

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 12/11/06		Item Number: <u>A-3</u>	
AGENDA ITEM: Approval of a Substitute Improvement for the Playa Vista Drive Bridge pursuant to the Third Amendment to Agreement Between the City of Culver City and Playa Vista (Playa Capital Company, LLC)			
Contact Person/Dept.: John Rivera/Public Works		Phone Number: (310) 253-5616	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Postcard notice mailed on 12/01/06 to any person who spoke and/or submitted written comment about the Fourth Amendment at the 05/17/04 Council meetings. City's Master Notification List on 12/06/06.			
Department Approval: Charles D. Herbertson (12/01/2006)		City Manager Approval: Jerry B. Fulwood (12/07/2006)	
City Controller Approval: Marlee Chang (12/07/2006)			
<u>RECOMMENDATION:</u> Staff recommends the City Council approve a substitute improvement for the Playa Vista Drive Bridge pursuant to the Third Amendment to Agreement between the City Of Culver City (City) and Playa Vista (Playa Capital Company, LLC). <u>A Budget Amendment Requires a 4/5ths Vote.</u> <u>BACKGROUND:</u> Since 1985, the City has had in place agreements to ensure traffic and transportation impacts on the City from the Playa Vista project are mitigated, as opposed to seeking a fundamental challenge to the Project from land use, general environmental and planning perspectives. The original agreement was signed on October 15, 1993 and subsequently amended in 1995, 1996, 2002 and 2004, which collectively are the "Culver City Agreement" (Agreement). The last formal Council action related to the Playa Capital Company, LLC (PCC) and the Agreement occurred in open session on May 17, 2004, at which time the Council approved the Fourth Amendment to the Agreement approving a "Mitigation Program" to address "traffic, traffic related and transportation impacts" of the "Phase 2" project, the Village at Playa Vista. A summary of the history of Culver City's monitoring of the Playa Vista development and agreements/amendments has been included in this report as Attachment No. 1.			

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Third Amendment to the Agreement

Approved on May 20, 2002, the Third Amendment to the Agreement modified the schedule, timing, work program, and in-lieu considerations for the required First Phase traffic mitigation measures. The Playa Vista Project approval did not include an official phasing plan for development of the First Phase. However, originally it was anticipated that construction would commence at the eastern end of the site. Due to market conditions, the construction activities have instead, started on the western end of the project site and involved office space and residential development. Based on staff's review of the traffic analysis, City staff determined that the new project phasing and the impacts anticipated would not occur until the later stages of the development and amending the Agreement to allow implementation of improvements at a later time would not be detrimental to the City.

The traffic analysis reviewed the project mitigations that were to be completed in time for the Certificate of Occupancy for the office complex, the "Waters Edge". This office complex is located at the northeast corner of Lincoln and Jefferson Boulevards. The main traffic mitigation element associated with the Water Edge's Office Complex is the Playa Vista Drive Bridge over the Ballona Creek.

At the time of the Third Amendment, the traffic analysis primarily analyzed the potential impacts if the Bridge were not constructed. In the absence of constructing the Bridge, the traffic being modeled was re-apportioned throughout the adjoining street network. The traffic model distributed the traffic based on recognized distribution patterns using existing demographics and travel demand forecasts. Based on this information, the model distributed traffic to the existing street system and predicted potential impacts depending on whether or not project related improvements were in place. The model identified where the impacts would likely increase above the level of significance, and then comparable improvements would be identified to provide the required mitigation. Another alternative to constructing mitigation was to reduce the size of the project by a square foot amount equal to the impact created at the worst location(s). This process was employed and identified that 220,000 square feet of office space would have to be held out of the project until such time as an acceptable alternative mitigation(s) was identified. If no mitigation was identified, then the project would have to be reduced by 220,000 square feet of office space.

In the process of identifying the impacts associated with the Bridge issue, staff asked Kaku to verify the accuracy of the models prediction since the data at the time was over seven years old. To accomplish that, data collected in 2001 was compared with the related projects list from the previous Playa Vista development traffic analysis without the Project for the Year 2001. The resultant analysis indicated the 2001 traffic volume data was lower than what the model predicted for this period.

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This indicated that the modeling of traffic by Kaku and the pervious analysis over estimated the potential impacts.

The Third Amendment to the Agreement includes provisions for the following physical improvements:

1. Payment by PCC to the City of \$1,270,000 as full payment for seven (7) specific intersection improvements in the City, which were made or no longer necessary as a result of previous City improvements. That payment has been made.
2. PCC construction of five (5) specific intersection improvements in the City. All have been completed.
3. PCC construction of three freeway ramp related improvements. All, except one, have been completed. The construction of the remaining improvement at the Slauson Avenue/State Route 90 intersection is currently being completed and is anticipated to be finished by the end of January 2007.
4. PCC guaranteed the commencement and completion of the Culver Loop Ramp from Lincoln Boulevard to Culver Boulevard in the City of Los Angeles. The Culver Loop Ramp has been constructed.
5. The Playa Vista Drive Bridge was no longer anticipated to be permitted by the State of California. PCC agreed that prior to requesting the issuance of a building permit for the last 220,000 square feet of office development of the First Phase of the Project, PCC would meet with Culver City. That meeting would be for PCC to propose one or more traffic related improvements, which could actually be constructed by PCC, each, or any combination, of which would provide substantially the same mitigation as would have been provided by the Playa Vista Drive Bridge. The measure or measures would still be completed before PCC could request a building permit for that last 220,000 square feet of office development. Culver City, in the exercise of its sole discretion, could approve one of more of the proposed substitutes or, in good faith, propose another to be constructed by PCC. Receiving Council direction regarding this issue is the purpose of this agenda item.

A copy of the Third Amendment is included as Attachment No. 2 to this report.

DISCUSSION:

Since the 1993 approval of the First Phase Project, the Playa Vista project has substantially evolved. Historically, the Playa Vista Master Plan envisioned development on both sides of Lincoln Boulevard and north and south of the Ballona Channel.

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PCC has constructed the Water's Edge office development, which comprises approximately 221,955 square feet of floor area in two buildings located at Lincoln and Jefferson Boulevards. A third possible building at the Water's Edge location will bring the total at Water's Edge to approximately 381,000 square feet. No construction date for that building at Water's Edge has been announced. In addition, earlier in the year, Lincoln Properties purchased approximately 14 acres of land within the Campus at Playa Vista, on which they will be developing approximately 821,450 square feet of office space. Lincoln is currently pursuing building permits on their first 2 buildings, totaling just less than 400,000 square feet. Total development, when built out at Water's Edge and the Lincoln Properties site, will be 1,202,450 square feet, far less than the 1,857,000 square feet established as a threshold by the Third Amendment. According to PCC, an additional development in the Campus at Playa Vista is possible, but it is likely to be several years before any of the Lincoln Properties' buildings are completed and several years further before the maximum 1,857,000 square feet threshold is triggered.

As stated above, the Third Amendment to the Agreement reflected various revisions to the implementation of the transportation improvements required by the City for the First Phase Project. The construction of a Playa Vista Drive Bridge (Bridge) connecting Playa Vista Drive and Culver Boulevard over the Ballona Channel east of Lincoln Boulevard was one. The Amendment provided for the elimination of the Bridge as an improvement as a result of governmental action. In recognition of the potential that the Bridge was infeasible, the Amendment provides that prior to the issuance of a building permit for any floor area in excess of 1,857,000 square feet of office development of the First Phase, PCC would be required to consult with the City and propose one or more traffic related improvements which would provide substantially the same mitigation as if the Bridge had been completed.

The Bridge would have provided two-way connections to the Marina Freeway from the western portions of the Playa Vista First Phase Project site. This improvement was in part envisioned as part of a larger master plan project (which will not be built) and in conjunction with new interchanges at Lincoln/Culver and Culver/SR90, the widening of Culver between Lincoln and SR90, and improvements at Jefferson/Westlawn and Jefferson/I-405 NB ramps. The Bridge was intended to alleviate traffic impacts at the Jefferson Boulevard and I-405 ramps caused by the fully entitled Playa Vista First Phase Project. While the balance of these improvements have been constructed or are under construction, the State of California requested that the Bridge not be constructed when it acquired Playa Vista Areas A, B and C.

In December 2003, the State of California completed the acquisition of portions of the former Playa Vista Master Plan area, which includes Areas A, B and C. In connection with its plans for the preservation of Areas A, B and C as wetlands and open space, California Senate Bill 666 (SB 666) was approved (included in Attachment No. 4). SB

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666 provides (among other things) that construction of the Bridge is inconsistent with the State's interest in the preservation of the Area C property. In connection with the state transaction and SB 666, the State required that the rights and obligations to construct this road improvement be relinquished. Accordingly, the Bridge and road extension to Culver Boulevard is no longer proposed for construction.

As a result of those actions, development within Area A, Area B and Area C is no longer proposed. The scale of the overall Playa Vista Master Plan has been greatly reduced by limiting development to Area D. The number of residential units was decreased by 55%; office space was decreased by 36%; retail space was decreased by 70%; hotel uses were eliminated from the plan altogether.

Sepulveda Boulevard Widening Project

In 2002, the City submitted an application for the Sepulveda Boulevard widening project under the Metropolitan Transportation Authority (Metro) Call for Projects for the SAFETEA_LU Act. In 2005, the City was advised its application had been granted "federal earmark" status, which means the project had been approved for funding but the actual amount of funding is still to be determined. It is anticipated the final funding allocation and the release of funds will occur in October 2007. When the project was originally envisioned and estimates were prepared for the project, it was anticipated to cost approximately \$1.1 million. Since that time, material and construction costs have increased and the City now anticipates the cost will be between \$1.5 and \$2 million. As a result of the escalating costs, the City staff anticipates filing an application to the Metro 2007 Call for Projects in order to obtain funding for the shortfall on this project. If awarded this grant, then those monies would be programmed in August 2007 but not allocated until July 2009. Construction would then be scheduled to start in the second half of 2009.

Pursuant to the Third Amendment, PCC and City staff have worked in good faith consultation to identify an alternative improvement, and have proposed that PCC provide funding in support of the design and development of the Sepulveda Blvd. widening project, as an alternative improvement to the Bridge. This project is planned to widen and improve Sepulveda Boulevard to provide three southbound lanes from north of Jefferson Boulevard/Playa Street intersection to Green Valley Circle intersection. At the City's request, PCC commissioned a study prepared by Raju Associates to analyze the improvement. The analysis confirmed the widening project would substantially improve the intersection operations along Sepulveda Boulevard - an improvement of one to two levels of service at key intersections within this improved stretch of roadway. Consequently, the roadway segment operations along Sepulveda Boulevard in the vicinity of the I-405/Jefferson Boulevard Ramps, would be significantly improved due to the proposed improvement. Culver City Bus

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Line 6 and the future anticipated Metropolitan Transit Authority Metro Rapid Sepulveda Line would also benefit from the proposed improvement.

As stated above, City staff has estimated the proposed project would cost between \$1.5 and \$2 million in 2006 Dollars, based on a revised preliminary estimate. Design costs are estimated at 10% to 15% of total project costs and, based on the cost estimate, are currently projected to be between \$200,000 and \$300,000. PCC proposes to provide funding in the amount of \$300,000 to cover the design of this project so that its implementation can be accelerated. That payment would be made at a mutually agreed on time.

Although the trigger of 1,857,000 square feet is years away, PCC and staff believe this is an opportunity to accelerate improvements in Culver City along Sepulveda Boulevard that would benefit Culver City and resolve this last remaining improvement for the First Phase Project.

Accelerating the design process before the federal funds are available would shorten the period between funding and start and completion of the project. This could mean the Sepulveda widening project could be complete one year earlier than if the City were to wait for the federal funding to start the design process.

Other Option Considered

In order to identify other reasonable alternatives to the Bridge, PCC and City staff met and discussed the potential for physical improvements that could be constructed. It was determined the Sepulveda Boulevard Widening project would provide the relief in the area of the I-405/ Jefferson Ramps. It was then that PCC and City staff considered different formulas for calculating a reasonable participation.

For purposes of the Phase 2, Village at Playa Vista project, a Trip Mitigation Fee mechanism was incorporated in the Fourth Amendment, which effectively serves as a funding mechanism if unanticipated impacts were to occur at any Culver City intersections. In order to provide assurance to the City that the projected number of vehicular trips generated by the Village project were consistent with the DEIR and the Final EIR, PCC agreed to undertake a Trip Verification Study in accordance with specific Protocols. If the trips were determined to exceed the trip generation estimates, then PCC agreed to analyze the impacts in Culver City and implement any additional traffic measures that may be requested by the City to avoid significant impacts.

If the City and PCC were unable to reasonably agree on additional traffic measures, then PCC may elect to reduce development or pay to the City an amount equal to (a) the number of Peak Hour trips (the higher of A.M. or P.M. Peak Hour trips) required

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to be reduced in order to avoid the additional significant impacts on Culver City, times (b) the Trip Mitigation Fee of \$3,575 per trip in 2004 dollars or equal to the City of Los Angeles Coastal Transportation Corridor Specific Plan trip fee, currently approximately \$6,700, whichever is greater.

However, this mechanism was not considered reasonable to apply to the Bridge issue, as no Culver City intersections will be directly impacted and the State of California has required that the Playa Vista Drive Bridge not be built in order to preserve open space in Area C of the former Playa Vista Master Plan area.

In addition to the significant acceleration in timing, there are several reasons why this arrangement is beneficial to Culver City:

1. The Playa Vista Drive Bridge, as documented in the Raju Associate study (Attachment No. 4), did not provide any traffic mitigation benefits within Culver City. Its primary benefit was at locations within the City of Los Angeles, including the Jefferson/I-405 intersections.
2. The elimination of the Playa Vista Drive Bridge (which will not be built in any event) does not result in any significant impacts to any location within Culver City.
3. The proposed Sepulveda Boulevard project will substantially improve the traffic conditions at several key intersections along a congested portion of the Sepulveda corridor, as well as help alleviate impacts on the Jefferson/405 intersections.
4. The funding provided by PCC will accelerate the project, which has already received a Federal earmark for funding.
5. The proposed Sepulveda Boulevard project will work together with other planned improvements in the corridor, including the following:
 - a. Jefferson Blvd./Playa St./Sepulveda – The proposed Sepulveda Boulevard project will extend improvements already approved and satisfied at this intersection, and will provide a third continuous travel lane to Green Valley Circle.
 - b. Transit System Improvements – Per the Fourth Amendment to the Agreement, PCC is funding the purchase of 5 40-foot buses for Culver CityBus, 4 of which will provide additional service along the Sepulveda Boulevard corridor. The proposed Sepulveda Boulevard project will enable these buses to travel more quickly through this congested corridor.
 - c. Signal System Improvements – Per the Fourth Amendment to the Agreement, PCC is providing funding towards the development of an adaptive signal synchronization system in Culver City. This cost includes funding for a control system and support costs for 10 years.
 - d. Other non-Playa Vista related improvements – In conjunction with the implementation of Rapid Bus on Sepulveda corridor, Metro will implement a Transit Priority System which, along with the additional capacity associated

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with the proposed project, will enable buses to travel more quickly through this congested corridor.

6. PCC would specify that the \$300,000 be allocated towards the design and development of the proposed Sepulveda widening project, with no deadline established for spending this funding.

City staff feels this provides substantial direct benefits to Culver City beyond that which would have been provided by the Bridge.

FISCAL ANALYSIS:

This revised mitigation measure will not increase any costs to the City. It will make an additional \$300,000 available for the City to design or development the widening of Sepulveda Boulevard south of the Jefferson/Playa/Sepulveda intersection.

The adopted budget should be amended to reflect the revenue of \$300,000 from Playa Capital Company and appropriation of the same amount to the Capital Project Account.

ATTACHMENTS:

1. Summary of the history of Culver City's monitoring and the Agreements regarding the Playa Vista development.
2. May 20, 2002 Third Amendment.
3. May 17, 2004 Fourth Amendment.
4. November 27, 2006, letter from J. Marc Huffman, Vice President, Entitlements, Playa Vista, and accompanying study prepared by Raju Associates.

MOTION:

That the City Council:

1. Approve the payment by Playa Capital Company, LLC of \$300,000 for use by the City of Culver City for the design and construction of the Sepulveda Boulevard Widening Project as a substitute improvement for the Playa Vista Drive Bridge pursuant to the Third Amendment to Agreement between the City Of Culver City (City) and Playa Vista (Playa Capital Company, LLC); and,

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2. Authorize a Budget Amendment to record the receipt of \$300,000 and appropriate the same amount for the Sepulveda Boulevard Widening Project (Account numbers will be established by the Accounting Division upon approval of this item).

A Budget Amendment Requires a 4/5ths Vote.

OR

3. Provide further direction to staff.