

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

Meeting Date: 3/26/2013		Item Number: <u>JC-2</u>	
JOINT CITY COUNCIL AND SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: Conditional Approval of a Proposed Settlement with Ugo Pascarella, DBA Ugo's Cafe.			
Contact Person/Dept.: Todd Tipton/CDD		Phone Number: (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 – Successor Agency (03/19/2013); Ugo Pascarella (03/19/2013)			
Department Approval: Sol Blumenfeld: (3/14/13)		City Attorney/Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (03/19/13) City/Successor Agency Special Counsel Approval: Murray Kane (03/19/13)	
Chief Financial Officer Approval: Jeff Muir (03/19/13)		City Manager/Executive Director Approval: John M. Nachbar (03/19/13)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council and the Successor Agency to the Culver City Redevelopment Agency Board (Successor Agency Board) conditionally approve the proposed settlement of City of Culver City v. Ugo Pascarella dba Ugo's Cafe, et al. (LASC Case No. SC115351), pursuant to the terms and conditions outlined herein. <u>BACKGROUND:</u> On December 5, 2005, the Former Culver City Redevelopment (Former CCRA) Agency Board (Former Agency Board) approved an Owner Participation Agreement (OPA) to loan Ugo Pascarella, owner of Ugo, an Italian Café (Ugo's) \$80,000 (the Loan) for expenses related to the development of a new restaurant with a retail component at 9501 Culver Boulevard. Ugo's subsequently claimed the funds were provided as a grant rather than a loan. Litigation and lengthy settlement negotiations ensued. Ultimately, on March 6, 2013, the settlement negotiations produced a tentative settlement. <u>DISCUSSION:</u> The tentative settlement includes:			

City of Culver City, California
Agenda Item Report

- 1.) Repayment of \$58,000 toward the outstanding loan balance;
- 2.) Loan repayment term of 12 years to begin April 1, 2013 through the end of Ugo's lease term;
- 3.) Repayment of approximately \$43,000 in outstanding fees; and
- 4.) Payment of outdoor dining fees from April 1, 2013 through the end of Ugo's lease term.

FISCAL ANALYSIS:

The total proposed settlement amount is approximately \$101,000 (\$58,000 + \$43,000).

Should the City Council and Successor Agency approve the tentative settlement, the Successor Agency's approval is conditional upon receipt of the approval of the Oversight Board of the Successor Agency to the Culver City Redevelopment Agency and the State Department of Finance. Absent such approvals, it will be necessary to pursue the existing litigation. If that occurs, City/Successor Agency Special Counsel anticipates legal fees to be approximately \$75,000.

MOTION:

That the City Council and Successor Agency Board:

1. Conditionally approve the proposed settlement of City of Culver City v. Ugo Pascarella dba Ugo's Cafe, et al. (LASC Case No. SC115351), pursuant to the terms and conditions outlined herein (subject to the approval of the Oversight Board of the Successor Agency to the Culver City Redevelopment Agency and the State Department of Finance); and,
2. Authorize the City Attorney/Successor Agency General Counsel and City/Successor Agency Special Counsel to review/prepare the necessary documents; and,
3. Authorize the City Manager/Executive Director to execute such documents on behalf of the City Council and Successor Agency.