City of Culver City, California
City Council Agenda Item Report

Meeting Date: 10/23/06	Item Number: PH-1
AGENDA ITEM: A Public Hearing for Consideration of a Resolution Approving Tax-Exempt Conduit Financing for Park Century School in an Amount Not to Exceed Twelve Million Dollars for a Project at 3939 Landmark Street.	
Contact Person/Dept.: Kellee Fritzal/CDD	Phone Number: (310) 253-5765
Fiscal Impact: Yes [X] No [ ]	General Fund: Yes [X] No [ ]
Public Hearing: [X] Action Item: [ ]	Attachments: [X]
Public Notification: Legal notice published in the Los Angeles Times 10/09/06 & 10/16/06); Park Century School, Hawkins, Delafield & Wood (bond counsel), California Statewide Communities Development Authority (CSCDA) via e-mail (10/18/06); Master Notification List (10/18/06).	
Department Approval: Susan Evans (10/11/06)	City Manager Approval: Jerry Fulwood (10/18/2006)
City Controller Approval: Mary V. Noller (10/18/2006)	

RECOMMENDATION:

Staff recommends the City Council conduct a public hearing pursuant to State law requirements and adopt Resolution No. 2006-R___, approving a bond financing through the California Statewide Communities Development Authority for Park Century School.

PROCEDURE:

1. Mayor declares the public hearing open.
2. Mayor seeks a motion to receive and file the affidavit and notice of publication and all reports presented for this matter.
3. Mayor calls on staff for brief report.
4. Mayor calls for public comments.
5. Mayor seeks motion to close the public hearing.
6. City Council discusses the motion and takes appropriate action.

BACKGROUND:

Park Century School has submitted an application to the California Statewide Communities Development Authority (CSCDA) for conduit financing of tax exempt bonds in an amount not to exceed ten million dollars ($10,000,000) for the acquisition, and renovation of a school facility at 3939 Landmark Street in Culver City. The new facility is to be the new campus for the school. In order for these revenue bonds to qualify as tax exempt, the requirements of the federal "Tax Equity and Fiscal Responsibility Act" (TEFRA) must be followed. TEFRA requires that such a bond issue be approved by the legislative body of the governmental unit having jurisdiction over the project location following a public hearing. The hearing is to provide the public with the opportunity to comment on the benefit to be provided to the local community and whether it is appropriate for tax-exempt financing to be provided.

DISCUSSION

On July 13, 2005, the Planning Commission approved Conditional Use Permit (CUP) CUP P-2005019 to allow a private school to operate at 3939 Landmark Street. A nearby business appealed one of the conditions of approval and on November 14, 2005, the City Council modified the condition addressing the installation of a left turn pocket from Washington Boulevard to Landmark Street.

The subject property is zoned for industrial uses and has been used for industrial businesses. As such, the property has generated property taxes for the City, the Redevelopment Agency and other taxing entities. Park Century is a non profit entity, and is eligible to apply for an exemption from property taxes. This would eliminate a source of revenue to the City and Redevelopment Agency. To mitigate that impact, Park Century has agreed to pay property taxes that would normally be generated for the City and Redevelopment Agency had an industrial use continued on the site. This payment is included as a formal condition of approval of the CUP.

The City Council has previously approved the CSCDA financing for both Turning Point School and NPR.

As part of their application to CSCDA, Park Century School has prepared a summary of community benefits that would be generated by the operation of the school.

FISCAL ANALYSIS:

The requested bond issue is termed "conduit" financing as the bonds are issued through the CSCDA, and not by the City. The City has no obligation for repayment of the bonds and they are not considered a City liability of any form. The Council resolution contains language confirming this.

The City is able to recover its costs for processing the tax-exempt financing and holding the TEFRA hearing. Park Century paid the City a $2,500 application fee for the application that was submitted, and has agreed to pay an issuance fee equal to five basis points (0.05%) of the actual bond issue amount. Based on the proposed financing amount, $10 million, the issuance fee would be $5,000. These fees are sufficient to cover all staff costs related to this matter.

ATTACHMENTS:

1. Park Century School application to CSCDA
2. Resolution No. 2006-R___, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY APPROVING A FINANCING TO BE UNDERTAKEN BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT PARK CENTURY SCHOOL.

MOTION:

That the City Council:

Adopt Resolution No. 2006-R__, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY APPROVING A FINANCING TO BE UNDERTAKEN BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO BENEFIT PARK CENTURY SCHOOL.