

City of Culver City, California
Redevelopment Agency Agenda Item Report

Meeting Date: 02/17/09		Item Number: <u>C-3</u>	
AGENDA ITEM: Approval of an Amendment to the Southern California Edison Easement for Electricity Service at Washington/Centinela to Add Telecommunications Services.			
Contact Person: Joe Susca		Phone Number: 310-253-5763	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐	Attachments: ☒
Public Notification: Master E-Mail Notification List (02/11/09); Southern California Edison (02/10/09)			
Department Approval: Sol Blumenfeld (02/11/09)			
Chief Financial Officer Approval: Jeff Muir (by N. Kimball)(02/11/09)		Executive Director Approval: Jerry Fulwood (02/11/09)	

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency (the "Agency") approve and amendment to the existing Southern California Edison ("SCE") easement for electricity services to add telecommunication services to it at the Agency's Washington/Centinela site in exchange for \$2,500.

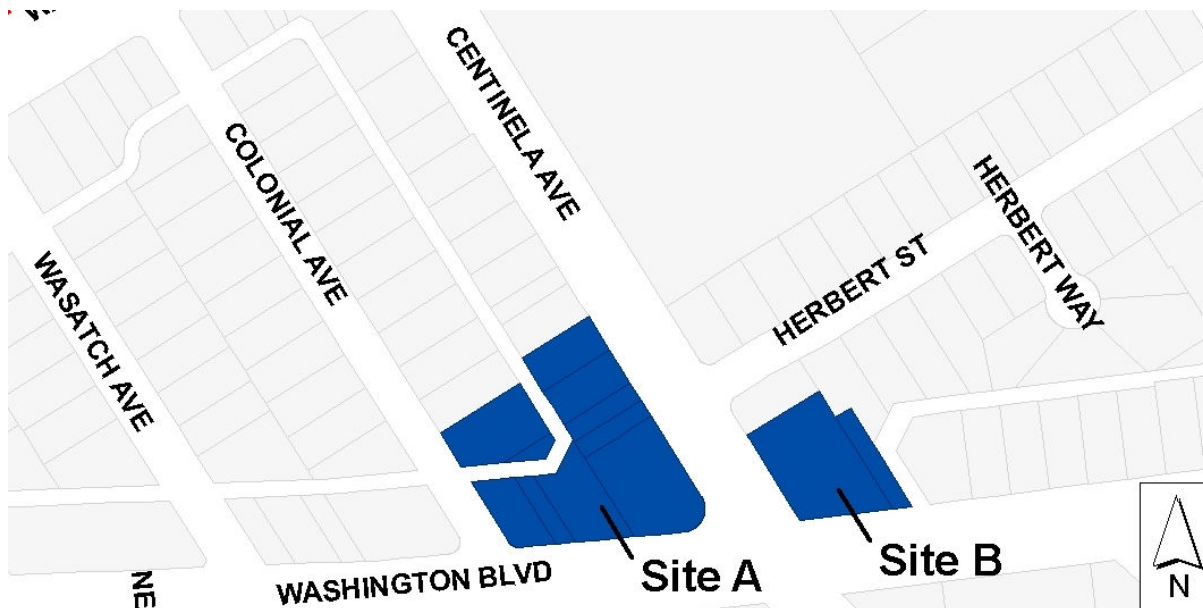
BACKGROUND:

Agency Property Acquisition:

As part of the Agency's goal of eliminating blight within the Redevelopment Project Area, staff identified a number of blighted and underutilized properties that are prime for redevelopment. Among those properties identified were the northeast and northwest corners of the intersection of Washington Boulevard and Centinela Avenue (the "Site"). In 2007, the Agency completed the Sites property acquisition and relocated the businesses within the Project area depicted below as Site A and Site B. The Agency has demolished the former improvements located at the Sites:

- **Site A**, a little over one acre in size, is located at 12403-12427 Washington Boulevard, 4064 Colonial Avenue, and 4061-4069 Centinela Avenue.
- **Site B**, approximately 19,810 square feet in area, is located at 12337-12343 Washington Boulevard.

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During their meeting of January 7, 2008, after reviewing a number of proposals from developers for the Site, the Agency instructed staff to commence negotiation of a Disposition and Development Agreement (the “DDA”) with Reiss Paris Joint Ventures (d.b.a. Washinela L.P.; the “Developer”). Staff is in the process of concluding negotiations with the Developer and anticipates presenting the DDA to the Agency for consideration within the next few months.

Private Property Easements:

Any utility company which requires access on, through, above or beneath private property for placement of their facilities is required to execute an easement with its owner. Most utility company easements were established in the early 1900’s and in most cases they have remained in effect since then. SCE has an unrecorded electrical easement for the Site that was issued in 1924.

SCE Easement Amendment Request:

SCE submitted a letter to the Agency requesting an amendment to their electrical services easement on Site A in order to allow them to also offer telecommunication services using the existing facilities located there. SCE uses their existing fiber optic cable network for internal communications; however according to an SCE 1998 report, 19% of its capacity remains unused. SCE is in the process of renting this excess capacity to telecommunications providers through its SCENet division.

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SCE Franchise for Electricity:

In 1943 the City entered into a franchise agreement with SCE for the provision of electricity citywide. In exchange for SCE's use of the public rights-of-way in which their facilities reside, SCE provides the City:

- 2% of their gross annual receipts derived by SCE arising from the use, operation or possession of said franchise, provided however that such payment shall in no event be less than a sum which shall be equivalent to 1% of the gross annual receipts derived by SCE from the sale of electricity within the city limits.

This past year, SCE remitted \$557,000 to the City in franchise fees for the citywide electrical services they provide.

Telecommunications Franchising:

In 1998 the California Public Utilities Commission ("CPUC") issued a Certificate of Public Convenience and Necessity to SCE establishing their SCENet division as a Competitive Local Carrier that may lease excess capacity on SCE's existing fiber optic network to telecommunications providers on a wholesale basis (SCENet does not provide dial tone service to end users).

Unlike providers of electricity, telecommunications companies are not required to enter into franchises with the local municipalities in which they serve. Instead, local municipalities may only control the time, place, and manner in which telecommunications facilities are placed within their public rights-of-way.

FISCAL ANALYSIS:

Appraised Value:

Lea & Associates, an Agency appraiser, has determined that the value of the easement is \$2,500 (see attached).

SCE Offer:

In exchange for recording the easement amendment, SCE has offered the Agency \$2,500 in addition to covering any direct costs associated with recording the easement such as title company costs and Los Angeles County Recorder fees.

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ATTACHMENTS:

- January 9, 2009 SCE Offer Letter and Easement Amendment
- December 17, 2008 Lea & Associates Easement Appraisal

MOTIONS:

That the Redevelopment Agency:

- 1) Approve an amendment to the electricity easement at Washington/Centinela with Southern California Edison to include telecommunication services in exchange for \$2,500 subject to approval as to form by Agency General Counsel; and,
- 2) Authorize the Agency General Counsel to review/prepare the necessary documents; and,
- 3) Authorize the Executive Director to execute and record such documents on behalf of the Agency.