

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

Meeting Date: 01/30/2012		Item Number: <u>A-2</u>	
CITY COUNCIL ITEM: Consideration of an Owner Participation Agreement with the Hayden Tract Owners Association, and Award of a Professional Services Contract with KOA Corporation for Design, Construction Documents and Construction Administration Services, to Convert the Hayden Tract Railroad Spur into a Parking Lot/Green Belt.			
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: (US Postal Mail 01/16/12) All businesses and property owners in the Hayden Tract. (E-Mail) Meetings and Agendas – Redevelopment Agency and City Council, Redevelopment Agency Projects (01/27/12.)			
Department Approval: Sol Blumenfeld: (01/26/12)		City Attorney Approval: Carol Schwab: Agency General Counsel Approval: Murray Kane: (01/25/12)	
Chief Financial Officer Approval: Jeff Muir(by N. Kimball)(01/26/12)		City Manager/Executive Director Approval: John Nachbar: (01/26/12)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve: 1) an Owner Participation Agreement with the Hayden Tract Owners Association, 2) award a professional services contract to KOA, Corporation for design, construction documents and construction administration services to convert the Hayden Tract Railroad Spur (the “Spur”) into a parking lot/green belt, and 3) approve a budget amendment appropriating \$50,000 from former Agency taxable bond funds to fully fund the project. A budget amendment requires a 4/5ths vote. <u>BACKGROUND:</u> On March 7, 2011, the City Council authorized the sale of the City owned portion of the Spur to the other Spur property owners at a price of \$155,000.00 for the purpose of converting the Spur into a landscaped linear parking lot with 121 stalls On January 4, 2012, the other property owners which own an interest in the spurⁱ filed Articles of Incorporation with the California Secretary of State, creating the Hayden Tract Owners Association (the “Association”) as a non-profit, mutual benefit corporation, formed primarily for the purpose of purchasing the City owned portion and operating a shared parking lot on the Spur.			

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DISCUSSION:

If approved, the Owner Participation Agreement memorializes the terms of the sale of the City's portion of the Spur to the Association, and the terms of the joint effort between the City and the Association to remake the Spur into a parking lot for the use of the Association.

The significant terms of the transaction contained within the OPA with the Association are as follows:

- The City will pay the costs to design, and bid the construction project (estimated at \$237,745);
- The City and the Association will split the construction cost 50%/50% (the total cost estimated at \$1,600,000);
- Upon completion of construction and execution of a Reciprocal Easement Agreement among the Spur owners, the Association will purchase the City's portion of the Spur for \$155,000 (appraised value);
- Each owner will be allowed to use the parking spaces created on its property, with access guaranteed through the Reciprocal Easement Agreement, which will also govern common maintenance and operational issues;
- The parking spaces within the formerly City owned portion will be owned by the Association to make available as the Association may determine;
- The City will assist the Association with temporary parking during construction.

In order to fulfill its obligation under the proposed OPA, to design and bid the construction of the parking lot improvements, the City Council is also asked to approve a professional services agreement with KOA Corporation to design the parking lot improvements; produce approved plans, specifications and a City bid package; and, provide construction administration services during bidding, bid award and construction phases.

KOA has been providing civil engineering and project management services to the City and the Culver City Redevelopment Agency for a period of time with good results. The proposed cost of the contract with KOA is not-to-exceed \$211,245.

If the OPA is approved on January 30, 2012, the project is expected to commence in February 2012 and conclude approximately one year later.

The Project will provide much needed parking on a cost effective basis for Hayden Tract properties that have transitioned over the years from manufacturing to creative office uses. It will eliminate the blighting effect of the unimproved former rail spur by providing a green belt of approximately 120 trees and will also provide the first opportunity for Hayden Tract property owners to work collectively on solving area problems which may lead to other similar improvement projects in the area.

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FISCAL ANALYSIS:

When completed, the linear parking lot will provide approximately 121 parking spaces for Association member use. The Association may at its discretion lease these spaces to other Hayden Tract businesses. The City cost and revenue of the project is listed below:

Summary of City Costs:

Design, construction documents and construction administration:	\$ 211,245
50% of Construction Cost (estimated):	\$ 800,000
Costs of sale (estimated title, escrow and recording fees)	<u>\$ 12,500</u>
Subtotal expenses:	\$1,237,745
Less sale proceeds (cost of the improved parking):	<u>(\$ 155,000)¹</u>
Net cost of the project to the City (estimated)	<u>\$ 1,082,745</u>

Estimated City net cost per stall (@ 121stalls)	\$8,948 ²
Estimated Owner cost per stall (@ 121 stalls):	\$7,893 ³

In order to fully fund this project, a budget amendment appropriating an additional \$50,000 from former Agency taxable bond funds is required in the Hayden Tract Spur/MTA Spur project (48994110). There are sufficient 2011 taxable bond proceeds available to fund the budget amendment.

A budget amendment requires a 4/5ths vote.

ATTACHMENTS:

1. Joint Council/Redevelopment Agency staff report of March 7, 2011
2. Minute excerpt of City Council Meeting, March 7, 2011

MOTION:

That the City Council:

¹ On March 7, 2011 the City Council approved a sale price of \$312,360, and was determined as the sum of the appraised fair market value of the land plus 50% of the estimated per space construction cost for 24 spaces. This method of calculation was an error because it results in the owners paying the full cost of construction (for the parking spaces on the City's parcel) instead of half of the cost of construction, as negotiated with the owners prior to the March 7, 2011 Council meeting.

² Agency net cost divided by total spaces created: \$1,082,745/121=\$8,948

³ Owner cost divided by total spaces created: \$955,000/121=\$7,893

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1. Approve a budget amendment appropriating \$50,000 from former Agency taxable bond funds in the Hayden Tract/MTA Spur Project (48994110); and

A budget amendment requires a 4/5ths vote.

2. Approve an Owner Participation Agreement with the Hayden Tract Owners Association for the joint development of a parking lot on the Spur property and the sale of the City owned portion of the Spur to the Association; 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; and
5. Approve a professional services agreement with KOA Corporation at a cost not-to-exceed \$211,245, to prepare design and construction bid documents, and to provide construction administration services for construction of a parking lot in the Hayden Tract Spur; and
6. Authorize the City Attorney to review/prepare the necessary documents; and,
7. Authorize the City Manager to execute such documents on behalf of the City.

ⁱ Not including Scott Martin, owner of 8461 Warner Drive, and the University of California Regents, owners of 3600 Hayden Avenue (which has agreed to a reciprocal easement agreement with the other owners.)