

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

Meeting Date: 10/11/10		Item Number: J-1	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Discussion Related to the Reuse of Vacant Gas Station Sites and Provide Direction to the City Manager/Executive Director Related Thereto.			
Contact Person/Dept.: Michael Pasternak, Redevelopment; Todd Tipton, Redevelopment		Phone Number: (310) 253-5708 and 5783	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (USPS) All Property Owners, Businesses and Occupants within 500 feet of the Gas Station Sites (); (Email) Meetings and Agendas – City Council (10/06/10), Meetings and Agendas - Redevelopment Agency (10/06/10);			
Department Approval: Sol Blumenfeld(09/30/10)		City Attorney Approval: Carol Schwab (by H. Baker) (10/20/10) Agency General Counsel Approval: Murray Kane (10/19/10)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (10/20/10)		City Manager/Executive Director Approval: John M. Nachbar (10/20/10)	
<u>RECOMMENDATION:</u> Staff recommends the City Council and Redevelopment Agency Board (Agency Board) discuss and provide direction related to the reuse of vacant gas station sites. <u>BACKGROUND:</u> There are six vacant gas stations at major commercial intersections in Redevelopment Component Area No. 4 (Attachment 1). Many of these stations ceased operations due to leaks from underground storage tanks (UST).¹ The vacant gas station sites attract vandalism, graffiti tags, illegally posted advertisements, and litter. The vacant sites typically consist of dilapidated buildings and poorly maintained property surrounded with temporary chain-link fencing (Attachment 2). Oil companies will often secure and maintain long-term leaseholds on vacant gas station sites to prevent competitors from taking over those locations, thus extending the timeframe that these sites remain vacant. In total, vacant gas stations make up over 68,000 square feet of blighted commercial property within Culver City's corporate limits. The Los Angeles Regional Water Quality Control Board (LARWQCB) is the lead agency responsible for administering the UST Cleanup Program for gas stations in Culver City. Once a UST leak is reported, there are three main stages of clean up:			

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(1) site assessment (determining the level of contamination and the appropriate action plan), (2) environmental remediation (actions taken to cure the site of contamination), and (3) verification monitoring (ensuring that levels of contamination no longer pose a threat to people or the environment). Case closure is the final release where the party responsible for the leak is no longer required to actively clean up or monitor the site².

DISCUSSION:

Staff recommends the City Council and Agency Board consider the alternatives below.

1. Request for Proposals (RFP) for Redevelopment (Primary Recommendation)
The Agency issues a request for proposals to the current owners, current lessees, and the development community for redevelopment proposals at the blighted gas station sites. Should the property owners or leaseholder prove unreceptive to the development proposals, the Agency has the option of acquiring the properties outright through various available means. Applicable sites include all vacant gas station properties; or, should the above process prove unsuccessful, the Agency Board may consider the following options.
2. Invoke the Polanco Act for 3800 Sepulveda Boulevard
The Polanco Redevelopment Act gives redevelopment agencies the authority to order, undertake, or expedite the investigation and cleanup of Brownfields within redevelopment project areas. This tool is best used on sites where ongoing remediation efforts do not meet the Agency's acceptable timeframe for reuse. This approach would require the Agency to hire an environmental consultant to assess current remediation efforts.
3. Facilitate Tenanting of Sites
Staff has received unsolicited interest in vacant gas station property for reuse as a convenience store, car wash, and biodiesel fueling station (Attachment 4). For sites that are clean, the Agency may attempt to work with property owners to actively tenant the site. Applicable sites include 11304 Culver Boulevard, 4436 Sepulveda Boulevard, 11281 Washington Place, and 11962 Washington Boulevard; and
4. Facilitate Interim Use
For sites that are clean, the Agency may attempt to work with property owners and lessees to re-purpose the site with an interim use such as farm stands, pop-up retail, public parking, or other neighborhood serving uses. Applicable sites include 11304 Culver Boulevard, 4436 Sepulveda Boulevard, 11281 Washington Place, and 11962 Washington Boulevard; and
5. Set Policy and Requirements for Screening of Vacant Sites

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The City Council may consider creating a policy for the screening of vacant gas stations and other vacant properties. The screening could be decorative, part of a public art campaign, involve collaboration with the school system's art programs, or could promote City or Agency events, activities, etc. Applicable sites include all vacant gas station sites and other vacant properties.

FISCAL ANALYSIS:

It is difficult to determine the extent of the fiscal impact for each alternative at this time. The City and Agency will incur staff costs if the RFP process is pursued. Additional costs may be incurred depending upon options selected by the Agency Board. The specific amount of such costs will be determined in large part by the response of oil companies and property owners. Should the City Council and/or the Agency Board provide direction to move forward with one or more of the options described herein, the fiscal impact of each option will be discussed more in depth during follow up reports to the City Council and Agency Board.

ATTACHMENTS:

1. Map of Vacant Gas Stations in Redevelopment Component Area No. 4
2. Photographs of Site Conditions 2010
3. Matrix of Vacant Gas Stations' Status and Recommended Actions
4. Letter of Interest from Olin Biofuels LLC

MOTION:

That the City Council and Agency Board:

Discuss the topic of reuse of vacant gas station sites and direct the City Manager/Executive Director as deemed appropriate.

Notes:

¹ Until the mid-1980s most gas stations in California had UST's made of steel, which were prone to corrode and leak gasoline into the soil and groundwater. Stations are typically vacated while the machinery for active environmental remediation occupies the site.

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² The following vacant gas station sites have no record of activity for at least 5 years:

- 3800 Sepulveda Boulevard
This station is owned by an oil company; its last Culver City business tax certificate expired in 1999. After completing remediation activities in 2004, the oil company has been monitoring levels of contamination. The date when the responsible party will file for case closure is unknown at this time.
- 11198 Washington Place
This station is owned by a private investment company and is under leasehold by an oil company. The responsible party intends to submit a request for case closure package in 2010. The terms of the leasehold are unknown at this time; the last valid business tax certificate for this address was prior to the year 2000².

The following vacant sites are in the process of being reused:

- 11304 Culver Boulevard
This station is owned by a private investment company, and the property is under leasehold with an oil company. Environmental remediation is complete and the responsible party will monitor contamination levels at the site after which the site is a candidate for low-risk case closure. A car repair business recently submitted an application for a conditional use permit (CUP) at this address.
- 4436 Sepulveda Boulevard
This station is owned by an individual. The LARWQCB issued the case closure for the site in October 2009. A convenience store is interested in occupying the site and has contacted the Planning Division to obtain design guidelines for retrofitting the property.
- 11962 Washington Boulevard
This station is owned by an individual and is not under leasehold. Its last active business tax certificate expired prior to the year 2000. Environmental remediation is complete, and the LARWQCB issued case closure in 2007. The property owner is actively trying to sell the site, which has a triangular parcel boundary that makes development and parking difficult.
- 11281 Washington Place
This station is owned by an individual who is actively marketing the site for sale (Attachment 2). There is no UST leak reported for this site. A mixed use project was entitled in 2004 but never built. The last business tax certificate for this address expired in 1994.