

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

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| Meeting Date: 03/07/11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | Item Number: <u>J-3</u>                                                                                                 |  |
| <b>JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY AGENDA ITEM: (1) City Council and Agency Board Approval of a Memorandum of Understanding; (2) Agency Board Approval of a Budget Amendment Related Thereto; and (3) City Council Approval of a Purchase and Sale Agreement for a Parking Lot Project Located along the Former Metropolitan Transportation Authority Spur between Hayden Avenue and Eastham Drive.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                                                                                                                         |  |
| Contact Person/Dept.:<br>Joe Susca / Community Development<br>Todd Tipton / Community Development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  | Contact Person/Dept.:<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) Meetings and Agendas – City Council (03/04/11); (E-Mail) Meetings and Agendas – Redevelopment Agency (03/04/11); (E-Mail) Redevelopment Agency – Projects (03/04/11); The (Former) Metro Spur Property Owners (03/04/11).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                                                                                         |  |
| Department Approval:<br>Sol Blumenfeld: (03/02/11)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  | Agency Counsel Approval:<br>Murray Kane: (03/02/11)<br>City Attorney Approval:<br>Carol Schwab (by H. Baker) (03/04/11) |  |
| Chief Financial Officer Approval:<br>Jeff Muir (by N. Kimball) (03/04/11)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  | City Manager/Executive Director Approval:<br>John M. Nachbar (03/04/11)                                                 |  |
| <p><b><u>RECOMMENDATION:</u></b></p> <p>Staff recommends the Culver City Redevelopment Agency Board (Agency Board) approve a Memorandum of Understanding (MOU) that funds \$1,050,000 (\$250,000 in soft costs and half the construction costs estimated at \$800,000) to improve the former Metropolitan Transportation Authority (Metro) railroad Spur between Hayden Avenue and Eastham Drive with a landscaped parking lot and allows the Agency to assign its obligations under the MOU to the City of Culver City, without release of such obligations without owners approval and approve a budget amendment related thereto.</p> <p style="text-align: center;"><b>AND</b></p> <p>Staff recommends the City Council approve a Purchase and Sale Agreement for the City-owned portion of the Spur to the Spur Property Owners</p> <p><b><u>BACKGROUND:</u></b></p> <p>Businesses located in the Hayden Tract generate significant tax revenues for the City and Agency. The Agency Board has expressed strong interest in developing needed parking for the Hayden Tract to support the area and foster its growth.</p> |  |                                                                                                                         |  |

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

In 2006 the City sold the parking lot located at 8511 Warner Drive to Conjunctive Points Warner Development. The sale did not include the adjacent 26 foot wide portion of the former railroad Spur. When combined with the opposing property owner, the entire Spur is approximately 52 feet wide and 1,000 feet long. In 2008, Metro relinquished its railroad easement along the Spur, and control of the property was returned to its owners. With the exception of one property owner, the Spur remains unimproved and is a blighting influence in the Hayden Tract.

**DISCUSSION:**

For more than a year, staff has been discussing improvement of the former Metro Spur with the Spur property owners by constructing a landscaped parking lot creating approximately 121 spaces (the Project).<sup>1</sup> All but one Spur property owner is willing to participate in the Project.<sup>2</sup> The Project will be constructed with Agency participation and would subsequently be controlled / maintained by the 7 Spur property owners through the formation of an Association. Using a “percentage of Spur ownership” method of allocating the 121 parking spaces amongst the owners, approximately 24 would be located on the City-owned portion of the Spur adjacent to the Warner Lot. (See the attached Spur Parking Lot Conceptual Plan.) Approval by Agency Board of the MOU will lead to the execution of an Owner Participation Agreement between the Agency and the Spur owners.

**Deal Points:**

The proposed terms include a 50/50 construction cost sharing arrangement between the Spur property owners and the Agency. The Agency will also furnish all of the soft costs for design. The total Agency contribution is estimated to be \$1,050,000 (see the Fiscal Analysis section of this report for a breakdown of the Project cost).

**City/Agency:**

- Provide temporary parking lost during construction of the Project (special permit parking at no cost to the Spur property owners) along the adjacent streets or phase the Project so that parking can be provided onsite as construction progresses (which somewhat increases Project costs but reduces parking inconvenience during construction). Further engineering study is required to determine the feasibility of phasing.
- Fund soft costs for the Project estimated at \$250,000 and one-half the construction costs estimated at \$800,000 (a total of \$1,050,000);
- Offer 24 City-owned parking spaces for sale to the Spur property owners for \$13,015 per stall (\$6,557 per stall construction cost plus \$6,458 land cost).<sup>3</sup>
- Upon consummation of the land sale, the Agency will commence with the preparation of Project plans and construction.

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

- Provide a 5-year secured loan at 6% interest to any Spur property owners who elect to receive a loan to cover their portion of the construction costs.

**Spur Property Owners:**

- Enter into reciprocal easements to allow use and access to common parking.
- Form an association (at owners' cost) for the purpose of insuring and maintaining the improvements once built.
- Fund one half of the pro rata cost to construct the Project, estimated at \$800,000.

There is a significant undersupply of parking in the Hayden Tract due to the area's transition from manufacturing to creative office uses. The proposed Project provides an important first step to address the area's parking needs. The Project will also eliminate blight and provide needed additional area parking that is privately owned and operated at approximately one-half the cost of above-ground spaces and three times less costly than subterranean parking.

**Environmental Determination for the City Land Sale:**

Staff has determined that the Purchase and Sale Agreement is a project subject to the environmental review requirements of the California Environmental Quality Act (CEQA). Staff has further determined that the Purchase and Sale Agreement has no potentially significant adverse impacts on the environment and is therefore Categorically Exempt pursuant to Section 15312 of CEQA from further environmental impact assessment, because the project consists of the sale of surplus government property which (1) does not have a significant value for wildlife habitat or other environmental purpose and (2) the property, due to size, shape and accessibility, is incapable of independent development or use, and the application of that categorical exemption is not barred by one of the exceptions set forth in CEQA Guidelines Section 15300.2. Accordingly, pursuant the State CEQA Guidelines, a Notice of Exemption will be filed.

**Environmental Determination for the Project:**

Staff has determined that the Project pursuant to the MOU is a project subject to the environmental review requirements of CEQA. The Project pursuant to the MOU is a linear landscaped parking lot creating approximately 121 parking spaces along the former MTA railroad spur. Consequently, staff has determined that the Project pursuant to the MOU is an exempt project pursuant to State CEQA Guidelines Section 15332 in that the Project is an in-fill development and is consistent with the City's General Plan and Zoning Ordinance; occurs on a project site of no more than five acres and is surrounded by urban uses; the Project site has no value as habitat for endangered, rare or threatened species; approval of the Project does not result in any significant effects relating to traffic, noise, air quality, or water quality; the Project site can adequately be served by all required utilities and public services; and the

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

application of that categorical exemption is not barred by one of the exceptions set forth in CEQA Guidelines Section 15300.2. Accordingly, pursuant to the State CEQA Guidelines, a Notice of Exemption will be filed.

**FISCAL ANALYSIS:**

The Project's estimated costs are summarized as follows:

| <u>Item</u>                                                                         | <u>Cost</u>               | <u>Agency</u>             | <u>Property Owners</u>    |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| Design/Plans                                                                        | \$200,000                 |                           |                           |
| ALTA Survey                                                                         | \$ 50,000                 |                           |                           |
| Total Soft Costs:                                                                   | \$250,000                 | \$250,000                 | \$0                       |
| <u>Construction/Estimated:</u>                                                      | <u>\$1,600,000</u>        | <u>\$800,000</u><br>(50%) | <u>\$800,000</u><br>(50%) |
| <b>Total Costs:</b>                                                                 | <b><u>\$1,850,000</u></b> | <b><u>\$1,050,000</u></b> | <b><u>\$800,000</u></b>   |
| <hr/>                                                                               |                           |                           |                           |
| Estimated Cost per Space:                                                           |                           | \$8,606                   | \$6,557                   |
| Net Cost if all 24 City spaces were sold:<br>(\$1,050,000 - \$312,360) <sup>4</sup> |                           | \$737,640                 |                           |
| Net Cost per Space:                                                                 |                           | \$6,100                   |                           |
| <hr/>                                                                               |                           |                           |                           |

Since most of the parking spaces will be for private business use or leased to other existing businesses, tax exempt bond funds may not be used to fund this project. Taxable proceeds from the 2011 Bond issue will be used to fund this project. A budget amendment is needed to appropriate the funds.

Once revenue from sale of the City spaces (\$312,360) is deducted from the total Agency cost of \$1,050,000, the net cost of the Project is \$737,640. The Project will generate minimal City taxes and Agency tax increment.

**ATTACHMENTS:**

1. Spur Parking Lot Conceptual Plan
2. Parking Space Allocation Plan
3. Memorandum of Understanding
4. Notice of Categorical Exemption

**MOTIONS:**

That the Agency Board:

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

1. Approve a budget amendment appropriating \$1,050,000 from the 2011 Taxable Bond issue for the Hayden Tract Spur parking improvements; and,
2. Approve a Memorandum of Understanding that funds \$1,050,000 (\$250,000 in soft costs and \$800,000 for half the construction costs) to improve the former Metropolitan Transportation Authority (Metro) railroad Spur between Hayden Avenue and Eastham Drive with a landscaped parking lot; and,
3. Authorize the Agency Executive Director to execute all documents necessary and appropriate to carry out and implement the MOU and to administer the Agency's obligations, responsibilities and duties to be performed under the MOU on behalf of the Agency; and
4. Authorize the Agency General Counsel to review/prepare the necessary documents; and
5. Authorize the Executive Director to execute such documents on behalf of the Agency.

That the City Council:

1. Approve a Purchase and Sale Agreement for the City-owned portion of the Spur to the Spur Property Owners in an amount of \$312,360; 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.

**NOTES:**

<sup>1</sup>The Spur is zoned Transportation, which allows a parking lot to be built upon its surface. The Project will be built in a green manner and include grading, stormwater drainage, concrete pavement, lighting, security fencing, and enhanced tree and ground cover landscaping.

<sup>2</sup>The owner of 8461 Warner Drive is not willing to participate in the Project and instead, will improve his portion of the Spur with parking.

<sup>3</sup> A March 2010 appraisal placed the fair market value of the City-owned Spur at \$155,000 if it was not assembled with the adjacent 8511 Warner parcel. \$155,000/24 spaces are \$6,458 each.

<sup>4</sup>The sale per space is \$13,015 for the City's 24 spaces (50% of the construction costs amounting to \$6,557 + \$6,458 for the land) = \$312,360 total.