City of Culver City, California

Agenda Item Report

Meeting Date: 06/13/11	Item Number: J-1
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Selection of Three Developers to Submit Proposals for the Redevelopment of City-Owned Property at 9300 Culver Boulevard.	
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Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X] Attachments: [X]	
Commission Action Required: Yes [] No [X] Date: ________________	
Public Notification (E-Mail) Redevelopment Agency Projects (05/27/11); (E-Mail) Meetings and Agendas – City Council (06/08/11); (E-Mail) Meetings and Agendas – Redevelopment Agency); (E-Mail) The Downtown Business Association (05/27/11); (E-Mail) The Advisory Committee on Redevelopment (05/27/11); (E-Mail) The Gateway Neighborhood Association (05/27/11); (E-Mail) The Seven Developer Respondents to the RFQ; (E-Mail) The Downtown Neighborhood Association (05/27/11); (E-Mail) The Culver City Chamber of Commerce (05/27/11); (E-Mail) Members of the public who attended the 11/09/10 workshop on the subject matter (05/27/11); (E-Mail) Members of the public who pulled speaker cards on the subject matter during the Agency Board meeting of 10/04/10 and 02/14/11 (05/27/11); (U.S. Post) A public notice was mailed to businesses, residents, and property owners in excess of a 500' radius of the site (05/27/11); (U.S. Post and E-Mail) Rush Pacifica LLC (05/27/11).	
Department Approval: Sol Blumenfeld (06/01/11)	City Attorney: Carol Schwab (by H. Baker) (06/08/11) Agency Counsel Approval: Murray Kane: (06/02/11)
Chief Financial Officer Approval: Jeff Muir (06/08/11)	City Manager/Executive Director Approval: John M. Nachbar (06/08/11)

RECOMMENDATION:

Staff recommends the City Council and Culver City Redevelopment Agency Board (Agency Board) select the Tolkin Group, Combined Properties/Hudson Pacific, and Macerich as the most qualified developers to submit proposals to redevelop 9300 Culver Boulevard (Parcel B) as the first step in the RFQ/RFP process.

BACKGROUND:

On February 14, 2011 the Agency Board approved a two-step process to select a developer for Parcel B.[1] The first step involves issuing a Request for Qualifications (RFQ) to premier firms in order to identify those that are most qualified to develop Parcel B. The second step involves issuance of a Request for Proposals (RFP) to those respondents considered the most qualified in the RFQ process in order to obtain the best development proposals for Parcel B.

The RFQ issued to secure a new developer for Parcel B included the list of community goals outlined in a workshop held on November 9, 2010 along with the following Agency Board goals (collectively with the community goals, the Community Goals):[2]

- Maintain the existing Parcel B entitlements to reduce project costs and development timeframes.[3]
- Modify the project to create an "iconic" design that is "pedestrian friendly" and to avoid development of a "fortress-like" or "monolithic" building.

The intent of the RFQ is to identify qualified developers that demonstrate the ability to undertake the project. The subsequent RFP is designed to obtain a highly technical and detailed response from each developer that meets the Community Goals and generates the best project for Downtown Culver City.

DISCUSSION:

The RFQ was sent to 17 developers and seven responded. The respondents' qualifications vary as do the projects they develop. Staff verified references and performed a detailed qualitative and quantitative analysis of the firms. The developers were rated in the categories of experience, financial feasibility, financial capability, design goals, adherence to development parameters, entitlement consistency, project schedule, and ability to achieve the Community Goals.

Eight criteria were established to evaluate the submittals based upon the Community Goals. The categories are defined as follows:

Experience: The development team (architects, developer, financial firms, and tenant broker) have experience with projects of similar size, scale and redevelopment objectives.

Financial Feasibility and Capability: The developer's ability to obtain a construction loan and raise the necessary equity to complete their projects. This category also includes the developer's anticipated return on investment, longevity, capital on hand, individual equity commitment, and debt to equity ratio.

Design and Adherence to Development Parameters:Conformance to the development parameters and creativity in identifying new opportunities through tenant mix and the development program.

Entitlement Consistency: Conformance with the entitlement development program consisting of a 115,108 total square feet building consisting of 40,335 square feet of restaurant/retailers and 74,773 square feet of office space with a maximum height of 56 feet.

Project Schedule: Ability to dedicate staff and other resources to the project based on existing workload to allow completion of a project within reasonable time frames.

Achieve Community Goals: The ability to achieve the goals outlined by the community and the Agency Board within the context of the existing entitlement.

A detailed summary of the individual category ratings for each developer are included in Attachment No. 1.

Based upon the criteria and evaluations of submittals, staff recommends that the Tolkin Group, Combined Properties/Hudson Pacific, and Macerich receive RFP's with the following requirements:

- Evidence of potential tenants and evidence of such tenants' interest in locating in a completed project on Parcel B.
- Conceptual plans in color, including a site plan and elevations and details of design intent.
- Detailed financial pro forma, including an offer to purchase the land.
- Timeline to complete the project.

Next Steps:

1. Prepare and issue a RFP to the developer finalists, allowing a 60-day response time.
2. Proposal evaluations based upon development criteria and developer interview.
3. City Council/Agency Board selection of development firm.

FISCAL ANALYSIS:

Issuance of an RFP to the recommended developers will not have a significant fiscal impact.

If the selected developer built a project with the existing entitlements whose building cost the same as the prior development, staff estimates it would generate Tax Increment receipts of approximately $5.5 million over the remaining life of the Agency Project Area. The City would receive building permit fees (approximately $1 million in one-time permit fees), and Sales Tax, Business Tax and Utility Users Tax totaling approximately $265,000 annually.

ATTACHMENTS:

1. Summary of Developer Ratings by Category

MOTION:

That the City Council and Agency Board:

1. Selectthe Tolkin Group, Combined Properties/Hudson Pacific and Macerich as the most qualified developers to submit a proposal for redevelopment of Parcel B; and

2. Authorize the City Manager/Executive Director to prepare and issue the RFP to the developer finalists.

NOTES:

[1]The 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 Parcel B 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.

[2]The 11-9-10 community workshop recommendations included:

- Mixed Use Commercial / Residential Development
- A hotel
- Cultural uses on the upper floors should replace the office.
- The design should be open with less massing and architectural design should complement those buildings that surround it.
- Adopt the prior OliverMcMillan design for the site.
- Require the project to be Leadership in Energy and Environmental Design certified.
- Create more green space, and the tenants should include a stationery store and a book store.
- Reduce or eliminate the office use due to the glut of office space now for lease on the market.
- Include retail and cultural uses that draw more people to downtown.
- Adopt a use similar to the FerryBuilding in San Francisco and its farmers’ market.
- Additional parking should be built as part of the project.
- Provide more downtown retail to balance existing restaurant and office uses.
- Build green space on the roof.
- The project should preserve the view of The Culver Studios Mansion and the Culver Hotel.
- The project should adhere to the initial goals outlined for Parcel B in the 1991 Downtown Charette.
- Affordable housing should be built on the upper floors.
- Public bathrooms should be built within the project for use by town plaza event attendees.
- Given the financial hardships the City now faces, we need to mindful of the revenue impacts of any proposed project.
- The project should complement the Transit Oriented Development located at the Washington/National Exposition Light Rail Station.
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[3]Parcel B has entitlements for a three-story, 118,000 square feet office and retail development with 84 subterranean parking spaces. Redevelopment of the property using the current entitlements requires conformance to the permitted development program consistent with the environmental review for the project (i.e. the development must be consistent with the project height, vehicle trip generation and other environment factors identified in the environmental clearance.)