

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

Meeting Date: 1/30/2011		Item Number: <u>J-4</u>	
JOINT CITY COUNCIL / REDEVELOPMENT AGENCY AGENDA ITEM: Consideration of a Commitment Letter to Conditionally Commit the City of Culver City to Dispose of the Property to the Selected Developer for the Development of the Washington/National Transit Oriented Development Site.			
Contact Person/Dept.: Todd Tipton/CDD Sol Blumenfeld/CDD		Phone Number: (310) 253-5783 (310) 253-5760	
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 and Redevelopment Agency (1/26/12), E-Mail and phone) West Culver City Neighborhood Alliance (1/26/12)			
Department Approval: Sol Blumenfeld: (01/26/12)		City Attorney Approval: Carol Schwab (by H. Baker) (01/26/12) Agency General Counsel Approval: Murray Kane (01/26/12)	
Chief Financial Officer Approval: Jeff Muir: (01/26/12)		City Manager/Executive Director Approval: John Nachbar (01/26/12)	
<u>RECOMMENDATION:</u> Staff recommends the City Council authorize execution of a Commitment Letter with a selected developer to be determined by the City Council on January 30, 2012 for the Washington National Transit Oriented Development (TOD) site located adjacent to the Exposition (Expo) Light Rail line Station in Culver City. <u>BACKGROUND:</u> The State's financial crisis that has created the demise of redevelopment will result in the liquidation of Culver City redevelopment assets through a State oversight body. This has implications for the City's transit oriented development project located at Washington and National Boulevards since the City may lose the opportunity to guide redevelopment of the property to achieve important community goals. The City has expended significant time and resources in preparation for the arrival of the Expo light rail train in Culver City. Over the past five years the City has secured an elevated station and planned for pedestrian and bicycle improvements, assembled the 5.2 acre TOD site at a cost of \$41.5 million, initiated a Community Facilities District to fund necessary infrastructure and public improvements, executed a lease agreement with Metro to provide subterranean parking and related development on the MTA right of way, executed a Memorandum of Understanding			

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with the City of Los Angeles to harmonize zoning and development requirements, expended \$3.1 million to improve the Expo station to permit use of the MTA right of way for parking and related development and fully vetted numerous development scenarios and conceptual plans in order to identify a preferred project that provides revenue returns to the City while promoting a sustainable design that fully comports with parking and building height requirements. The Project is more fully outlined in Attachment No. 1.

A Request for Qualifications (RFQ) and Request for Proposals (RFP) was to be issued in January 2012 in order to identify a qualified developer to develop the Project.

DISCUSSION:

In response to the urgency created by the State's actions, the City is proceeding with a limited RFP process to select a developer for the Washington National Transit Oriented Development (TOD) project located at the new Culver City Expo Line station. The City will consider entering into a contract for property disposition in order to construct the preferred Project. The selected developer will be required to develop the property pursuant to the City's concept plan, conduct extensive community outreach efforts and obtain all entitlements necessary to implement the project, which must be fully parked and conform to the maximum 56' height limit identified in the CCMC.

Staff issued a letter requesting land offers to several developers (Legado, Related, Hines, Lowe, Combined, Hackman, Macerich, Runyon) who had expressed prior interest in the project. (See attached Offer Letter). Staff evaluated the responses based upon willingness to build the Agency preferred project, the land price, and the reasonableness of the financial assumptions applied by the respondents.

Staff is recommending the selection of the developer based on their letter submittal and qualifications. The land offer reflects the City's participation in completing negotiations on parking structure encroachments with the City of Los Angeles and delivering clear title to the property.

FISCAL ANALYSIS:

Keyser Marston Associates, Inc. (KMA) the City's financial consultant prepared order-of-magnitude financial projections for the desired development scope in March 2011. These projections indicated that the land payment to be received by the City, plus the public revenues, including Transient Occupancy Taxes, Sales Taxes, Business Taxes, Utility Users Taxes and the City share of property taxes, are anticipated to generate sufficient revenue to repay the costs incurred to implement the Project by fiscal year 2028-29.

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ATTACHMENTS:

1. Offer Letter.
2. Draft Commitment Letter (to be provided at the meeting).

MOTION:

That the City Council:

1. Authorize execution of a Commitment Letter with _____ for the Washington National Transit Oriented Development (TOD) site located adjacent to the Exposition (Expo) Light Rail line Station in Culver City;
2. Authorize the City Attorney and City Special Counsel to review/prepare the necessary documents; and
3. Authorize the City Manager to execute such documents on behalf of the City.