into the architectural design of the renovated building so that it satisfies the art in public places requirements of the Culver City Municipal Code (CCMC); (4) Parking – the City will work in good faith with Wende to meet the parking requirement as calculated using the standards in the CCMC (if either party finds meeting the parking requirement is infeasible, then either party may cancel the Agreement).

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- **WENDE CONTRIBUTIONS FOR PUBLIC BENEFIT:** Wende will contribute the following: (1) Free Admission Days – at least one day per month, members of the public may gain admission to the museum at no cost; (2) Outreach/Education Opportunities with the Culver City Unified School District (CCUSD) – Wende shall offer at least three outreach opportunities to the CCUSD; (3) Wende shall work cooperatively with other Culver City based arts and cultural organizations to promote the cultural opportunities available in Culver City. The City Manager, in consultation with Wende, may approve alternative proposals to satisfy the public benefit requirements.
- **TERMINATION:** The Agreement may be terminated under various circumstances – (1) in the case either party determines meeting the parking requirement is infeasible; (2) in the case Wende does not complete the work within the work completion period; (3) once the Leasehold Interest is granted to Wende, at any time if Wende is in default under the Agreement and fails to cure the default; (4) After the first five years of the Leasehold Interest has expired, the City may terminate the Leasehold Interest (subject to any applicable Early Cancellation Penalty) with 270 days' notice (unless Wende is in default).

Should the City Council approve this item this evening, the City Attorney would be authorized to prepare the final agreement in accordance with the terms outlined above, and the City Manager would be authorized to execute the agreement on behalf of the City.

FISCAL ANALYSIS:

Approval and ultimate execution of the agreement would result the City making certain contributions to the project as outlined earlier in the staff report. These contributions are either not from the City's General Fund or are not direct costs to the General Fund (in the case of the \$1 per year rental rate). Relocation of the Museum to the former Armory site would significantly improve the site at Wende's cost and provide an additional significant cultural resource for the City residents and visitors. While it is expected the project will have a positive impact on City revenues, those amounts are difficult to quantify at this time.

ATTACHMENTS:

None.

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MOTION:

That the City Council:

1. Approve a Memorandum of Understanding and Lease Agreement with the Wende Museum reflecting the terms contained in this report; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.