City of Culver City, California

City Council Agenda Item Report

Meeting Date: 03/27/06		Item Number: A-6
AGENDA ITEM: **Consideration of the Sale of 8511 Warner Drive to Conjunctive Points Warner Development, LLLP.**		
Contact Person/Dept.: John Fisanotti	Phone Number: (310) 253-5767	
Fiscal Impact: Yes [X] No []	General Fund: Yes [X] No []	
Public Hearing: []	Action Item: [X]	Attachments: [X]
Public Notification: All property owners and businesses in the Hayden Tract were notified on March 13, 2006. Master Notification List on March 22, 2006.		
Department Approval: Susan Evans (3/16/06)	CAO Approval: Jerry B. Fulwood (03/23/06)	
City Controller Approval: Marlee Chang (03/22/06)		

RECOMMENDATION:

It is recommended that the City Council of the City of Culver City approve the sale of the real property at 8511 Warner Drive, Culver City, to Conjunctive Points Warner Development, LLLP, pursuant to the terms and conditions in the Purchase and Sale Agreement.

BACKGROUND:

The City of Culver City acquired the real property at 8511 Warner Drive in 1957 and it has been used as a public parking lot ever since. Recently, staff has been negotiating with Mr. Frederick Smith and his representatives over the terms of a transaction to sell the parking lot to Conjunctive Points Warner Development, LLLP, an organization controlled by Mr. Smith. Currently, the parking lot contains 242 spaces and has recently been converted to monthly reserved use. Staff obtained an appraisal, which determined the fair market value of the property to be $5,500,000. Mr. Smith obtained his own appraisal, which concluded that fair market value is $5,457,600, which was in close agreement with staff's appraisal.

DISCUSSION:

The proposed terms and conditions of the sale are as follows:

- The sale price is $5,457,600.00. Half of that amount, ($2,728,800.00) is to be paid in cash at close of escrow. The other half would be paid through a Note secured by a First Deed of Trust, the terms of which are:
  - Term: 24 months,

    - Interest Rate: 8% per annum, simple interest;
    - Payment in a single lump sum of $2,728,000 (principal) and $436,480 (interest-estimated) no later than 24 months after close of escrow;
- The escrow period is seventy-five (75) days;
- Buyer must retain ownership of the property for at least ten years;
- Buyer and seller to execute and record a Public Parking Covenant to ensure that for the next ten years, regardless of what use the buyer puts the property to, the buyer is obligated to provide 242 public parking spaces either on the property or nearby. This provision further provides that the buyer must submit for approval to Assistant Executive Director of the Culver City Redevelopment Agency, a Management and Operation Plan for the 242 public parking spaces.

The property to be conveyed is all of the Warner Parking lot, less the fee underlying the MTA spur right of way, which is adjacent to the parking lot.

At the Council's direction, staff has begun looking at other property in the Hayden Tract which could be acquired to provide still more parking for Hayden Tract businesses. The results of this research will be scheduled for consideration by the Culver City Redevelopment Agency at a later date.

FISCAL ANALYSIS:

The City will receive fifty per cent (50%) of the sale price ($2,728,000) to the general fund at close of escrow. Two years later, the City will receive in the general fund the same amount, plus 8% simple interest

ATTACHMENTS:

1. Public Notice
2. Purchase and Sale Agreement, with attachments

MOTION:

That the City Council:

1. Approve the sale of the real property at 8511 Warner Drive, pursuant to the terms and conditions in the Purchase and Sale Agreement by and Among the City of Culver City and Conjunctive Points Warner Development, LLLP, and all attached documents, thereto; and

2. Authorize the Chief Administrative Officer to execute the Purchase and Sale Agreement By and Among Conjunctive Points Warner Development, LLLP, and all necessary related documents to effect the sale.

3. Authorize the Chief Administrative Officer to execute on behalf of the City the Public Parking Covenants Affecting Real Property, by and among City of Culver City and Conjunctive Points Warner Development, LLLP.