

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

Meeting Date: 12/14/2009		Item Number: <u>A-1</u>	
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: (1) Adoption of a Resolution Making Certain Findings and Determinations and Authorizing the Execution and Delivery of a Notice of Termination Terminating the Disposition and Development Agreement with Rush Pacifica LLC for 9300 Culver Boulevard and (2) Termination of the Infrastructure Improvement Agreement with Rush Pacifica Inc. for Construction of the Town Plaza Expansion.			
Contact Person/Dept.: Joe Susca/ Redevelopment		Phone Number: 310-253-5763	
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 – Redevelopment Agency (12/08/09), (Fed-Ex) Rush Pacifica LLC (12/08/09); (E-Mail) Downtown Business Association (12/09/09).			
Department Approval: Sol Blumenfeld (12/08/09)		Agency General Counsel Approval: Murray Kane (12/08/09)	
Chief Financial Officer Approval: Mark Scott (by Martin Cole) (12/08/09)		Executive Director Approval: Mark Scott (12/08/09)	
<u>RECOMMENDATION:</u> Staff recommends that the Redevelopment Agency Board (Board) (1) adopt a resolution making certain findings and determinations and authorizing the execution and delivery of a Notice of Termination terminating the Disposition and Development Agreement (the “DDA”) by and between the Culver City Redevelopment Agency (Agency) and Rush Pacifica LLC (RPLLC) for the sale of 9300 Culver Boulevard and (2) terminate the Infrastructure Improvement Agreement with Rush Pacifica Incorporated (RPI) for construction of the Town Plaza Expansion in Downtown. <u>BACKGROUND:</u> On July 10, 2006 the Board approved the DDA with RPLLC to sell the 9300 Culver Boulevard parcel (a surface parking lot Downtown commonly referred to as “Parcel B”) from the Agency to RPLLC. Simultaneously, the Board also approved an Infrastructure Improvement Agreement (the “IIA”) with RPI whereby RPI agreed to design and then construct the realignment of Washington Boulevard in Downtown (now completed) and to subsequently build Town Plaza’s expansion on behalf of the Agency concurrently with construction of the Parcel B building. <u>DISCUSSION:</u>			

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On June 1, 2009 the Board directed staff to place RPLLC on notice of several defaults of the DDA with a subsequent 30-day right to cure period as stipulated in the DDA. RPLLC failed to cure any of the defaults within the 30 day period and responded to the Agency by letter on July 6, 2009. The Agency subsequently replied by letter to RPLLC on August 18, 2009 (see all letters attached). It is for these DDA defaults and the other findings and determinations found in the proposed resolution that staff recommends the Agency adopt said resolution terminating the DDA and authorizing the execution and delivery of a Notice of Termination to RPLLC. Further, it is recommended the Board adopt a motion authorizing the Executive Director to execute and deliver a Notice of Termination to RPI terminating the IIA.

FISCAL ANALYSIS:

If the project were built by RPLLC, the Agency would have received \$5,938,686 for the land sale. Staff also estimates that the project would have generated Tax Increment receipts (projected to be \$424,000 in year 1 with 2% annual growth thereafter), City building permit fees (approximately \$1,000,000 in one-time permit fees), and other City tax revenues (i.e. Sales Tax, Business Tax and Utility Users Tax totaling approximately \$265,000 annually).

ATTACHMENTS:

- June 4, 2009 Agency Notice of Default Letter to the Developer
- July 6, 2009 Developer Letter of Reply to the Notice of Default
- August 18, 2009 Agency Letter of Response to the Developer Reply
- December 8, 2009 Agency Letter of Notice to Developer Regarding Consideration to Terminate of the DDA and IIA on December 14, 2009.
- December 15, 2009 Agency Notice of Termination Letter to Developer of the DDA
- December 15, 2009 Agency Notice of Termination Letter to Developer of the IIA
- Agency Resolution No. 2009-A_____

MOTION:

That the Redevelopment Agency Board:

1. Adopt a Resolution making certain findings and determinations and authorizing the Executive Director to execute and deliver a Notice of Termination terminating the Disposition and Development Agreement by and between the Culver City Redevelopment Agency and Rush Pacifica LLC; and,

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2. By motion, direct the Executive Director to execute and deliver a Notice of Termination to Rush Pacifica Incorporated (acting under the authority of Rush Pacifica LLC) terminating the Infrastructure Improvement Agreement.