

City of Culver City, California
Redevelopment Agency Agenda Item Report

Meeting Date: 11/5/07		Item Number: <u>A-3</u>	
AGENDA ITEM: Consideration of: (1) Approval of an <i>Addendum to the Culver City Redevelopment Plan Amendment and Merger Final Subsequent Environmental Impact Report</i>; (2) a Twelfth Amendment to the Corporate Pointe Disposition and Development Agreement for the Development of 700 Corporate Pointe; and (3) an Amendment to the Corporate Pointe Design For Development.			
Contact Person/Dept.: John Fisanotti		Phone Number: (310) 253-5767	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: The Fox Hills Neighborhood Association, the President of the Ladera Heights Neighborhood Association and all property owners and occupants within a 300 foot radius of the property at 700 Corporate Pointe (10/22/07); Master Notification List (10/31/07).			
Department Approval: Sol Blumenfeld (10/25/07)		Executive Director Approval: Jerry B. Fulwood (10/31/07)	
Fiscal Impact Review: Marlee Chang (by N. Kimball)(10/25/07)			

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency (the "Agency") approve the Addendum to the Environmental Impact Report for the Culver City Redevelopment Project, approve an Amendment to the Corporate Pointe Design For Development and approve the proposed Twelfth Amendment to the Corporate Pointe Disposition and Development Agreement (the "12th Amendment") for the development of 700 Corporate Pointe (the "Site".)

BACKGROUND:

In 1981, the Agency approved a Disposition and Development Agreement (DDA) with Edward C. Ellis Company and Bramalea, Inc., for development of Corporate Pointe on a 34-acre parcel of land that was previously owned by the State of California. Pursuant to the DDA, the Agency purchased the land from the State and sold it to Ellis/Bramalea for development. The DDA provided for the construction of 1,550,000 square feet of office/commercial space in nine (9) buildings and 65 condominium residential units. By 1993 Ellis/Bramalea completed the residential units, six (6) office buildings and two and one half parking structures for an approximate total of 778,000 square feet of development. Economic and financial problems delayed build-out to completion and also resulted in the lender, The Bank of Montreal became the owner through foreclosure of the undeveloped parcels. The undeveloped parcels were 700, 800 and 900 Corporate Pointe. In 2003, The Bank

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of Montreal sold 800 and 900 Corporate Pointe to the Symantec Corporation, which is currently constructing two office buildings and a parking structure on the parcel. The Site at 700 Corporate Pointe remains the last undeveloped parcel in the master plan for the development of Corporate Pointe. Since 1981, the Agency has modified the DDA with either Ellis/Bramelea or various successors in interest 11 times.

The Bank of Montreal holds title to the Site as the entity known as Bay Street Number 29, Ltd (hereinafter, "Bay Street 29".) Several years ago, Bay Street 29 and the IDS Real Estate Group (hereinafter, "IDS") contacted staff in regards to a purchase of the Site by IDS from Bay Street 29 to construct a 11 story office building and complete the other half of the parking structure which is to be shared with 600 Corporate Pointe. This project would complete the build out of the Corporate Pointe development as provided for in the governing documents (i.e. the Corporate Pointe DDA and DFD).

A copy of the Notice, which was sent on October 22, 2007 to the parties listed above in Public Notification, is included as Attachment No. 1 to this staff report

DISCUSSION:

The primary purpose of the 12th Amendment is to interpret and provide appropriate modifications to the DDA in order to obtain IDS's written commitment to acquire the property involved and develop it in conformance with the DDA and DFD. A copy of the proposed 12th Amendment is included as Attachment No. 2 to this staff report. There are several important points the Agency should consider when evaluating the proposed 12th Amendment. They are listed below with a reference to the section of the 12th Amendment in which the applicable language is located:

- IDS may assign its position to another entity so long as the new entity is controlled by IDS (Section 2)
- The non-discrimination covenants remain in effect. The existing Agency approvals for development of the Site are still in effect and that the proposed development is in conformity with those approvals. (Section 3)
- Based upon prior City and Agency approvals, no additional entitlements are needed and IDS may proceed with development by applying to the City for a Building Permit. (Section 4)
- In lieu of the typical detailed Schedule of Performance found in most of the Agency's DDAs, it is replaced with a schedule with few milestones. The

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critical one is to complete construction of the Site no later than five (5) years after the day IDS purchases the Site. Furthermore, if IDS determines it will not meet that completion date, it is to notify the Agency no later than four (4) years after the day IDS purchases the Site. (Section 5 and Attachment No. 4) The effective date of the 12th Amendment is the date IDS acquires the Site (Section 11). If IDS does not acquire the Site, then the 12th Amendment is not effective and the pre-existing DDA remains in full force and effect, unchanged.

- The Agency gives up its Right of Reverter to the Site. (Section 6) In return, for giving up the Right of Reverter, IDS has agreed to a proposed change in the Agency's DFD for the Site. If IDS does not complete construction within five years of the Effective Date of the 12th Amendment, then the DFD, shall expire, unless the Agency agrees in writing to grant IDS more time to finish. An extension in time will be at the Agency's discretion.
- IDS shall contribute \$35,000 to the Agency to extend the Culver City signage program to include the Corporate Pointe area and also participate in a landscaping program in the vicinity of the Corporate Pointe area. (Section 7)

It is noted that to implement the provisions of the 4th bullet point, having to do with the schedule of performance, a revision to the existing Design For Development will be necessary. The proposed *"Amendment to Design For Development for the 'Caltrans Property' Located in Component Area 1 of the Culver City Redevelopment Project (Formerly the Slauson-Sepulveda Redevelopment Project No. 1)"* is included as Attachment No. 3 to this report.

Before the Agency considers the 12th Amendment and the Amendment to the DFD, the Agency must consider the Addendum to the Environmental Impact Report for the Culver City Redevelopment Project, which addresses the proposed development for the Site. The addendum contains information for the review and consideration of the Agency which supports the conclusion that there have been no significant changes to the project, and no new significant environmental impacts beyond those already analyzed under procedures required by the California Environmental Quality Act, and that the Agency, in considering and taking action on the proposed 12th Amendment to the DDA, may rely on existing certified environmental impact reports which have been performed for the Culver City Redevelopment Project.

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FISCAL ANALYSIS:

The proposed project is projected to generate the following revenue to the City/Agency:

TO CITY:

Construction of an 11-story, 287,399 square foot office building with an approximate construction cost of \$35 million and completion of the shared parking structure with an approximate construction cost of \$12 million is estimated to generate one-time fees of approximately \$1,715,000. This includes Building Permits and Issuance Fees, Plan Check Fees, Seismic Fees, Art in Public Places Fee, Commercial Tax, and Technology Surcharge.

In addition to these one-time fees, the City will receive on-going Business License and Utility tax revenues of approximately \$180,000 per year (see NOTE below).

TO AGENCY:

Based on a total estimated construction cost of \$47 million, the projected gross tax increment revenues generated when this project is completed is \$470,000* per year, increasing by 2% per year.

*subject to statutory pass through payments and statutorily required transfer to the Low/Moderate Income Housing fund.

NOTE: The tax revenue projections provided in this fiscal analysis represent estimated full year receipts in current dollars (2007\$). The City and Agency will begin collecting tax revenues related to this project upon completion of construction, lease of available office space, and update of the County tax rolls. Revenues from this project have not been included in the adopted budget. If the project is approved and a construction timeline is provided, staff will adjust the budget projections accordingly.

ATTACHMENTS:

1. Sample Public Notification, dated October 22, 2007
2. Twelfth Amendment to the Disposition and Development Agreement
3. Amendment to the Corporate Pointe Design for Development;
4. Addendum to the Environmental Impact Report for the Culver City Redevelopment Project;

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MOTION:

That the Agency:

1. Approve the “Addendum to the Culver City Redevelopment Plan Amendment and Merger Final Subsequent Environmental Impact Report”; then
2. Approve the “Amendment to Design For Development for the ‘Caltrans Property’ Located in Component Area 1 of the Culver City Redevelopment Project (Formerly the Slauson-Sepulveda Redevelopment Project No. 1”);
and
3. Approve the “Twelfth Amendment To The Disposition and Development Agreement Between The Culver City Redevelopment Agency, Bay Street Number Twenty-Nine, Ltd., and IDS Realty JV, LLC” and
4. Authorize the Agency Counsel to review/prepare the Twelfth Amendment and authorize the Executive Director to execute the Twelfth Amendment on behalf of the Agency.