

City of Culver City, California
City Council and Redevelopment Agency Agenda Item Report

Meeting Date: 04/20/09		Item Number: <u>J-2</u>	
AGENDA ITEM: JOINT ITEM - Approval of a Memorandum of Understanding with the Los Angeles County Metropolitan Transit Authority and the Exposition Metro Line Construction Authority Related to Redevelopment of Agency Owned Property Located at the Northwesterly Corner of Washington and National Boulevards – AKA “The Triangle Site.”			
Contact Person/Dept.: Sol Blumenfeld Todd Tipton		Phone Number: (310) 253-5760	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master E-Mail Notification List (04/16/09); the catalytic projects, the Downtown Business Association, the Chamber of Commerce, Advisory Committee on Redevelopment, Los Angeles City Council Districts 10 and 11, Los Angeles County Metropolitan Transit Authority Board, Exposition Metro Line Construction Authority Board, Los Angeles City Planning, the East Culver City Neighborhood Alliance and the Rancho Higuera Homeowners Association on 04/16/09.			
Department Approval: Sol Blumenfeld (04/15/09)		Agency General Counsel: Murray Kane (04/16/09); City Attorney Approval: Carol Schwab (by H. Baker) (04/16/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball)(4/16/09)		City Manager/Executive Director Approval: Jerry B. Fulwood (04/16/09)	

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency and the City Council approve a Memorandum of Understanding (“MOU”) with the Los Angeles County Metropolitan Transit Authority (“Metro”) and the Exposition Metro Line Construction Authority (“Expo”) related to redevelopment of Agency owned property located at the northwesterly corner of Washington and National Boulevards (the “Triangle Site”).

BACKGROUND/DISCUSSION:

The Triangle Site provides an opportunity to create a sustainable, pedestrian friendly, mixed use, transit oriented development (TOD) that will encourage transit ridership on the Expo line, increase area property values and boost tax revenues for the City. It will create thousands of short and long term jobs and bring together employment, housing and retail to meet the goals of improved regional mobility and air quality mandated through AB 32 and SB 375.

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Over the last 18 months, the TOD has been recast as a multi-jurisdictional effort among Culver City, Los Angeles, Metro/Expo and Caltrans to provide parking for Expo and the TOD. The revised plan vastly improves the original design and requires a subsurface encroachment along Venice Boulevard from Caltrans, an easement to use a portion of the Metro right-of-way ("ROW") from Metro, subsurface encroachment along National Boulevard within Los Angeles and Culver City and an agreement with Los Angeles clarifying and harmonizing land use planning, zoning and permitting jurisdiction. Without these encroachments and easements it is not possible to provide the full complement of parking to accommodate the envisioned TOD.

The ROW is critical to addressing parking needs for the TOD since it will provide almost one-half of the required project parking. Staff has studied over 30 development scenarios taking into account project requirements for a sustainable, pedestrian friendly, and appropriately scaled project that fits contextually within the neighborhood and brings housing, retail and employment together into a transit serving development that presents substantial financial benefit to both the Agency and the City.

The Agency commenced preliminary discussions with Metro in December 2007 with the expectation of entering into a MOU that outlines the broad details of an agreement in which the Agency builds 600 parking spaces within the TOD for Expo in exchange for an easement on the ROW to construct both Expo and Metro parking.

Per the Expo Environmental Impact Report, Metro is required to accommodate 600 parking spaces on a site nearby the first phase of the train's operation; however, the ROW does not fully accommodate the parking requirement. Additional parking was planned on the ROW north of Venice Boulevard; however, this parking option is not ideal due to the distance from the station and the potential that it could conflict with construction of the train's second phase of operation.

Metro took several months to deliver a red-lined MOU version to the Agency. During that period, Metro indicated that a firm commitment by the Agency was required to fund redesign and modified construction of the Expo Station to accommodate project parking. In February 2009, the Agency authorized funding improvements to Expo's station. The Agency's authorization was contingent upon there being a fully executed MOU that defined use of the ROW.

There has been significant progress in meeting the planning and implementation challenges related to the envisioned TOD. Staff has negotiated the deal points

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with Metro and is recommending their resolution through approval of the MOU as summarized below:

1. Agency Option Agreement effective for a term of twenty years to use the ROW for Expo and Metro parking.
2. Agency easement for use of the ROW in consideration for constructing Agency and Expo parking.
3. Agency reimbursement of costs for the train station redesign along a portion of the ROW (estimated at \$250,000 plus 10% contingency)
4. Agency reimbursement of costs for modifications to the train station (deepened and strengthened columns estimated at \$2.8 million) to accommodate subterranean parking.
5. Agency construction of an "isolation wall" on the ROW (to construct subterranean parking).
6. Agency accommodation of temporary parking for Expo prior to construction of subterranean and at grade parking structure. (Estimated at \$200,000 annually for two years).
7. Metro vacation of the temporary parking on the TOD site within 180 days of notice when TOD construction commences, or if the Agency decides to use the site for an alternative purpose.

Expo staff has obtained Expo Board approval of the MOU based upon the broad deal points listed above. Metro staff will seek similar approval and authorization to execute the final draft of the MOU based upon the broad deal points of the draft MOU noted above. On that basis, staff is presenting the draft MOU for final Agency and City Council approval, with the understanding that the City Manager/Executive Director may make minor revisions that do not affect the major MOU deal points approved by the Agency and City Council.

In addition, staff is recommending that the Agency Board and City Council authorize making progress payments to Expo to complete the station modification in order to allow the Agency and City to apply for available stimulus funding to assist with project costs.

Public Notice

Due to Metro's late response to the redlined MOU, the City/Agency's requirement to have an executed MOU prior to committing to funding the Expo Station redesign, and Metro's requirement that the City/Agency provide a funding commitment prior to Metro's Board meeting on April 28, 2009, it was necessary for the City/Agency to consider the draft MOU tonight (no later than April 20, 2009). Given the short time frame required to act on the MOU, on April 13, 2009, staff

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commenced with calling homeowner and business groups that might be interested in the project. Additionally, a Courtesy Notice was sent to subscribers to the City's Master E-Mail notification list on April 15, 2009.

Conclusion:

The TOD is a complex redevelopment project involving multiple jurisdictions. Despite the complexities, there has been significant progress since the last Agency project review. Staff is proceeding with negotiations related to the acquisition of the Venice properties and met with the City of Los Angeles Planning Department, which indicates its willingness to enter into a MOU for joint planning and permitting to facilitate TOD development. A draft MOU with the City of Los Angeles has been prepared by legal counsel to proceed with the joint planning and permitting effort. A draft of the MOU (with the City of Los Angeles) will be presented to the City Council and Agency Board for consideration in the coming weeks.

Staff is also proceeding with work related to encroachments through Caltrans. Each of these intra-jurisdictional components is required to successfully implement the envisioned project, and approval of the Metro MOU is the next critical step in the redevelopment process.

FISCAL ANALYSIS:

To date, the Agency's expenditures have related primarily to the assemblage of the TOD site, relocation of businesses that had occupied the site, pre-development studies and remediation of contaminated soil. These expenditures total approximately \$24 million. In addition, the Agency authorized the expenditure, and corresponding budget amendments, of up to \$3.3 million to fund the redesign of the Expo station with a requirement that an MOU with Metro and Expo be executed.

Additional potential future expenditures related to the Washington/National TOD project include acquisition of the Venice properties, certain offsite improvements and continued environmental remediation, which will be better understood as the TOD progresses.

Staff and its financial consultant Keyser Marston and Associates believe the TOD as currently envisioned will render significant long-term fee and tax revenues to the City and Agency. However, at this time, the exact amount is difficult to estimate. Such an estimate can be achieved once the TOD has gone through the entitlement project and a more detailed plan for development of the TOD is available.

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ATTACHMENTS:

1. Draft MOU
2. Station redesign diagram

MOTIONS:

That the City Council:

1. Approve a Memorandum of Understanding with the Los Angeles County Metropolitan Transit Authority and the Exposition Metro Line Construction Authority related to redevelopment of Agency owned property located at the northwesterly corner of Washington and National Boulevards, AKA the Triangle Site; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.

That the Redevelopment Agency:

1. Approve a Memorandum of Understanding with the Los Angeles County Metropolitan Transit Authority and the Exposition Metro Line Construction Authority related to redevelopment of Agency owned property located at the northwesterly corner of Washington and National Boulevards, AKA the Triangle Site; 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 City.