

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

Meeting Date: 06/06/2011		Item Number: <u>JC-1</u>	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of an Assignment and Assumption Agreement between the Culver City Redevelopment Agency and the City of Culver City, and a Sixth Implementation Agreement with Axis Mundi RE II, LLC, for Development of the Baldwin Site (12803-23 West Washington Boulevard)			
Contact Person/Dept.: John Fisanotti/CDD Todd Tipton/CDD		Phone Number: (310) 253-5767 (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 – City Council (06/01/11); (E-Mail) Meetings and Agendas – Redevelopment Agency (06/01/11), Redevelopment Agency Projects - West Washington Boulevard and Axis Mundi RE II, LLC (06/01/11)			
Department Approval: Sol Blumenfeld (05/25/11)		City Attorney Approval: Carol Schwab (by H. Baker) (05/31/11) Agency General Counsel Approval: Murray O. Kane (05/17/11)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (06/01/11)		City Manager/Executive Director Approval: John M. Nachbar (06/01/11)	
<u>RECOMMENDATION:</u> Staff recommends the Redevelopment Agency Board (Agency Board) approve an Assignment and Assumption Agreement with the City of Culver City (City) to transfer its rights and obligations and assign the Agency's Disposition and Development Agreement with Axis Mundi RE II, LLC (Axis Mundi) to the City for the development of the Baldwin Site located at 12803-23 West Washington Boulevard (Site). AND Staff recommends the City Council (1) approve an Assignment and Assumption Agreement with the Culver City Redevelopment Agency to assume the Agency's rights and obligations and Disposition and Development Agreement with Axis Mundi RE II, LLC for the development of the Site and (2) approve a Sixth Implementation Agreement for the development of the Site. <u>BACKGROUND:</u> On February 4, 2008, the Agency Board approved a Disposition and Development Agreement (DDA) with Axis Mundi for the purchase and development of the Site. The development proposed for the Site will create: a 37,000+/- square foot			

City of Culver City, California
Agenda Item Report

commercial building featuring office condominiums above ground floor retail, a 39 space public parking lot to be operated in partnership with the City, underground parking for the office users, environmentally friendly “green” features, and a public art component that will be incorporated in the building’s design.

Five subsequent Implementation Agreements have been executed between the Culver City Redevelopment Agency (Agency) and Axis Mundi. The purpose of the Implementation Agreements has been to extend the time frame in the DDA’s Schedule of Performance for the sale of the property and construction of the project necessitated by the downturn in the economy.

On March 14, 2011, the Agency transferred ownership of the Site to the City.

DISCUSSION:

Assignment and Assumption Agreement:

As a result of the transfer of the Site from the Agency to the City in March 2011, it is appropriate that the Agency’s current contractual obligation related to the Site (i.e. the DDA with Axis Mundi) be likewise transferred to the City. The proposed Assignment and Assumption Agreement transfers all of the Agency’s rights and obligations under the DDA to the City. The draft agreement includes written consent from Axis Mundi to the Assignment.

Sixth Implementation Agreement:

The economic downturn that began in the fall of 2008 resulted in Axis Mundi being unable to secure financing from its equity partners or other sources. As a result, Axis Mundi was unable to satisfy its obligations pursuant to the initial Schedule of Performance. Since then, Axis Mundi has looked for replacement funding and also looked at design changes in order to lower the project’s cost. These efforts have not resulted in the project moving forward. To date, Axis Mundi and the Agency Board have remained committed to the original building design and have agreed to a series of time extensions.

The proposed Sixth Implementation Agreement gives Axis Mundi a six month extension (until December 31, 2011) to secure the financing, which is the critical step needed to proceed. Without this extension, Axis Mundi will very likely default on its commitments, leading to the termination of the DDA. The Agency would then have to initiate a search for a project and a developer.

Staff recommends to the City Council approve the Sixth Implementation Agreement for the following reasons:

City of Culver City, California
Agenda Item Report

- The principals comprising Axis Mundi are Wally Marks and Jim Suhr, who have proven track records of successful development. Mr. Marks is best known in Culver City for the nationally known Helms Bakery complex.
- The architect they selected, Roger Sherman Associates, has won accolades for its innovative designs using the latest energy efficient materials. Staff feels it would be difficult to replace a team of this quality.
- The building design, which is entitled, is an eye-catching, energy efficient retail/office building that has potential to become the icon for the renaissance of the western end of Washington Boulevard.
- Of all the various designs and uses proposed to the Agency Board for the Site over the years, none combine the innovative architecture, public art, energy efficiency, urban design, and additional public parking that Axis Mundi has agreed to in the DDA.

FISCAL ANALYSIS:

There is no fiscal impact associated with the proposed Sixth Implementation Agreement. The proposed project, as currently constituted, is estimated to generate \$40,000 annually in ongoing Business, Sales, and Utility Users Taxes and \$68,000 annually in Parking Meter revenues for the City once complete. The project is estimated to generate approximately \$96,000 in tax increment revenues for the Agency once complete.

MOTION:

That the Agency Board:

1. Approve an Assignment and Assumption Agreement to transfer its rights and obligations under the DDA with Axis Mundi RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard) to the City of Culver City; and,
2. Authorize the Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the Executive Director to execute such documents on behalf of the Agency.

That the City Council:

1. Approve an Assignment and Assumption Agreement to accept the rights and obligations of the Agency under the DDA with Axis Mundi RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard); and,

City of Culver City, California
Agenda Item Report

2. Approve a Sixth Implementation Agreement with Axis Mundi RE II, LLC for the development of the Baldwin Site (12803-23 West Washington Boulevard); and,
3. Authorize the City Attorney to review/prepare the necessary documents; and,
4. Authorize the City Manager to execute such documents on behalf of the City.