

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

Meeting Date: 01/23/2012

Item Number: JC-1

JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD ITEM: (1) City Council and Agency Board Consideration and (2) City Council Approval of a Seventh Implementation Agreement with Axis Mundi RE II, LLC, for Development of the Baldwin Site (12803-23 West Washington Boulevard)

Contact Person/Dept.:	Phone Number:
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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 and City Council (01/19/12), Redevelopment Agency Projects - West Washington Boulevard and Axis Mundi RE II, LLC (01/18/12.)

Department Approval: Sol Blumenfeld (01/18/12)	Agency General Counsel Approval: Murray Kane: City Attorney Approval: Carol Schwab:
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (01/19/12)	City Manager/Executive Director Approval: John M. Nachbar (01/19/12)

RECOMMENDATION:

Staff recommends the City Council and Agency Board consider and the City Council approve a Seventh Implementation Agreement to the Disposition and Development Agreement with Axis Mundi RE II, LLC for the development of the Baldwin Site located at 12803-12823 West Washington Boulevard (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, underground parking for the offices users, environmentally friendly “green” features, and a public art component that will be incorporated in the building’s design.

Six subsequent Implementation Agreements have been executed between the Culver City Redevelopment Agency and Axis Mundi. The purpose of the Implementation Agreements has been to extend the time frame in the DDA’s

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Schedule of Performance for the sale of the property and construction of the project due to the downturn in the economy.

On March 14, 2011, the Agency transferred ownership of the Site to the City, and on June 6, 2011 the City Council and Agency Board approved an Assignment and Assumption Agreement to assign to the City the Agency's DDA and all of the rights and obligations thereto.

On December 29, 2011 the California Supreme Court upheld AB 1X 26, which will dissolve Redevelopment Agencies in California on February 1, 2012.

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 by Axis Mundi to close escrow and purchase the Site had withdrawn from the project. Since then, Axis Mundi has looked for replacement funding and also looked at design changes in order to lower the project's cost. To date, Axis Mundi and the City Council/Agency Board have remained committed to the original building design and have agreed to a series of time extensions.

In Culver City, through various assignments and cooperation agreements between the Agency and the City, the DDA with Axis Mundi remains a pre-existing enforceable obligation of the Agency, and the City pursuant to its rights under the cooperation agreements, is authorized to complete the redevelopment of the Baldwin Site.

The Schedule of Performance in the DDA, as currently amended, required Axis Mundi to provide evidence of financing by December 31, 2011 and to close escrow three months later. The December 31st deadline for receipt of evidence of financing was not met. The proposed Seventh Implementation Agreement gives Axis Mundi a one year extension to provide evidence of financing (to December 31, 2012) which is the critical step needed to proceed, without which, all subsequent milestones including close of escrow cannot proceed. If Axis Mundi submits acceptable evidence of financing by December 31, 2012, then the rest of the Schedule of Performance can continue in the same elapsed time as in the DDA.

FISCAL ANALYSIS:

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

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approximately \$96,000 in property tax revenues for the various taxing agencies, once complete.

MOTION:

That the City Council:

1. Approve a Seventh Implementation Agreement with Axis Mundi RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard) t; and,
2. Authorize the City Attorney and City Special Counsel to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.