

City of Culver City, California
Redevelopment Agency Agenda Item Report

Meeting Date: 09/17/07		Item Number: <u>A-1</u>	
AGENDA ITEM: Consideration of Proposals for the Baldwin Site (12803-23 Washington Boulevard; Authorization to Prepare a Disposition and Development Agreement with James Suhr and Associates, LLC, and Rejection of All Other Proposals			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☒	
Public Hearing: ☐ Consent Item: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: The five finalist developers submitting proposals (09/04/0) and the Master Notification List (09/12/07)			
Department Approval: Sol Blumenfeld (09/06/07)		Executive Director Approval: Jerry Fulwood (9/12/07)	
City Controller Approval: Marlee Chang (09/11/07)			

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency ("Agency") authorize staff to negotiate and draft a Disposition and Development Agreement ("DDA") with James Suhr & Associates, LLC, to develop the Agency owned property at 12803-12823 Washington Boulevard (the, "Baldwin Site") and to reject all other proposals received.

BACKGROUND:

The Baldwin Site consists of four contiguous properties which span the north side of Washington Boulevard, on the block between Meier Street on the east and Moore Street on the west. The rear of the site is bordered by an alley in the City of Los Angeles. The site has 24,100 gross square feet, and after a required corner radius dedication has a net developable area of 23,947 square feet. The Agency acquired the four properties during 2005-2006, and in total, spent \$4.4 million on acquisition, relocation, demolition and various administrative costs to convert this once blighted block into a development opportunity.

On May 1, 2006, the Agency authorized execution of a Disposition and Development Agreement with the West Culver Lofts, LLC, to develop the Baldwin Site into 24 units, 12 of which were to be live/work and the other 12 were to be loft housing. On October 30, 2006, the Agency's Disposition and Development Agreement with the West Culver Lofts, LLC terminated in accordance to the terms of the Disposition and Development Agreement when certain conditions were not satisfied by the time frame in the schedule of performance.

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In January 2007, the Agency issued a new *Request for Proposal* and received eight proposals in response by the February 28, 2007 proposal submission deadline. Those eight were reviewed by City and Agency staff and the Agency's financial consultant. Also, all eight were interviewed by a panel of City and Agency staff. These eight were then narrowed down to a short list of five, all of whom were asked to submit revised offers for the land purchase price. Of the five short listed proposals, the one from James Suhr & Associates, LLC ("Suhr") was considered to be exceptional. The two principals in this endeavor are the team of Jim Suhr and Wally Marks, the latter is a major property owner in Culver City and developed the highly successful "Helms" site. As originally proposed by Suhr, the proposed project was an office condominium structure with some ground floor retail space.

Staff met with the development team on June 28, 2007 and suggested that they consider modifying their proposal, by reducing the commercial depth of the project to 30 feet in order to include ground level metered public parking and thereby maximize the redevelopment opportunity for the community. Marks and Suhr followed up with a the attached revised plan which also incorporates green building design, outdoor dining public art and exciting architecture. After reviewing the redesign, the Agency's West Washington Subcommittee is recommending to the Agency Board that it consider authorizing staff to prepare a DDA with Marks and Suhr for the development of the Baldwin site.

Attachment No. 1 to this staff report is a table summarizing the five proposals on the short list. Attachment No. 2 to this staff report is a set of architectural concept drawings submitted by Suhr which illustrate the proposal structure. Attachment No. 3 provides photos of the project model.

DISCUSSION:

Project Description

The project is a three story "environmentally friendly" green building with office and retail condominium use and restaurants, providing 21 metered public parking spaces at the ground level and 18 required parking spaces for the retail and restaurant uses. The metered public parking would be noted on the building face and parking signage would also be provided along the street or sidewalk to ensure that is used as a commercial community resource. The design of the project with narrower commercial depth to accommodate public parking is seen as prototype for providing vitally needed public parking to area.

The project provides 6,250 square feet of retail and restaurant space and 31,150 square feet of office condominium space at the 2nd and 3rd levels. The project is environmentally friendly in that it includes solar panels, photovoltaics, "green roof", natural lighting to the subterranean parking level, natural cooling and renewable

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green building construction. The project is “community friendly” in that it provides the public benefit of public parking, beyond what is required for the project and incorporates public art in a unique building design.

Though project tenants have not been selected, the developers envision the building as “creative office condominium space, for companies that may include graphic artists and architects and daytime serving retail space that includes two restaurants. The developer sees a niche for creative office because of the loss of such space around the nearby Glencoe Avenue area that has been redeveloped with housing and the emerging market for office condominium space generally.

Staff believes the project has the potential to be a major catalyst in the west Washington area. Its distinctive architecture should make it a flagship project and generate area interest and reinvestment. The proposed project has a number of creative features:

- Green building design with roof-top mounted photovoltaic system, renewable building products, light wells into interior spaces, natural ventilation, and a second floor garden terrace (a green roof over parts of the first floor) and a green screen in the rear of the property.
- Public art incorporated in the building design.
- Public metered parking - The developers are willing to partner with the City/Agency in helping to create public parking on their site. The developers are willing to devote a portion of the ground floor for metered public parking, the revenues of which would flow to the City. Compared to the normal method in which the City provides parking (i.e. land is acquired and held, then all construction and operational costs are borne by the City) this method is much more cost effective and quicker to produce. In this case, the Agency acquired land is sold and the developer absorbs the construction cost of the parking. At the scale proposed for the Baldwin Site, the savings to the City could be as much as one million dollars. If approved, this concept could be a prototype for other sites in Culver City

If the Agency approves the recommended motion, then staff and Suhr will begin negotiating and drafting a DDA containing all final terms and conditions for the sale and subsequent development of the Baldwin Site. If negotiations are successful, then approval of the DDA and the sale of the property will be scheduled for a joint public hearing of the Agency and City Council to take their respective required actions. Among the issues to be worked out in a final DDA are:

- Terms for payment of the proposed purchase price of \$3,200,000 to the Agency for the land by Suhr;
- Schedule of development with milestone dates for various project milestones;

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- Arrangement for the operation, control security and revenue collection for the public parking spaces; and
- Determination if a subterranean encroachment permit under certain portions of the adjoining right-of-way can be issued in order to maximize the useable space on the underground parking level.

FISCAL ANALYSIS:

Suhr is offering \$3,200,000 for the land. This price is unchanged from the original offer. In addition to the land sales proceeds, future revenue to the Agency through the tax increment revenue generated from the site is estimated to be at \$ 96,000 in the first year which will grow at a minimum of 2% per year, and will also generate \$32,000 for the Housing Set Aside Fund. Since tenants for the project have yet to be identified, revenues to the City are hard to project at this time. However, based on the types of tenants that the developers intend on soliciting, the City may receive approximately \$40,000 annually in sales tax, business tax and utility user's taxes. A more accurate estimate of tax receipts will be provided once prospective tenants are identified.

Parking meter revenue for the 21 proposed public spaces in the project at the current parking meter rates (\$0.5 per hour) would generate approximately \$17,000 to \$18,000 annually (assumes 65% of occupied rate at all times Monday through Saturday between 8 am to 6 pm).

ATTACHMENTS:

1. Summary of proposals received for the Baldwin Site from the five short-listed developers
2. Architectural concept drawings submitted by James Suhr & Associates, LLC
3. Photographs of a model of the structure proposed by James Suhr & Associates, LLC
4. Project Pro Forma.

MOTION:

That the Agency:

Authorize staff to prepare a Disposition and Development Agreement with James Suhr & Associates, LLC, for the Baldwin Site (12803-23 Washington Boulevard) and when complete, schedule consideration of the Disposition and Development Agreement and the sale of the property before a joint public hearing of the Agency and the Culver City City Council.