

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

Meeting Date: 06/27/11		Item Number: J-1	
JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD AGENDA ITEM:			
Approval of the 1) issuance of a Request for Qualifications to Solicit Developer Interest in the Development of a Specialty Retail “Market Hall” on the City-Owned Property Located at the Northeast and Northwest Corners of Washington Boulevard at Centinela Avenue and 2) Release of a Request for Proposals to Construct a Public Parking Structure.			
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 – City Council and Redevelopment Agency (06/22/11); (E-Mail) Redevelopment Agency Projects (06/13/11); (E-Mail) The Advisory Committee on Redevelopment (06/13/11); (E-Mail) The Culver Triangle Neighborhood Association (06/13/11); (E-Mail) The Herbert Street Homeowners Association (06/13/11); (E-Mail) Members of the public who pulled speaker cards on the subject matter (06/13/11); (E-Mail) The Culver West Neighborhood Association (06/13/11); (U.S. Post) A public notice was mailed to businesses, residents, and property owners in excess of a 500’ radius of the site (06/13/11); (E-Mail) Washinela LP (06/13/11).			
Department Approval: Sol Blumenfeld (06/15/11)		City Attorney Approval: Carol Schwab (by H. Baker) (06/22/11) Agency General Counsel Approval: Murray Kane (06/13/11)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (06/22/11)		City Manager/Executive Director Approval: John M. Nachbar (06/22/11)	

RECOMMENDATION:

Staff recommends the City Council and Culver City Redevelopment Agency Board (Agency Board) i) approve issuance of a Request for Qualifications (RFQ) to solicit developer interest in redeveloping the northeast and northwest corners of Washington Boulevard at Centinela Avenue (Site) for development of a specialty retail “market hall”; and ii) approve issuance of a Request for Proposals (RFP) to consulting firms to design a public parking structure on a portion of the Site.¹

BACKGROUND:

In 2007, the Agency acquired property, relocated business and residents that had resided on the Site, demolished existing improvements, and performed remediation in anticipation of development at a cost of \$12,831,000. The properties that comprise the Site equal approximately 70,000 square feet in area.

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Subsequently, the Agency worked with two prospective developers in hopes of developing the site with a project that satisfied community needs and expectations, and was financially feasible. Unfortunately, neither developer was able to achieve these objectives.

Staff recommends that the Agency redevelop the Site as a market hall where specialty retail vendors sell their products such as artisanal cheeses and charcuterie, baked goods, chocolates and related confections, wine, locally grown produce, specialty coffee, flowers, organic meats, and other high-quality products in a unique, attractively designed market (Project).²

In order to address the high cost of Project parking, staff and the Agency's financial consultant, Keyser Marston Associates (KMA) recommend constructing an above grade parking structure at the rear of the northwesterly site (see attached graphic). KMA further believes the parking structure must be funded by the Agency in order to make the Project financially feasible due to the soft retail and restaurant markets, recovering financial markets, and excessive cost to construct subterranean parking.

DISCUSSION:

Market Hall RFQ:

Staff has retained JRDV Architects to study the relationship between the market hall and the parking structure, and provide preliminary site planning services that will be shared with prospective developers in the RFP process. JRDV is preparing a circulation plan, determining the location of shared facilities, determining preferred tenant space sizes and studying parking structure façade alternatives to complement the market hall. (See Attachment No. 1 Market Hall Conceptual Plans and Attachment No. 2 Site Plan Depicting Proposed Parking Structure and Market Hall Locations.)

To help reduce City and developer costs, staff is proposing a two step RFQ /RFP process. The first step involves issuing an RFQ to premier firms in order to identify those that are most interested in the Project. Respondents will then be included in a short-list of development firms. The second step involves issuance of an RFP to obtain the best proposals from the most qualified and interested firms. This two-step process can help identify those firms that are most interested and most qualified to redevelop the Site while meeting community design objectives.

Developers who may be reluctant today to expend the time and resources to prepare ambitious development proposals to respond to an RFP may be more inclined to do so if they have a reasonable expectation that their proposal will be selected from among the short-list of RFQ respondents. In effect, the RFQ prequalifies the development firm for the RFP process and limits the number of

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RFP's issued. The RFQ may be issued to several firms. A short-list of two or three firms can then be established, depending on the field of qualified respondents. This process may take seven to eight months to complete since it involves preparation time for the RFQ/RFP, receipt and review of submittals, and Agency Board approvals. The intent of the RFQ is to identify qualified developers that demonstrate the ability to undertake a project that meets the Agency's objectives. The subsequent RFP will be designed to obtain a highly technical and detailed response from each developer in a format that is clear and easy to evaluate and that generates the best project for the City.

The RFQ/RFP Process:

The proposed process involves:

1. Preparation and City Council/Agency Board review and approval of the RFQ. (See Attachment No. 3).
2. Establishment of design and financial criteria for site development.
3. Identification of firms to receive the RFQ. KMA and staff recommend that those firms who have demonstrated experience in similar projects relative to the Project be included. A short list of 2 or 3 developers will be selected from respondents to the RFQ to receive the RFP.³
4. Issuance of the RFQ with a 6-week response time to address developer questions.
5. Respondent evaluations.
6. Presentation to City Council/Agency Board.
7. Announcement of short-listed development firms.
8. Draft and issuance of a RFP requesting detailed design and financial parameters and other selection criteria, allowing a 60-day response time.
9. Proposal evaluations based upon development criteria and developer interview.
10. City Council/Agency Board selection of development firm.

Public Parking Structure RFP:

JRDV recommends that the parking structure be comprised of 3 levels above grade and one-half level below in order to provide 245 spaces. This number of spaces will be sufficient to satisfy the parking demand of the entire Project, which is anticipated to be approximately 170 spaces. The remaining 75 spaces would be additional parking used by businesses in the area.⁴

Upon completion of the RFQ process, staff will return to the City Council and Agency Board with a short list of prospective developers. The developer selection criteria are shown in the attached RFQ.

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FISCAL ANALYSIS

Issuance of a RFQ/RFP to secure a new developer for the Site and to secure a firm to design and oversee construction of the public parking structure will not have a fiscal impact.

\$8,300,000 in 2011 Tax Exempt Bond proceeds are allocated in the Adopted Fiscal Year 2011/2012 Budget for construction of the public parking structure. Once the market hall is built, the selected developer will be required to fund their pro rata share of ongoing maintenance and operation for their 170 spaces in the public parking structure.

In addition to the land sale proceeds previously estimated at \$8.5 million, the market hall project's future revenue to the Agency from property tax increment is estimated to be \$162,000 in the first year (if sold for \$8.5 million), which is anticipated to grow at a minimum of 2% per year thereafter. The total tax increment generated by the market hall project over the remaining term of the project area is estimated to be \$2,341,000. Once the new market hall is fully operational, revenues to the City's General Fund (sales tax, business gross receipts tax, and utility user's taxes) are estimated to be \$63,000 annually. All estimates are preliminary based on the current development plan, and are therefore subject to change based on the final development plan, and are shown in current year dollars.

ATTACHMENTS:

1. Market Hall Conceptual Plans
2. Site Plan Depicting Proposed Parking Structure and Market Hall Locations
3. Developer Request for Qualifications
4. Consulting Firm Request for Proposals

MOTION:

That the City Council and Agency Board:

1. Approve the content and issuance of a Request for Qualifications to developers in order to develop a market hall concept on the site; and
2. Approve the content and issuance of a Request for Proposals to secure a consulting firm to design and oversee construction of a public parking structure.

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NOTES:

¹The Agency and the City entered into a Cooperation Agreement dated January 15, 2011, as amended on February 22, 2011 and March 7, 2011 (collectively the "Cooperation Agreement"). In furtherance of the Cooperation Agreement and to achieve important public purposes, the Agency has conveyed the Washington-Centinela property and other Agency-owned properties to the City and has transferred the Agency's cash accounts to the City to carry out the duties and obligations of the Agency (without resulting liability to the City), devoid of relieving the Agency of its duties and obligations to fulfill the goals and objectives of the Redevelopment Plan for Component Area No. 4.

²The Project is comprised of two sites of similar design that are constructed concurrently:

Site A: A market hall with high ceiling and/or mezzanine space comprised of approximately 21,250 square feet of building area on a 32,674 square feet parcel with public plaza frontage

Site B: Additional high ceiling and/or mezzanine market hall or other related retail/restaurant uses comprised of 12,000 square feet of building area on a 19,736 square feet parcel with public plaza frontage.

³ Staff has contacted the following developers who have expressed an interest in receiving the RFQ:

- The Lab, Costa Mesa, CA
- The Carlin Company, St. Helena, CA
- Eataly, New York, NY
- The Red Barn, Newport Beach, CA
- Genton Barth Real Estate Group, Los Angeles, CA
- Pacifica Capital Group, Los Angeles, CA
- J.S. Rosenfield & Co., Santa Monica, CA

⁴ Staff has pre-qualified the following firms to send the public parking structure RFP to:

- Thirtieth Street Architects of Newport Beach, CA
- Walker Parking Consulting of Los Angeles, CA
- Watry Design, Inc. of Newport Beach, CA
- Choate Parking Consultants, Inc. of Irvine, CA
- Griffin Holdings of Laguna Beach, CA
- International Parking Design of Sherman Oaks, CA
- Kimley-Horne, Los Angeles, CA