

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

Meeting Date: March 6, 2008		Item Number: <u>J-1</u>	
AGENDA ITEM: A Joint Item before the City Council and the Redevelopment Agency: Discussion of Washington/ National Development and Planning.			
Contact Person/Dept.: Sol Blumenfeld		Phone Number: 310.253.5702	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (February 28,2008)			
Department Approval: Sol Blumenfeld (02/28/08)		Executive Director Approval: Jerry Fulwood (02/28/08)	
Fiscal Impact Review: Jeff Muir (02/28/08)			

RECOMMENDATION:

Staff recommends the City Council and the Culver City Redevelopment Agency ("The Agency") consider development program and planning related to the Washington/National Project.

BACKGROUND:

This report assesses the Washington/National Triangle Site Project and Washington National Specific Plan and provides recommendations to address the City Council's concerns regarding the planning and redevelopment effort on these projects to date. In 2003, the Washington/ National "Triangle Site" was identified for potential development as Transit Oriented Development adjacent to the proposed Exposition Light Rail Transit Station (EXPO LRT). The site is comprised of blighted and underutilized industrial and commercial properties and bounded by Washington, National, Exposition, and Venice Boulevards and the Metro right of way. The Agency assembled 13 properties at a cost in excess of \$23 million dollars.

The total site area is 6.76 acres (5.25 acres in Culver City) and consists of 12 light industrial buildings, one motel, four retail buildings and a parking lot along Venice Boulevard within the City of Los Angeles. In October 2003, the Agency issued an RFP for redevelopment of the Triangle Site.

ENA with Urban Partners: In February 2004, the Agency entered into an Exclusive Negotiating Agreement with Urban Partners for a 270 term with one 90- day extensionⁱ to develop a vibrant, iconic mixed use, transit oriented

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development. The original development program proposed by Urban Partners included:

- Phased, mixed use, transit oriented development with elevated Metro LRT station in Culver City.
- Office (13,460 sq. ft.)
- Retail (30,662sq. ft. ground floor retail)
- Hotel (149 rooms)
- Restaurants (13,650 sq. ft.)
- Residential (56 condominiums, 174 apartment units in an 11 story building)
- Open space – 29% of project site with building height trade-off, including 2 bus plazas and paseos. (Without height trade-off 11% of site is proposed open space).
- Density at 65 units per acre.
- Building Height of 56 feet (except residential tower of 130').
- Parking: The total number of *parking supplied* for entire project is 1,661 stalls including uses proposed in Los Angeles boundaries in four levels with one on grade, one on deck and two levels subterranean. The total *code required parking* is 1,834 parking spaces. The project was short 173 code required parking stalls. The project included a shared parking program which would have reduced the total number of parking spaces from 1,834 stalls to 1,563 stalls (difference of 271 stalls). Original plans included four levels of subterranean parking.
- Project integration of the elevated LRT station.
- Partial 25' encroachment into Metro right-of-way incorporated in project development (150' wide and totaling 2.37 acres in Culver City and .39 acres in Los Angeles). At this time, Metro has neither agreed to lease or sell 25' of the ROW.
- Metro parking for 600 spaces on Triangle Site.

Development Program Phase II

The ENA expired and in November 2006 and the Agency entered into a new ENA for redevelopment of the site with the same terms. Concurrently, the Agency sought to create a partnership between Urban Partners and major property owners with a build to suit agreement and to begin to assemble the northerly portion of the site. These plans were never implemented.

Urban Partner's project goals were:

To create a new neighborhood from the old industrial area, connecting the Helms District and downtown to the Triangle Site, infusing the area with "live work" opportunities, housing for sale and rent, promote the concept of the "ten minute diamond" to site structures so that each builds on the surrounding

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pieces, a self sustaining project that can stand alone until the station and Expo are completed, flexible building design that allows residential conversion to retail depending upon market conditions, landscaping of public and private areas with "gardens in the sky."

The Agency's project goals as expressed in the RFP were to ensure that:

Architecture, design and development of the site ... of a quality to ensure that the proposed project shall be an iconic gateway to the City and that the proposed project as developed by the Developer shall be compatible and equal in quality, style and design to the development of the urban setting in which the redevelopment of the site is to occur...

Among the terms of the ENA, Urban Partners was to:

1. Furnish up to \$148,000 for architectural services provided by Johnson Fain Partners for site design. Since retaining Johnson Fain to provide architectural services for the site, \$11,559 remains in the fund balance for architectural services
2. Obtain proof of project funding for an above grade elevated train station.

The 2nd ENA was not extended and expired on July 8, 2007 as the developer did not provide the proof of funding stipulated within the prescribed time frame (no later than 180 days following the effective date of the agreement -- May 3, 2007). No other progress has been made on assembling the northerly Venice Boulevard properties.

Triangle Site Design:

The shape of the Triangle Site and its location within two jurisdictions has complicated site planning and project parking to develop the iconic, transit oriented development envisioned by the City/Agency four years ago. Johnson-Fain met with the Agency and staff on several occasions and prepared a project design for preliminary review in November 2006. Some of the comments on the preliminary design included the need to provide additional, useable open space and to open the site up in order to better relate it with the surrounding neighborhood. Following this direction to the project developer, the Planning and Redevelopment Divisions moved forward with the refinement of the project proforma and completion of the Washington National Specific Plan and Program EIR.

At the March 2007 joint meeting of the City Council and Planning Commission, the plans were not well received. There were criticisms regarding project design, open space and poor contextual relation expressed by the Council and Planning Commission members and there were concerns regarding density relative to mixed use development.

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The Washington/National Subcommittee reviewed the project in June 2007 and generally expressed concerns regarding the project scale, development program and site design. These concerns centered upon building height, architectural and landscape quality, recreation and open space, access to and within the site, required project phasing for properties fronting on Venice Boulevard and related reduced commercial development within Culver City, jurisdictional issues related to the site and off-site improvements, parking and site design compatibility issues.

In May 2007, the Mixed Use Development ordinance was reexamined by Council, and the project was put on hold pending resolution of the broader planning and development issues related to mixed use.

DISCUSSION:

Proposed Design Solutions & Project Recommendations

1. Project Design:

The original project planning and design goal was to create a new transit oriented neighborhood connected to the surrounding community. This was the goal in 2004 when the project was envisioned and it should be the goal today – to create a new neighborhood that fits contextually within the surrounding community. However, the geometry of the site has challenged subterranean parking efficiency, the podium parking which rises two stories at the Metro interface provides a pedestrian barrier at the north-westerly edge of the site and the walled in effect created by the organization of buildings does not promote a neighborhood feel for the project.

The project lacks a connection to adjacent streets and sidewalks. The design does not incorporate iconic architecture and good site planning principles that will make it an attractive place to live and work. There is little opportunity with the present design for significant landscaped areas because the entire project is placed over parking structure instead of partly on grade where it would be possible to incorporate mature trees and large areas of turf and thereby encourage ground water recharge. Instead, the design allows little more than pots of shrubs and shallow planting and the building layout precludes the use of natural light and air as an amenity for natural heating and cooling. This TOD project should be a model of green building, good site design and sustainability, consistent with the environmental promise of bringing housing, employment and shopping together to enhance regional air quality and mobility. However, some of the project buildings sit in shadow cast by other buildings on the site, there are no opportunities for significant areas of turf and deciduous trees that can be used effectively to heat and cool the project and the buildings lining the project perimeter act to dam air movement that could

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otherwise moderate summer heat at the interior of the property. Ironically, the current building layout precludes some of the new green building technology now emerging. (See Attachment No. 1 – Project Model Photo)

The original Agency concept to provide a new Culver City gateway with iconic project architecture has been lost in the site plan by sticking a high-rise hotel tower within the site interior as a trade off for more open space. Subsequently the high-rise hotel was changed on the plan to an apartment tower to help recover project development costs and a mid-rise hotel was proposed along Washington and National Boulevards. Currently, there is no iconic architecture and no gateway as envisioned by the Agency when the original project was proposed. The project entry is not distinguished at Washington and National Boulevards and there is no clear relationship of the project to the surrounding neighborhood.

The site design should open up to surrounding commercial and residential neighborhoods with public plazas at each street intersection, providing clear site lines into the project. Thematic architecture must be developed along the project perimeter that supports the plazas and invites entry and use of them. The buildings should be setback from the plazas to create views and a breezeway into and through the site. The site is an urban space but it does not have to be devoid of a significant, central green that promotes sustainability and enhances livability with comfortable places to sit, stroll, throw a Frisbee or take in the sun.

The proposed plan features office, retail, residential and hotel uses and contemplates a series of internal public plazas and a transit plaza with pedestrian amenities connected to the central green. (See Attachment No. 2 – Site Plan)

2. Building Height, Building Architecture and Plazas and Gateways

The original plan included a 12 story high-rise tower at the project interior (later proposed as a mid-rise building fronting National Boulevard). Staff suggests eliminating the high-rise component entirely from the project and moving the hotel closer to the Washington at National Boulevards corner to create the iconic centerpiece and gateway statement that is missing now. This corner should incorporate architectural features (rotunda, spire, stepped floor levels or similar features) at Washington and National Boulevards providing architectural interest and a gateway statement from the north and east similar to the design intent of Santana Row. Further, a building line setback of 20 feet is proposed along the project perimeter to accommodate pedestrian amenities such as colonnades, planted trellis, niches, stepped building design, building articulation and opportunities for sitting and outdoor dining. (Attachment No. 3 – Retail Edge, Pedestrian Amenities and Architectural Element Concepts).

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Pedestrian plazas and gateway design can include special landscaping, plazas, crosswalks, paving and lighting. The gateway can be reinforced visually, reaching across the street onto City owned property and the Czucker and Brentwood Fairfield development sites to the south and southwest respectively. The plazas are central to the image of Washington National and need to be located at each of the project street intersections opening up to the surrounding commercial and residential neighborhoods. At the Venice Boulevard frontage, the elevated transit plaza provides tremendous design opportunity. As transit riders debark the train they will pass along an elevated concourse to an overlook with views to the transit plaza below, then to a grand set of stairs that are part staircase, part seating, drawing on the great urban icons of Pioneer Square and the Spanish Steps. (See Attachment No. 4 Transit Plazas and Gateway Concepts)

3. Parking:

The costs of parking are driving the project design with negative results. It is essential to fix the parking problems above and below grade to make the project less expensive and “buy down” the project cost of providing truly usable open space and reducing project density to make the project a more attractive, livable neighborhood.

The current project parking layout is highly inefficient. Most conventional rectangular shaped subterranean parking structures require approximately 350 sq. ft. per stall however, the Triangle Site requires 490 sq. ft. per stall. In general, parking stalls cost approximately \$28,800 for the 350 ft conventional stall, or \$82.85 per square foot. The extra 140 sq. ft. required per stall means that each parking stall in the Triangle site costs an additional \$11,600 (\$40,600 per stall rather than \$28,800 per stall in a conventional development). As each level of parking provides 500 stalls and there are two levels of proposed parking to accommodate the project, the current parking costs are approximately \$40,600,000.

The parking inefficiency can be resolved by changing the shape of the parking footprint to make it more rectangular or by increasing the footprint of the subterranean parking. Since the site is surrounded by streets, bordered by the City of Los Angeles on one side, abuts private property and the Metro right of way on the others, it is necessary to encroach into the City right of way to obtain more parking area and reshape the parking area. It further enhances the parking efficiency by obtaining a Metro ROW subsurface easement and incorporating the northerly properties (through sale or condemnation) to improve overall project design. If necessary, Metro can acquire the properties through condemnation under Metro authority, adding an inter-modal component to the LRT station along a portion of the Venice Boulevard frontage. (See Attachment No. 5 – Current Parking Layout)

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Working with Metro to acquire Venice Boulevard frontage and a subsurface parking easement for the Metro ROW and incorporating approximately ½ the subsurface area of National Boulevard, the project can be efficiently parked and fully assembled for redevelopment. A new Rapid Bus service may be proposed for Venice Boulevard and the Culver City LRT Expo station can provide a new service connection with an attractively screened bus turnout and new joint development opportunities below and above grade that tie into the rest of the Triangle Site. (See Attachment No. 6 – Proposed Parking Encroachments Map and Site Plan).

Metro must agree to joint use of the Expo ROW and subsurface encroachment for Metro station and Triangle Site parking as part of a joint development agreement between the City and Metro. The Agency should also work with the City of L.A. on planning and entitlement of the Los Angeles portion of the project. Successfully negotiating a parking easement beneath Expo and acquisition of the northerly part of the project now will produce a better project design and reduce project parking costs by over \$6 million dollars.

Under this plan, approximately 1.20 acres are located within the City of Los Angeles, and a small area (approximately .13 acres) of Exposition Boulevard in the City of Los Angeles that must be vacated and acquired by Metro as part of the development. The area provides important commercial frontage along Venice Boulevard and including it now, rather than at some indefinite time in the future, improves site planning opportunities and parking efficiency. Project phasing problems can also be eliminated by including the properties in the project now. The Agency should make a concerted effort to work with Metro and Los Angeles Councilman Herb Wesson's office to incorporate the properties on the northerly site boundary in Los Angeles. (See Attachment No. 7 - Venice Property Acquisition Map)

As one of the most significant cost factors in the project, Urban Partners had sought to reduce parking costs with a shared parking arrangement that utilizes peak and off-peak parking demand to set the required parking, rather than provide code required parking. The shared parking analysis reduces parking demand by up to 14.8%. A 14.8% reduction from code required parking means that the project would need to supply 1,563 shared parking spaces or a reduction of 271 spaces. Parking supplied under the current plan provides 1,661 spaces. The savings with shared parking total \$8.9 million dollars. Staff is recommending that the reduced parking ratios be abandoned since it is possible to reduce parking cost by reconfiguring the subterranean parking layout to gain better efficiency through the following:

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1. Incorporating the entire Metro ROW below grade. This contributes 2.76 acres to the parking area.
2. Incorporating ½ of National Boulevard contiguous with the project site in below grade parking (providing no subterranean structures conflict with proposed parking area - .54 acres)
3. Acquiring the northerly site parcels including Exposition Boulevard to incorporate subsurface parking encroachment into Venice Boulevard. (1.77 acres) The total subterranean area added would be 4.42 acres. This will increase the parking efficiency by 50% and reduces overall parking costs by up to \$6.5 million dollars.

4. Open Space:

In planning for this future neighborhood, the City should take a nod from the past and consider a central square or central green for the project interior. Reworking the parking into a more efficient layout with subsurface encroachments into the Metro ROW and National Boulevards and the northerly Venice Boulevard parcels, frees up the center of the site (where parking is least efficient) for non-parking uses. As the parking shifts north, east and west from the center of the site, the open space can be located on grade rather than over the parking garage. This open space design permits planting depths to accommodate large trees and turf. With the change in the location of the parking, the site can be reconfigured to provide a large common green shared by residential, office, and hotel uses. The green can be designed as a passive space or programmed for events and link with the proposed urban plazas that ring the site. It will promote livability with a central space large enough to sit, stroll, throw a Frisbee or take in the sun, creating the kind of connectivity missing in the current design. Without Venice frontage however, there is no opportunity to provide the kind of park like open space recommended in the design revision. (See Attachment No. 8 – Open Space Photos: Passive and Active)

5. Massing:

The residential use adjacent to the Metro ROW should be reconfigured with a stepped design fronting the large common green using building setbacks and off-sets to reduce building massing at the project interior and allow light and air to interior units. The new parking efficiency (and reduced parking costs) eliminates the need for the proposed “height exception trade off” to provide public open space and allows reduced overall scale for the project.

6. Hotel & Residential Changes:

Urban Partners has proposed partnering with HEI Hotels and Resorts through its Starwood Hotels Franchiser. Starwood is initiating a new hotel concept called “Aloft” which is part of the W Hotels chain. The Hotel franchise plans 200 hotels within 5 years. Aloft is designed to compete with Four Points

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Sheraton and Marriott Courtyard, in an “affordable, quality product” and is not a full service hotel since it does not contain a restaurant. Staff suggests investigating new hotel operators through a market study and RFP process to identify full service hotel operators for the project. If a hotel is provided it should be a higher end boutique, low rise development with room rates of not less than \$150.00 per night fronting Washington and National Boulevards with views of the street and the substantial green on the project interior. (See Attachment No. 9 – Boutique Hotel Concepts)

Urban Partners has recently proposed substituting the condominium component with apartment or office eliminating for-sale units from the project. Staff recommends that the project include both for-sale and rental housing to provide more housing opportunities and that the housing be located along the METRO ROW.

7. Connectivity

An important part of any Transit Oriented Development is the ability to connect the station to major employment centers, neighborhoods and other sources of ridership via walking, bicycling, car and/or municipal bus linkages. At Culver City’s Washington/National station, the project should connect to:

- Nearby catalytic projects
- Surrounding residential areas
- Helm’s District
- Hayden Tract
- Art galleries on the easterly portion of West Washington Boulevard
- Downtown

In order to facilitate the connections to these areas (Attachment No. #10), improvements will be necessary as the Washington/National area was not designed with commuter rail service in mind. These improvements include:

- Improvements to the TOD area (nearby catalytic projects, surrounding neighborhoods and the Helm’s District) – Due to these areas being located near the station, those visiting the area or using the various forms of transportation should be encourage to walk by developing clean and convenient pedestrian pathways. This will require enhanced pavement, clearly defined crosswalks, pedestrian scale lighting, directional signage, street furniture and enhancements that protect pedestrians from the elements (street trees, colonnades, etc.).
- Improvements to surrounding areas (Hayden Tract, art galleries on the easterly portion of West Washington Boulevard, Downtown) -

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Due to these areas being located further from the station, those visiting the area should be encouraged to use alternative transportation such as biking or shuttle bus service ride bicycles.. To accomplish this bike paths and related bicycle amenities (lockers, storage lockers, etc.) should be provided, and the City should explore implementing a shuttle bus service.

Most of the areas surrounding the Washington/National station are currently accessible via the City's bus system. With the new train station, it may be necessary to add new routes including express routes to serve the additional riders and facilitate fast, convenient connections.

8. New ENA with Urban Partners or New RFP Process:

If the Agency decides to continue with Urban Partners as the developer of the Triangle Site, it will need to approve another ENA to complete negotiations for a disposition agreement. The Agency had been reviewing Urban Partner's financial model based upon development program assumptions that would be obsolete given the recent policy direction of the Council on mixed use development and the recommended design changes in the attached plan that dramatically effect the project. Alternately, in preliminary discussions with Metro, it has been suggested to issue a new RFQ/RFP and opening up the process to include Urban Partners and several other qualified developers, taking into consideration the Venice Boulevard joint development opportunities with proposed inter-modal bus station.

9. EXPO LRT Elevated Station:

The City has successfully worked to establish an elevated EXPO LRT Station. That effort was recognized by the Metro Board in November 2007 when it authorized submitting an application for Cal Trans funding for the Culver City Station. Prop 1B will fund the project. Now that the EXPO line and the City's LRT Station is recommended for funding, the Agency should move expeditiously to develop the Triangle Site working with Metro on mutual parking concerns and to fully assemble the Triangle Site incorporating the northerly properties for joint use. The City will provide \$4 million dollars to the cost of the elevated station and may want to consider common parking facilities with the revised project design as the contribution.

10. Venice Properties and Work with Metro and L.A. City:

Acquiring the Venice properties requires the cooperation of Metro and City of L.A. Each jurisdiction must focus on areas of mutual interest including joint development and cost and revenue sharing related to the properties. Culver City must look more broadly at the site opportunities by expanding the project to include an inter-modal bus component along the Metro ROW in order to encourage Metro's involvement on acquisition and property assembly with associated joint development opportunities, below and above grade. The City

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of L.A. must be engaged in mutual planning for the site frontage. The work with Metro requires:

- Determining precise Metro parking need for LRT on site and off-site.
- Creating a better interface with Metro regarding elevated Station platform and at grade with Triangle Site (e.g. transit plaza, retail concourse, Park and Ride, etc.)
- Identifying legal issues related to shared use of the ROW for TOD and LRT parking.
- Identifying design issues related to LRT in connection with potential subterranean parking.
- Integrate subterranean parking design with LRT Station design and in ROW.
- Exploring Venice Boulevard frontage for integration of retail/office and potential Rapid Bus service on Venice Boulevard above and at grade and parking below.
- Determining feasibility and timing for Metro's acquisition of Venice Boulevard properties.
- Identifying operational needs for inter-modal operations between La Cienega and Washington/National LRT Station sites.
- Identifying feasibility locating some or all the inter-modal operations along the Metro ROW.

In the event that Metro does not partner with the City, other options to consider include:

1. Annexing the properties and then using eminent domain for redevelopment – this is an option only if the resulting improvements are for public purpose (parking in this case). This will require approval from the City of Los Angeles and LAFCO. This will likely require a revenue sharing agreement and take two years to complete. Anticipated objection by the existing property owners may complicate the matter;

2. The Culver City Redevelopment Agency could obtain redevelopment control from the City of Los Angeles. This will require approval from the City of Los Angeles and will likely invite opposition from the County. This will likely require a revenue sharing agreement as well and take two years to complete. Anticipated objection by the existing property owners will likely complicate the matter.

Clearly, the most efficient and expeditious method of assembling the Venice property is to partner with Metro through a Cooperation Agreement.

11. Interim Property Use:

The Agency has completed acquisition of all property within the Culver City portion of the Triangle Site and should move forward with an implementation

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strategy for interim property use. The strategy includes completing property demolition and grading, site remediation as required and interim use for leased parking to the Studios, car dealerships or other large employers with a temporary need for parking or auto storage. Staff has consulted with Sony and Culver Studios and both have expressed interest in use of the property for shuttle serviced employee parking. Two car dealerships have also expressed interest in temporary use of the property. The most cost efficient interim use is to make the property available to a car dealerships which will use the property "as is" and will not require installation of road base or other temporary paving, fencing, striping or lighting for auto storage. The interim use also has the added benefit of freeing up space in the city's parking structure which in turn produces added parking revenues for the city, since the dealership currently leases spaces in the Ince and Cardiff parking structures. The potential revenues are estimated as follows:

Monthly Interim Parking Revenue:

	Spaces	Per Car	Per Month	Per Year
Total	200	\$25	\$5,000	\$60,000

The Agency must award contract for the site clean-up and grading, appropriate funds, draft and execute lease agreements and complete fine grading and installation of DG surface and temporary fencing which is scheduled for March 2008.

Proposed Development Program:

The proposed development program for the Triangle site incorporates the mixed use concept for transit oriented development proposed by Urban Partners, but with significant differences related to parking and open space. The additional parking footprint allows increased development of office, retail and residential at the maximum 56' height limit and without the need for high rise development to justify the excessive cost of project parking. Buildings have been organized around a 1/2 acre central green that accommodates large trees and turf at the project interior connecting to plazas and paseos. This green provides a major landscaped amenity for residents, workers and visitors to Washington National. Four pedestrian plazas are located around the site perimeter, three of which are located at the project street intersections. The building setbacks from these plazas provide a view shed into the site and make it more visually accessible to the surrounding neighborhood than the prior plan. The central green and building locations will support the green principles the city is promoting by reducing heat sink and introducing shade and ground water recharge at the project interior. The building layout minimizes the problems of shadows cast upon project

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buildings within the site, facilitating solar space and water heating and energy production. Opening the interior and the perimeter of the site with plazas and building setbacks also allows better air circulation for natural cooling. The revised plan eliminates the podium parking that sent the westerly portion of the site two stories above the street elevation and created an insular effect from the surrounding neighborhood. The project is more than fully parked without the need for “shared parking”. The project perimeter contains dedicated space for pedestrian amenities incorporating space for colonnades, landscaped trellis, benches, outdoor dining and retail and street furniture. Finally the revised plan contains the opportunity for the important gateway element missing from the prior plan by reaching across Washington Boulevard to City property. The gateway can be designed as an art piece, plaza, landscape element or water feature that highlights entry to the City.

SUMMARY OF DEVELOPMENT ALTERNATIVES

The six development alternatives reflect the design approach described above, but include a varying mix of residential, office, retail and hotel uses. The alternatives conform to the City’s 56 foot high limit and where residential is included, densities do not exceed 65 dwelling units per acre. A detailed breakdown is provided in Attachment 11, Development Scenarios.

Alternative #1 (Max Residential/ Commercial/No Hotel)

This alternative is comprised of 290 dwelling units, 115,000 square feet of office, 63,200 square feet of retail/restaurant and 1,735 parking spaces of which there are no surplus spaces.

Alternative #2 (Max Residential/ Commercial/No Hotel)

This alternative is comprised of 175 dwelling units, 180,000 square feet of office, 80,000 square feet of retail/restaurant and 1,735 parking spaces of which 6 are surplus.

Alternative #3 (Low Residential/ Commercial/No Hotel)

This alternative is comprised of 150 dwelling units, 150,000 square feet of office, 80,000 square feet of retail/restaurant and 1,735 parking spaces of which 148 are surplus.

Alternative #4 (No Residential/ Commercial/No Hotel)

This alternative is comprised of 200,000 square feet of office, 110,000 square feet of retail/restaurant, a 149 room hotel and 1,735 parking spaces, of which 8 are surplus.

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Alternative #5 (Reduced Site)

This alternative is comprised of 187 dwelling units, 25,400 square feet of office, 44,200 square feet of retail/restaurant and 719 parking spaces of which 47 are surplus. This alternative does not include the Venice properties and would be constructed entirely upon the Agency's land.

Alternative #6 (Max Residential/ Commercial/No Hotel)

This alternative is comprised of 290 dwelling units, 70,000 square feet of office, 41,500 square feet of retail/restaurant, a 149 room hotel and 1,735 parking spaces of which there are no surplus spaces.

Keyser Marston & Associates ("KMA") analyzed proposed development alternatives (below) in order to determine net proceeds to the Agency.

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	Alt #1 Max Res Commercial No Hotel	Alt #2 Med Res Commercial No Hotel	Alt #3 Low Res Commercial No Hotel	Alt #4 No Res Commercial Hotel	Alt #5 Reduced Site	Alt #6 Max Res Commercial Hotel
I. Site Size	194,713	194,713	194,713	194,713	125,888	194,713
II. Project Description						
Residential Units	290	175	150	0	187	290
Office Area (Sf)	115,000	180,000	150,000	200,000	25,360	70,000
Retail / Restaurant Area (Sf)	63,250	80,000	80,000	110,000	44,222	41,500
Hotel Rooms	0	0	0	149	0	149
Parking Spaces	1,735	1,735	1,735	1,735	719[i]	1,735
III. Net Residual Land Value	\$19.3 million	\$22.60	\$7.50	\$3.10	\$12.40	\$4.40
Per Square Foot of Land Area	\$99	\$116	\$39	\$16	\$99	\$22
IV. Est. Venice Prop Acquisition	(\$12 million)	(\$12)	(\$12)	(\$12)	N.A.	(\$12)
Maybe offset by metro contribution with joint development						
V. Net Proceeds	\$7.3 million	\$10.60	(\$4.50)	(\$8.90)	\$12.40	(\$7.60)
Per Square Foot of Land Area	\$38	\$55	(\$23)	(\$46)	\$99	(\$39)

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Each alternative except #5 assumes that the Agency will include the parking required by Metro in surface parking spaces and in the subterranean garage included within the development scope. It is further assumed that the project will bear the cost of providing the spaces to Metro at no cost. This cost burden is reflected in the residual land values supported by each of the alternatives except #5. Alternative #5 is based on the assumption that Metro will provide their own parking in an above-ground parking structure located on the Metro owned property.

It was discovered that the residual land value is adversely affected by the presence of a hotel such as the "ALoft" brand. Recognizing the negative financial impact associated with including a hotel within the project, the hotel use was deleted from all but #4 and #6 of the alternatives. KMA indicates that for a hotel to contribute positively to the net land sale proceeds, the hotel's price point would need to average \$225 per room per night. KMA believes attracting a high end hotel is difficult and recommends obtaining a hotel market study to identify the type of the hotel most appropriate for the site. All of the alternatives except #5 propose a considerable amount of office space. If the Agency were to pursue one of these alternatives, KMA believes it necessary that a developer with experience constructing and leasing office be selected because financial lenders would require that at least 50 percent of the office square footage be preleased.

All of the alternatives except #5 would be constructed on the Agency's Triangle Site, Metro's property, the property adjacent to Venice Boulevard (in Los Angeles) and the property beneath National Boulevard via a subsurface encroachment. The total acquisition cost for the property on Venice Boulevard is anticipated to be approximately \$12 million. The amount required to be funded by the Agency could be significantly reduced if Metro were to contribute funds for the Venice property acquisition or for parking on the Agency's property.

Alternative #1

This alternative's residual land value of \$99 per square foot is positively influenced by the number of dwelling units and the amount of office square footage.

Alternative #2

This alternative's residual land value of \$116 per square foot is created by the increase in the amount of office and retail area. These increases offset the value lost by reducing the number of residential units.

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Alternative #3

This alternative's residual land value of \$39 per square foot is negatively influenced by the provision of 148 excess parking spaces that are assumed to be used to provide public parking to serve other downtown uses.

Alternative #4

This alternative's residual land value is \$16 per square foot. This alternative is negatively influenced by the presence of a hotel and the elimination of the residential component.

Alternative #5

This alternative is located solely on land that is currently owned by the Agency, and it generates an estimated residual value of \$99 per square foot. This alternative includes residential development at the same density as Alternative #1, but it provides significantly less office and retail/restaurant space on a relative basis. This option offers no Metro parking and provides no "added" value created by including the Venice properties. Including the Venice property adds value because:

- It creates a more efficient site from a parking perspective (which reduces parking costs, allows more diverse uses and allows the creation of meaningful open space);
- It is more aesthetically pleasing because the poorly maintained Venice property will no longer remain and the Metro parking will not be provided in an above-ground structure adjacent to the project;
- It creates an opportunity to improve the site's visibility from Venice Boulevard; and,
- It allows development of the central open space in all other alternatives.

Alternative #6

This alternative was included in the analysis because it demonstrates the financial impact created by including a hotel in the development scope, while reducing the amount of office and retail/restaurant space being provided. This alternative's residual land value of \$22 per square foot is a direct result of these substitutions.

Analysis of Development Alternatives (livability, TOD, sustainability)

From a livability/TOD/sustainability perspective, staff recommends Alternative #'s 1 and 2 because they offer the greatest diversity of land uses. With residential, office, and commercial components, a "critical mass" is created that promotes the concepts of sustainability, livability and a development that fits within the surrounding neighborhood.

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Proposed Project Timeline

Timeline assumes development of Alternative 1 or Alternative 3, (including Metro ROW and Venice properties).

February 2008 - June 2008

- Study Design Parameters with Wash/National Subcommittee (Metro, Venice properties, subsurface encroachments, etc.)
- Collaborate with Metro to understand joint development opportunities
- Obtain Council/Agency direction
- Begin and conclude site demolition
- Execute leases for temporary use of the site (vehicle storage)
- Conduct Council/Agency update
- Obtain Council/Agency approval to execute contracts with environmental consultants and subs
- Execute contracts
- DEIR recommences with alternatives (traffic, infrastructure, shade/shadow, noise, etc.)

July 2008 - December 2008

- Metro-City participation agreement
- Begin joint Metro/Agency RFP process
- Select Triangle Site development team
- Begin Metro's acquisition of Venice property
- Complete DEIR
- Commence with catalytic project entitlements

January 2009 - December 2009

- Conclude Metro's acquisition of Venice properties
- Begin and complete entitlements for Triangle Site
- Building plan review
- Permit issuance
- Conclude Metro's acquisition and relocation of Venice properties and businesses

January 2010 - June 2010

- Begin Construction

PROJECT FISCAL ANALYSIS:

The Washington National project is a large transit oriented mixed-use development that would generate a number of on-going general revenues for the City, including sales tax, business tax, base-year property tax, transient occupancy tax (TOT) and utility users' tax; as well as unrestricted tax increment funds for the Redevelopment Agency. All of the projections in this fiscal analysis section are in current year dollars (\$2008) and assume all residential

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units, office, retail, and restaurant space is fully leased and/or occupied. A 75% occupancy rate is assumed for the hotel portion of the project.

Using the project parameters that have been outlined in each of the five Alternatives, a summary of projected ongoing General Fund revenues is provided in the table below. A more detailed projection for each revenue category is provided as Attachment 12.

Description	Total Annual Ongoing	Total 10-Year Return*
Alternative 1	\$274,189	\$3,143,270
Alternative 2	\$346,190	\$3,968,680
Alternative 3	\$325,140	\$3,727,366
Alternative 4	\$1,246,274	\$14,287,138
Alternative 5	\$171,493	\$1,965,977
Alternative 6	\$974,188	\$11,167,977

*Assumes 3% annual growth of General Fund revenues.

The analysis above assumes an average room rate for the hotel component of \$150 per night. However, the location of this hotel, with easy access to downtown Los Angeles via the light rail system and close proximity to Sony and Culver studios, may be able to support a high end hotel without competing with the City's existing hotels near LAX.

In order to ascertain the market demand for a high end hotel in this area and the impact on the City's existing hotels, further study is necessary. Staff recommends that a market study is prepared to identify the potential for a high end hotel as part of this project.

In addition to the General Fund revenues identified above, one-time land sale revenues and ongoing tax increment revenues would be received by the RDA. A summary of the projected RDA revenues is provided in the table below.

Description	Est. Land Value*/s q. ft.	Total Estimated Land Sale Proceeds	Annual Ongoing Tax Increment	Total 10-year Tax Increment Return**
Alternative 1	\$99	\$19,276,587		
Alternative 2	\$116	\$22,586,708		
Alternative 3	\$39	\$7,593,807		
Alternative 4	(\$112)	(\$21,807,856)		
Alternative 5	\$99	\$12,462,912		
Alternative 6	\$22	\$4,283,686		

*Estimated land value calculated by Keyser Marston Associates.

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**Assumes 2% annual growth of Tax Increment revenues.

There are a number of factors and parameters, other than economics, that constrain the make-up of this project, including lot size and shape, compliance with the zoning code, parking requirements, traffic/trip generation, etc. However, from a purely economic prospective, economic diversity within a project is desirable to protect against a downturn in any one industry.

For example, if a large project has a high concentration of retail uses, then a slump in retail spending would have a significant negative impact on the revenues generated from that project. Conversely, a project that has a mix of retail, restaurant, hotel, and office uses would not be as greatly impacted as the other uses would offset some of the revenue losses from slumping retail. As the concentration in any one type of use in a project increases, exposure to market risk also increases.

The table below calculates the percent of the entire project (excluding residential) that each use comprises:

Description	% Office	% Retail	% Restaurant	% Hotel
Alternative 1	65%	30%	6%	0%
Alternative 2	69%	27%	4%	0%
Alternative 3	65%	30%	4%	0%
Alternative 4	46%	18%	8%	28%
Alternative 5	36%	44%	19%	0%
Alternative 6	29%	13%	6%	52%

Using the above tables, the following conclusions for each alternative may be drawn:

Alternative 1: A1 has a high concentration in office and only has three revenue generating uses (i.e. no hotel component). It is the second lowest generator of on-going General Fund revenue, but has the second highest estimated land value. **Alternative 1 has a high one-time return to the Redevelopment Agency, but a very low on-going return to the General Fund.**

Alternative 2: A2 has the highest concentration of uses, with 69% of the project being office, and only has three revenue generating uses (i.e. no hotel

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component). It is the third highest generator of on-going General Fund revenue; the highest generator of on-going General Fund revenue for Alternatives that do not include a hotel component. A2 has the highest estimated land value. **Alternative 2 has the greatest one-time return to the Redevelopment Agency, but a low on-going return to the General Fund.**

Alternative 3: A3 also has a high concentration in office and only has three revenue generating uses (i.e. no hotel component). It is the third lowest generator of on-going General Fund revenue; the second highest generator of on-going General Fund revenue for Alternatives that do not include a hotel component. A3 is basically the median estimated land value. **Alternative 3 has a moderate one-time return to the Redevelopment Agency and a low on-going return to the General Fund.**

Alternative 4: A4 is the most diverse alternative as it contains four revenue generating uses and no use exceeds 50% of the revenue generating portion of the project. It is the highest generator of on-going General Fund revenue, but has the lowest estimated land value. In fact, in order to make the project feasible for a developer, the Agency would have to provide a subsidy of approximately \$22 million on top of the \$25+ million that have already been invested in land assembly and relocation costs. **Alternative 4 has a negative one-time return to the Redevelopment Agency and the highest return to the General Fund.**

Alternative 5: A5 is the third most diverse alternative. It contains only three of the four revenue generating uses, but none of the uses exceed 50% of the revenue generating portion of the project. It is the lowest generator of on-going General Fund revenue, but has the second highest estimated land value. However, this project does not include the Venice properties so it also is the smallest project. **Alternative 5 has a moderate one-time return to the Redevelopment Agency and the lowest return to the General Fund.**

Alternative 6: A6 is the second most diverse alternative as it contains four revenue generating uses, with the hotel component slightly exceeding 50% of the revenue generating portion of the project. It is the second highest generator of on-going General Fund revenue, but has the second lowest estimated land value. **Alternative 6 has a very low one-time return to the Redevelopment Agency and the second highest return to the General Fund.**

From an economic standpoint, the Alternatives that include a hotel component have the greatest positive fiscal impact on the General Fund over time. Alternative 4 provides the most positive fiscal impact to the General Fund (although it does not provide a residential component). However, it would require a very large subsidy from the Agency in order for the project to be

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feasible to developers. Alternative 6 may also require some subsidy from the Agency; however, that subsidy would be much less than Alternative 4 while still receiving the fiscal benefits of a hotel component. Alternatives 1, 2, 3, and 5 would provide the Redevelopment Agency with some level of return on the initial investment of assembling the land and relocating tenants, but the return is a one-time return. The on-going returns to the General Fund are significantly less because there is no hotel component. **Therefore, the most reasonable alternative from an economic standpoint is Alternative 6.**

DRAFT WASHINGTON NATIONAL SPECIFIC PLAN AND EIR

BACKGROUND:

The Draft Specific Plan covers 36 acres in Culver City and includes approximately 4 acres located in Los Angeles. The Los Angeles parcels are not regulated by the Draft Specific Plan. The Plan provides development standards and regulates land use in support of transit oriented development and prescribes infrastructure and streetscape improvements and financing mechanisms (assessment district and trip fees) for the area.

The City retained Johnson Fain to prepare the Plan and a related EIR in 2006. In May 2006 the plan documentation commenced based upon “policy papers” and “position papers” developed by the firm with public and Council input. In August and September of 2006 Preliminary and 2nd Administrative draft plans were prepared and revised, but they did not contain important plan elements regarding Phasing, Infrastructure, Streetscape Design Guidelines and Financing. The 2nd Administrative draft plan was reviewed by the Washington National Subcommittee and the Planning Commission and a 3rd Administrative Draft Plan was provided to the City Council and Planning Commission for review in October 2006. The Commission and Council were dissatisfied by many elements of the Plan and indicated a desire to reduce building height and residential density, eliminate density bonus and shared parking and parking reduction provisions related to TOD. On the basis of that input, a 4th Administrative draft document was prepared. This document still did not contain Phasing, Infrastructure, Streetscape and Financing elements and none of the required plan graphics. (See Attachment 13 – Council and Planning Commission Comments)

To date, \$670,000 has been expended on the draft Plan and draft EIR. The Plan must incorporate the missing elements and be revised to reflect current development concepts. The following draft elements must be prepared in final form:

- Land Use

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- Circulation (Streets, Pedestrian, Bus/light rail, Bicycle, Streetscape Improvements, parks and open space)
- Public Utilities and Infrastructure
- Implementation (Phasing, Financing Mechanism, Public Improvements)

The EIR was intended to be a Project Level EIR for the three Catalytic Projects (Tier 1) and a Program EIR for the Specific Plan Build-Out (Tier 2). Two Administrative Draft documents have been prepared. The DEIR is incomplete and missing the following elements:

- Utilities – Requires completion of an Infrastructure Study.
- Technical Studies - Catalytic Projects, Shade/Shadow, Shared Parking, Phase I.
- Schools – Meetings with CCUSD, School Impacts.
- LA City Planning – Joint Planning Issues.
- Coordination with LA Building, Fire and Police on Response Authority and Jurisdictional Purview for Triangle Site northerly properties in City of L.A.

Though Johnson Fain was contracted to complete these elements of the Specific Plan and EIR, the four Plan iteration redrafts have consumed all but \$39,000 of the project budget and there is insufficient funding to complete the documents. In November 2006, Change Order No. 2 established that the Planning Division would complete the redrafting of the Plan due to insufficient funding to perform the work.

In addition, Johnson – Fain was required to complete all outstanding graphic work in the Specific Plan including but not limited to:

- Streetscape Diagrams
- Land Use Tables and Maps
- Land Use Graphics
- Photographs and Exhibits TOD examples
- Project Description Tables

The remaining balance of funds may be used to cover a portion of these graphic products.

ANALYSIS:

Completion of the draft Specific Plan and DEIR cannot be accomplished with the remaining budget. The Specific Plan can be redrafted by committing Planning Division staff, but the streetscape element must be outsourced along with completion of the DEIR which requires several changes related to project development programs that effect traffic, infrastructure, fiscal and project cost sharing analyses.

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Completion of the Specific Plan and related technical studies for the DEIR will take at minimum 6 months to complete.

Infrastructure Study:

An Infrastructure Study prepared by CBM under the supervision of the Public Works Department evaluates the potential effects on the existing utilities and public services resulting from development within the Washington/National Specific Plan. These systems include: water, wastewater, storm water, electrical, natural gas, communications, solid waste/recycling and school services. The Study is intended to identify necessary improvements to address impacts of the catalytic projects and build-out scenarios.

A preliminary draft Infrastructure Study has been completely revised based upon the four prior revised Specific Plans. A final revised Infrastructure Study, incorporating the prior plan changes and alternative development scenarios must be prepared and reviewed by the Public Works Department. The document will require comments from:

- Engineering and Sanitation,
- Water Company
- Gas Company

Traffic Study:

The Traffic Study has been revised three times in connections with the draft Specific Plan revisions. The final Traffic Study incorporating the latest plan changes and alternative development scenarios must be prepared and reviewed by Public Works and Planning Division staff.

Trip Budget and Trip Fees

This study is incomplete and depends upon the building intensity and mitigation measures required under the Specific Plan and for the catalytic projects. Staff was reluctant to proceed with the study since a final determination had not been made about how much development will be permitted. Staff is proposing to use “alternative scenarios” approach to generate options for trip budgeting and trip fees to complete the Study.

Fiscal Impact Analysis and Cost Recovery

- The draft Cost Recovery of Specific Plan and EIR was prepared by KMA and is still being reviewed by staff.
- The draft Fiscal Impact Analysis prepared by KMA, must be revised to pick up proposed project changes.
- The Cost Allocation Plan was originally going to be prepared by HR & A upon completion of the Infrastructure Study and will include review by the Finance and Public Works Departments and incorporate the Trip Fees, Cost Recovery and Assessment District portions of the Specific Plan. Staff

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recommends that KMA as they are already retained to prepare the Fiscal Impact Analysis and Cost Recovery be retained to also prepare the Cost Allocation Plan with oversight by Finance and Public Works Departments.

Other Possible Action Items:

- Subdivision Ordinance Amendment
- General Plan Amendment
- Zoning Code Amendment
- EXPO DFD Map Amendment
- EWO DFD Map Amendment
- Formation of Assessment District
- Exposition Boulevard Street Vacation.
- Modification to Municipal Code as Necessary – Development Impact Fees, Parkland Fees Public Art Fees.

Proposal for Catalytic Project Entitlements and Completion of the Specific Plan

The catalytic projects are mixed use developments that have been put on hold pending resolution of the Mixed Use Ordinance. The Mixed Use Ordinance was approved by the City Council in February. Because of delays completing the Specific Plan, staff recommends completing the outstanding technical studies in the DEIR, retaining a consultant to complete the draft document and then proceeding with the DEIR circulation and a Comprehensive Plan to permit the catalytic projects to proceed. The DEIR will be used for environmental review of all of the catalytic projects. Site planning for the Triangle Site can proceed on a separate track also with a Comprehensive Plan as well as DDA with the parking, planning and design recommendations incorporated in the project and to set out the design, planning and development parameters for the project and the DEIR for environmental review. The Specific Plan or similar planning tools can be completed thereafter to guide development for the remainder of the Washington National area.

Attachments:

1. Photo Project Model
2. Site Plan
3. Retail Edge, Pedestrian Amenities and Architectural Element Concepts
4. Transit Plazas and Gateway Concepts
5. Current Parking Layout
6. Proposed Parking Encroachment Map and Site Plan
7. Venice Property Acquisition Map
8. Open Space Photos: Passive and Active
9. Boutique Hotel Concepts
10. Connectivity and Adjacent Areas
11. Washington National Development Scenarios

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- 12. Fiscal Impact from New Development
- 13. Council and Planning Commission Comments

MOTION:

That the City Council and Culver City Redevelopment Agency:

Consider development programs and planning related to the
Washington/National Project and direct staff as deemed appropriate.

¹ *The ENA has since expired. The other firms submitting proposals were CIM & Lee Group, Olson Company, Urban Partners, Culver Crossroads (Walter Marks Realty and Bill Feldman and Creative Housing), Les Surfas.*

² *1,735 parking spaces are used for all alternatives except #5 because the number represents the maximum number of stalls that could be constructed on two subterranean parking levels beneath a combined development site (Metro's property, the property on Venice in Los Angeles and a subsurface encroachment into National Boulevard). In #5 there are 719 parking stalls because the site area is limited to the parcels currently owned by the Agency.*