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CULVER CITY REDEVELOPMENT AGENCY

MINUTES

April 16, 2007

Call to Order

The meeting of the Culver City Redevelopment Agency was called to order at 6:30 p.m. with five members present and immediately recessed to closed session.

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CS-1

Conference with Legal Counsel Existing Litigation

RE: Culver City Redevelopment Agency v. S.J. Woo, a limited liability company et al.

Case No. Los Angeles Superior Court No. BC348488

Pursuant to Government Code Section 54956.9(a)

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Reconvene

Chair Rose called the meeting back to order at 7:08 p.m.

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Invocation/Pledge of Allegiance

The invocation was led by Executive Director Jerry Fulwood and the Pledge of Allegiance was led by Fred Iglesias.

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Roll Call

Members Present: Steven Rose, Agency Chair
Scott Malsin, Agency Vice Chair
Alan Corlin
Gary Silbiger
Carol Gross

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Staff Present

Murray Kane, Agency General Counsel, Martin Cole, Assistant City Manager; Jerry Fulwood, Executive Director, John Fisanotti, Acting Redevelopment Administrator and Todd Tipton, Interim Assistant Executive Director.

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Report on Closed Session

Chair Rose indicated that there was nothing to report.

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Public Comment - Non-Agendized Items

Michael Ritchie, Center Theatre Group, thanked the Agency and Council for their support of the Center Theatre Group and the Kirk Douglas Theatre. He reported that Culver City students would be attending "Sleeping Beauty Awakes" in April and May and he presented the proposed dates for Community Nights in 2007. He also announced the upcoming season consisting of six theatrically varied shows.

Jane Leonard, Air Quality Programs Manager and Employee Transportation Coordinator, gave kudos to employees participating in the Rideshare Program and she identified winners in the first quarter drawing. She indicated that employees were traveling up to 75 miles to work each day using various methods of transportation including carpools, trains, buses, and bikes and walking.

Mr. Malsin presented facts illustrating the merits of ridesharing or taking public transit and he thanked Ms. Leonard and all the participants in the Ride Share Program.

Lester Wagner praised the Agency's efforts in the City and cited a Los Angeles Times article about neighborhoods where residents can walk to services. He reported much enthusiasm about the Sepulveda Project.

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C-1 Secretary's Report

Moved by Mr. Malsin, seconded by Ms. Gross and unanimously passed to receive and file the Secretary's Report.

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C-2 Cash Disbursements

Moved by Mr. Malsin, seconded by Ms. Gross and unanimously passed to approve cash disbursements from March 17, 2007 through March 30, 2007.

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A-1 Authorization to Terminate the Exclusive Negotiation Agreement with Olson Urban Housing LLC for the Washington Boulevard/Centinela Avenue Redevelopment, the Purchase of Certain Documents Relative to the Property, and Issuance of a Request for Proposal for the Redevelopment of the Site

Project Manager Susca provided a summary of the material of record.

Mr. Corlin observed that the cost for the reports almost exactly matched the amount of cash the developer had given the Agency, and he questioned which reports would be valuable in the next year and which would become obsolete after that.

Project Manager Susca stated that all the reports would have continued value except for the appraisals, which lose value after six months; he noted that the appraisals were 6-18 months old. He indicated that while the value of the acoustics study would be reduced with a different design, it would retain some value.

Mr. Corlin supported having an RFP so the City could retain control of the project and he pointed out that as a result of previous actions, the Agency is aware of what the neighborhood wants and what the neighborhood is looking for.

Mr. Silbiger felt the best thing to do would be to allow the new developer to contact Olson, and let them have whatever reports they want so the Agency did not have to worry about losing money.

Responding to Ms. Gross, Project Manager Susca explained that the appraisals would continue to have value, as the cost to update them would be less than to order a new full appraisal.

Agency General Counsel Kane concurred noting that there is a significant amount of useful data in the full appraisal.

Ms. Gross questioned what the difference in cost would be to the net bottom line for the Agency between an RFP process and selling the property.

Acting Redevelopment Administrator Fisanotti suggested that selling the property may bring as much as 50% more than the values they have been bringing to the Agency through the RPFs, ENAs, and DDAs.

Mr. Malsin received clarification that development of the two pieces of property the City sold downtown was not drastically different than what was originally proposed, and he questioned whether the Agency had been able to use the documentation of the sale to retain a certain amount of control of the property.

Project Manager Susca indicated that in one instance the project was attached to the deed, as part of the land sale transaction.

Mr. Malsin questioned whether a provision in the purchase agreement would be able to prevent a developer from buying the land and not developing anything on it.

Agency General Counsel Kane stated that the various methods would be to have a power of termination of conveyance, which would return the property to the Agency if the development did not occur, or they could have an option to take back the property at an agreed upon price, and restrictive covenants could be placed on the property limiting what could be developed. He added that these controls were not normally placed on the sale of properties, and that in the past that had reduced the amount of money offered for a property. He indicated that the Agency had the ability to impose restrictions including a requirement that the purchaser would have to demonstrate ability, credit worthiness, track record, etc., but that would diminish the number of people who would qualify.

Mr. Malsin questioned what type of controls for tenanting the retail portion of the property would be possible.

Agency General Counsel Kane acknowledged that could theoretically be required, but if it were intended to be an open market offer, to sell the property, those types of conditions would be highly unusual, and would probably result in some people not bidding. He added that the conditions were turning the process into an RFP that is on the market for sale.

Mr. Malsin did not see that as a negative, but expressed concern about efforts to devalue the property because of the conditions. He felt that conditions placed on the RFP made it a complex process to respond to but he did not feel that the requirements were that material and he supported selling the property on the open market.

Responding to Mr. Corlin, Agency General Counsel Kane noted that the Agency would have the full discretion to review and reject all bids but he noted instances where people thought they were reserving discretion and they had not.

Mr. Corlin stated that he would have to be assured that if a sale is done, the Agency would have enough control of the project that they would cover all the important issues; such as mitigation of the area and the size of the massing of the property. He noted that they might be doing an RFP by proxy and he questioned whether it was worth the risk. He noted that every condition put on the property would come back to in a lower offer, and he felt the Agency would have a higher return on an RFP than they would with a flat sale that is loaded.

Mr. Malsin pointed out that the Agency had not tried to reduce the massing of the Olson project; the Coast Media Project was substantially less dense than it might have been, and the Planning Commission review process would be the same. He did not think the City would wind up with a significantly different project.

Ms. Gross explained the differences between an RFP, and a market sale noting that if the Agency specified the kind of project they want that would start out more circumscribed than the RFP process would. She added that they would still have to comply with building codes, and the project needed to incorporate what the neighborhood wanted and have to be a more viable project relative to what the land is worth.

Mr. Malsin questioned whether they were constrained to take the highest value offer, and Agency General Counsel Kane clarified that was in the City's control and depended on the way the document that puts the property up for sale is written. He added that the Agency could reserve the right to reject all offers.

Mr. Malsin received clarification that street level requirements could be imposed on the offer for sale, and he wanted the Agency to consider retail uses, in that section of the West Washington Corridor that was designated as neighborhood serving in the revitalization action plan adopted a few years ago by the Agency. He expressed concern about the erosion of space for retail use and felt it would be advisable to require retail in that area.

The Agency discussed whether there was an overlay zone, and Acting Redevelopment Administrator Fisanotti explained that there were workshops after West Washington was added to the project area, but most of those recommendations had to do with public improvements and were never adopted.

Mr. Malsin clarified that Street Level Use Design Standards were meant to apply to certain areas in the City, but were never adopted.

Responding to Ms. Gross, Agency General Counsel Kane indicated that the City could get in trouble if someone made an offer the City could not reject, but he felt the document could be worded to prevent that from happening.

Mr. Malsin moved to approve recommendations 1, 2 and 4 and Ms. Gross seconded the motion.

Mr. Silbiger amended the motion to indicate that Olson should not be reimbursed since the Agency is under no obligation to repay that expense.

Mr. Malsin stated that Olson put in an enormous amount of work into the project, and he felt it would be reasonable to offer the reimbursement.

Mr. Corlin expressed concern that about retaining control of the project, to protect the neighborhood, and he pointed out that all developers comes in with the largest project because they know it will be reduced. He felt the RFP system worked, and he noted that a lot had to do with the way the

Agency handled the process.

Responding to Mr. Corlin, Project Manager Susca indicated that two RFPs were issued for the 9900 Culver parcel and the Coast Media lot, but they were subsequently sold through purchase, and sale agreements, and the deed on one parcel reflected a statement of what the proposed project was.

The group discussed various ways other parcels in the City had been handled and Ms. Gross pointed out that the Agency did not normally acquire land unless they were holding the reins on development.

Mr. Corlin commented on the unsuccessful RFP noting that he was not sure whether it was Olson, the property, or the Agency. He noted that they were balancing protections to the City against dollars, and he wanted to be convinced that the City would have protections.

Mr. Malsin felt certain the City would be protected with the same types of controls implemented, and he pointed out that RFPs were time consuming whereas, a sale could be handled quickly which would be a benefit as the property has been an eyesore for long enough.

Agency General Counsel Kane pointed out that item 4 as written indicated sale to the highest bidder whereas, the discussion focused on an RFP and a straight sale. He suggested placing parcels A&B up for sale for a firm purchase price; reserving the right to pick any bid, not necessarily the highest bid; requiring certain specific development, minimum qualifications of finance-ability, track record, credit worthiness; and requiring certain details about land use sensitivity to the neighborhood and street level development.

Moved by Mr. Malsin and seconded by Ms. Gross to approve the Acknowledgment of Termination of Exclusive Negotiation Agreement, Purchase of Documents and Release with Olson Urban Housing LLC in the amount of $50,616 and authorize the Executive Director to sign the agreement on behalf of the Agency. The motion passed by the following vote: AYES: Corlin, Gross, Malsin and Chair Rose. NOES:

Silbiger

Moved by Mr. Malsin and seconded by Ms. Gross to Acknowledge that though the Agency previously approved an Exclusive Negotiation Agreement with SJ Woo LLC and PCKW LLC, they have decided not to enter into the ENA for Site A; Approve placing Site A and B up for sale, including the 12331 to 12333 Washington Boulevard parcel as an option for potential inclusion in the sale with the inclusion of additional wording specified by Agency General Counsel Kane. The motion passed by unanimous vote.

The Agency all agreed that an item should be agenized to address street level retail requirements in the area.

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Staff Reports, Announcements, Receipt of Correspondence and Requests for Future Agenda Items

Moved by Mr. Corlin, seconded by Ms. Gross and unanimously passed to receive and file correspondence.

Mr. Silbiger suggested offering educational programs for the new Sepulveda Community Advisory Committee and to help others understand development and smart growth.

Ms. Gross noted that was already in process as staff had created a presentation to educate the Advisory Committee and she suggested that same education for the Planning Commission.

Executive Director Fulwood indicated that staff had been working to expand training including a retreat with Council members and Commissioners to attend educational programs and joint meetings. He reported that a number of special conferences were available for Commissioners to keep current on Planning issues, and staff was encouraged to help make Commissioners aware of what conferences and programs are available. He added that he and Assistant City Manager Cole would also be meeting with various Commissions.

Chair Rose asked that the meeting be adjourned in the memory of Paula Olsen.

Chair Rose announced that he and Mr. Malsin would paint a garage door for the Education Foundation on Saturday, April 21. He added that the Historical Society Quarterly meeting would be held on Wednesday, April 18 at 7:30 p.m. at the Leftridge Garden Room.

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Adjournment

There being no further business, it was moved by Mr. Malsin, seconded by Ms. Gross and unanimously passed to adjourn the meeting in memory of Paula Olsen at 8:21 p.m., to the next regular meeting on Monday, April 23, 2007, at 7:00 p.m. in the Mike Balkman Council Chambers.

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ALICE PRASAD
Agency Secretary

STEVEN ROSE, Chairperson
Redevelopment Agency