

City of Culver City, California
City Council/Redevelopment Agency Joint Agenda Item Report

Meeting Date: 05/18/2009		Item Number: <u>J-2</u>	
AGENDA ITEM: JOINT ITEM - Approval of a Cooperation Agreement between the City of Culver City and the Culver City Redevelopment Agency Relating to the Owner Participation Agreement with Fox Hills Mall, LP and CMF Fox Hills, LLC			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Courtesy Notice via Master E-Mail Notification List (05/07/09), Master E-Mail Notification List (05/13/09).			
Department Approval: Sol Blumenfeld (5/12/09)		City Attorney/Approval: Carol Schwab (by H. Baker) (05/13/09) Agency General Counsel Approval: Murray Kane (05/13/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (05/13/09)		City Manager/Executive Director Approval: Jerry B. Fulwood (05/13/09)	

RECOMMENDATION:

Staff recommends both the City Council and the Culver City Redevelopment Agency approve a Cooperation Agreement between the City of Culver City and the Culver City Redevelopment Agency relating to the Owner Participation Agreement with Fox Hills Mall, LP and CMF Fox Hills, LLC.

BACKGROUND:

In April 2008, the Agency approved an Owner Participation Agreement (the "OPA") with Fox Hills Mall, LP and CMF Fox Hills, LLC (collectively referred to as "the Developer") to renovate the Fox Hills Mall. The aim of the Developer and the Agency is to renovate the mall to keep it competitive in today's challenging economy. Among the provisions of the OPA, the Developer is authorized to construct three double-faced signs on the exterior of the mall which advertise goods and tenants available within the mall. Pursuant to Section 5.4 of the OPA, the Developer is to share the revenue generated by these signs with the Agency.

Section 33220 of the California Redevelopment Law (Health and Safety Code Section 33000 et. seq.) allows Redevelopment Agencies to reimburse the local jurisdiction (in this case, the City of Culver City) for the cost of providing aid and

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assistance to implement the Redevelopment Plan. This represents a cost savings and an efficiency of operation since an Agency does not have to duplicate services and functions which are already provided by the local jurisdiction. Over the years, the City of Culver City and the Agency have entered into various Cooperation Agreements establishing payments from the Agency to the City for this purpose.

DISCUSSION:

As stated in the OPA:

“...the sharing of sign revenue (between the Developer and the Agency) is for the purpose of allocating the cost of the redevelopment of the Developer Parcel among public and private participants and is also in consideration for the Agency’s obligation, subject to the terms and conditions hereof, to make the Agency Assistance available to Developer...”

Through the proposed Cooperation Agreement, which is attached to this report as Attachment No. 1, the revenue received by the Agency from the Developer pursuant to the OPA, would in turn be paid to the City for as long as the revenue is received, to offset current and future costs to the City in assisting the Agency in implementing *The Redevelopment Plan for the Culver City Redevelopment Project*.

FISCAL ANALYSIS:

Pursuant to Section 5.4 of the OPA, the income stream from the Developer to the Agency consists of a Base Payment and an Additional Payment derived from the advertising revenue generated by the three exterior signs. The base payment is \$225,000.00 and the Additional Payment is 50% of all gross revenue above \$2,200,000.00. Payments are based upon the prior year’s revenue and are due to the Agency on March 1 of each year commencing in the year after the signs go into operation (with the first payment anticipated to be made in March 2010). Payments continue until the signs no longer exist or are no longer in operation.

ATTACHMENTS:

1. Draft Cooperation Agreement

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MOTION:

That the City Council:

1. Approve the Cooperation Agreement between the City of Culver City and the Culver City Redevelopment Agency; 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.

That the Redevelopment Agency:

1. Approve the Cooperation Agreement between the City of Culver City and the Culver City Redevelopment Agency; and,
2. Authorize Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the Executive Director to execute such documents on behalf of the Agency.