

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

Meeting Date: 01/30/12		Item Number: <u>J-3</u>	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of a Commitment Letter with the Jazz Bakery for the Sale and Redevelopment of City Owned Property located at 9814 Washington Boulevard.			
Contact Person / Department: Joe Susca/CDD Todd Tipton/ CDD		Phone Number: (310) 253-5763 (310) 253-5783	
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 (01/26/12); (E-Mail) Redevelopment Agency Projects (01/23/12); (E-Mail) Meetings and Agendas – Redevelopment Agency (01/26/12); (E-Mail) The Downtown Business Association (01/23/12); (E-Mail) The Advisory Committee on Redevelopment (01/23/12); (E-Mail) The Gateway Neighborhood Association (01/23/12); (E-Mail) The Downtown Neighborhood Association (01/23/12); (E-Mail) The Culver City Chamber of Commerce (01/12/12); (Newspaper) A public notice was published in the January 19 and 26, 2012 editions of the Culver City News; (U.S. Post) A public notice was mailed to businesses, residents, and property owners in excess of a 500' radius of the site (01/23/12); (E-Mail) Jazz Bakery (01/23/12).			
Department Approval: Sol Blumenfeld: (01/25/12)		City Attorney Approval; Carol Schwab (by H. Baker) (01/25/12) Agency General Counsel Approval: Murray Kane: (01/25/12)	
Chief Financial Officer Approval: Jeff Muir (01/26/12)		City Manager/Executive Director Approval: John M. Nachbar (01/26/12)	

RECOMMENDATION:

Staff recommends the City Council approve a Commitment Letter with the Jazz Bakery for the sale of City owned property located at 9814 Washington Boulevard (Property) pursuant to Section 33433 of the California Health and Safety code for development of a live performance jazz theatre.¹

BACKGROUND/DISCUSSION:

On January 10, 2011 the Agency Board approved an Exclusive Negotiation Agreement (ENA) with the Jazz Bakery for sale of the Property for its redevelopment as a live performance jazz venue with 250 seats, a museum, bakery/café, rehearsal studios, community meeting rooms, and a roof top deck (Project).

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On March 7, 2011 the Agency Board approved amending the ENA; extending its schedule of performance to provide the Jazz Bakery additional time to prepare detailed conceptual plans, an operational plan and attain evidence of financing for the Project.

On December 29, 2011 the Supreme Court of California upheld AB X1 26, which eliminates redevelopment agencies statewide effective February 1, 2012.

On January 13, 2012 the Jazz Bakery submitted a proposal that includes conceptual, capital and operational plans for the Project. (See Attachment No. 1). A Commitment Letter with the Jazz Bakery has been prepared pursuant to the proposal with the following terms and conditions:

Jazz Bakery:

1. Develops an iconic jazz facility comprised of approximately 250 seats with box office.
2. Funds design, construction documents, entitlement and construction costs.
3. Remits an in-lieu parking fee and/or secures offsite code complying parking in order to satisfy Culver City Municipal Code parking requirements.
4. Develops the facility in accordance to a Schedule of Performance.
5. Fully funds costs associated with the relocation of mechanical equipment within the craft area of the Kirk Douglas Theatre.
6. Makes the facility available to the public for community meetings and performances.
7. Prepare an operation and project development funding plan for review and approval by City Council.

Culver City:

1. Facilitates the relocation of the Kirk Douglas Theatre mechanical equipment at the Jazz Bakery's expense.
2. Conveys 9814 Washington Boulevard at no cost to Jazz Bakery "as-is" through a disposition and development agreement.

FISCAL ANALYSIS:

The Jazz Bakery has received a \$2 million grant from the Annenberg Foundation for the Project, which is estimated to cost \$10.2 million, not including the in lieu parking fee and mechanical equipment costs.

The retail portion of the Project will generate modest sales tax, business tax, and utility users tax revenues to the General Fund. Patrons of the theatre will also frequent downtown restaurants, increasing their business. The elimination of the blighted Property may spur additional redevelopment along Washington and

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Culver Boulevards in the future, which would have a positive financial effect upon the area.

ATTACHMENTS:

1. January 13, 2012 Jazz Bakery Proposal
2. Draft Commitment Letter
3. Summary Report Pursuant to Section 33433 of the California Health and Safety Code.
4. Public Notices

MOTION:

That the City Council:

1. Approve a Commitment Letter with the Jazz Bakery for the sale and subsequent development of 9814 Washington Boulevard for construction of a live performance jazz theatre pursuant to Section 33433 of the California Health and Safety Code; and
2. Authorize the City Attorney and City Special Counsel to review/prepare all necessary documents; and
3. Authorize the City Manager to execute the Commitment Letter on behalf of the City, and to issue interpretations, waive provisions, enter into amendments on behalf of the City, and to sign all such other documents and instruments necessary to implement and carry out the agreement on behalf of the City in such form as is reasonably acceptable to the City Manager.

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 9814 Washington Boulevard 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. 3.