

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

Meeting Date: 6/22/15		Item Number: PH-1	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING (#4 only) AND FOUR-FIFTHS VOTE REQUIREMENT (#2 and #4 only)- (1) Approval of Revised Designs for the Town Plaza Expansion Improvements and the Public Parking Improvements Located At and Adjacent to 9300 Culver Boulevard (Parcel B); (2) (Four-Fifths Vote Requirement) Approval of a Budget Amendment to Reallocate and Appropriate Tax-exempt Bond Funds for the Parcel B Public Parking Improvements and Town Plaza Expansion Improvements; (3) Approval of Three Separate Agreements Implementing Various Aspects of the Disposition and Development Agreement between the City of Culver City and Combined/Hudson 9300 Culver, LLC, for the Development of the Parcel B Improvements and the Public Parking and Town Plaza Expansion Improvements; and (4) (Public Hearing and Four-Fifths Vote Requirement) Waiver of Formal Bid Procedures for the Construction of Public Parking and Town Plaza Expansion Improvements Located At and Adjacent to Parcel B.			
Contact Person/Dept.: John Fisanotti/CDD		Phone Number: (310) 253-5768	
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 (06/18/15); Downtown Business Association (06/18/15). Published in Culver City News (06/11/15).			
Department Approval: Sol Blumenfeld (06/16/15)		City Attorney Approval: Carol Schwab (by H. Baker) (06/17/15) City Special Counsel Approval: Murray Kane (by K. Levan) (06/17/15)	
Chief Financial Officer Approval: Jeff Muir (06/17/15)		City Manager Approval: John Nachbar (06/18/15)	
<u>RECOMMENDATION:</u> Staff recommends the City Council: 1) Approve the revised design for Town Plaza Expansion Improvements and the Public Parking Improvements Located At and Adjacent to Parcel B (collectively, the “Public Improvements”); and, 2) Approve a budget amendment to reallocate and appropriate tax exempt bond funds to construct the Public Improvements (requires a 4/5ths affirmative vote); and, 3) Approve the following agreements implementing various aspects of the Disposition and Development Agreement between the City of Culver City and Combined/Hudson 9300 Culver, LLC (“Combined”) for the development of the Parcel B Improvements and the Public Parking and Town Plaza Expansion Improvements:			

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- Reimbursement Agreement Relating to Design Services for the Town Plaza Expansion Improvements
 - Reimbursement Agreement Relating to Design, Engineering and Related Services for the Parcel B Improvements and the Public Improvements
 - Sign License Agreement; and,
- 4) Conduct a public hearing and waive the formal bid procedures consistent with City Charter Section 1604 and Culver City Municipal Code (CCMC) Sections 3.07.075.E.3 and 3.07.090.E for construction of the Public Improvements located at Assessor's Parcel Nos. 4206-029-935 (City Parcel) & 4206-029-934 (Parcel B) at and adjacent to 9300 Culver Boulevard as part of the integrated Parcel B Project consisting of in part: (1) subterranean public parking improvements of approximately 100 spaces and related driveway access to be located primarily within and on the City Parcel located adjacent to Parcel B with some public parking improvements to be located within Parcel B, and (2) Town Plaza Expansion Improvements located on the City Parcel.

BACKGROUND:

On October 3, 2006, the City Council approved a concept design for the expanded Town Plaza. On January 7, 2008, the City Council approved further enhancements to the 2006 design. During this period, Parcel B was subject to a DDA between the former Culver City Redevelopment Agency (former CCRA) and Rush/Pacifica for a very different development than is now planned for the site by Combined.

On January 30, 2012 the City of Culver City approved a Disposition and Development Agreement (DDA) with Combined for the development of Parcel B, and the construction of an expanded Town Plaza on adjoining public property ("City Parcel"), and the construction of an approximate 100 public parking spaces, anticipated at the time to be under Town Plaza and accessed from Combined's parking structure under Parcel B (collectively, the "Public Parking Improvements"). The Site (comprised of both Parcel B and the City Parcel) was originally owned by the former CCRA. As a result of dissolution of the former CCRA by operation of law on February 1, 2012, the Site is now owned by the Successor Agency to the Culver City Redevelopment Agency (Successor Agency).

On March 18, 2014, the State Department of Finance (DOF) approved the City's Long Range Property Management Plan (LRPMP). On May 15, 2014, in implementation of the approved LRPMP, the DOF approved the Successor's Agency's sale of Parcel B to Combined pursuant to and in accordance with the terms of the DDA, and approved the Successor Agency's transfer of the City Parcel to the City for the Public Improvements. On September 3, 2014, consistent with the purposes of the LRPMP, the DOF approved a Master Agreement between the City and the Successor Agency authorizing the transfer of pre-2011 bond proceeds to the

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City for expenditure toward the development of the Public Improvements. These approvals allowed the City to resume numerous developments, including the Parcel B Project, which had been suspended upon the dissolution of the former CCRA. The DDA anticipates the need for a variety of subsequent implementing agreements, three of which are recommended for City Council approval this evening.

DISCUSSION:

Revised Design for the Public Parking Improvements

Combined proposes to construct a subterranean parking structure with 271 parking spaces (2 levels below grade). The 271 space structure is preferred; however, cost constraints may require that Combined construct a smaller structure. In either case, the City would fund and own 100 spaces located on the lower parking level of the structure and operate them primarily as monthly parking. Drawings of the proposed parking structure alternatives are attached (Attachment No. 1).

The size and shape of Parcel B and the City Parcel make it impractical, expensive and inefficient to segregate Combined's private parking improvements from the City's public parking improvements at the property line as was originally contemplated. As designed, the City public parking improvements will be partially located beneath Parcel B (Combined's property) and also beneath the City Parcel, and Combined's private parking improvements will be located partially beneath the City Parcel and also beneath Parcel B. A reciprocal easement agreement between the City and Combined will allow for seamless operation of the integrated parking structure.

Consequently, the aggregate costs of constructing all of the parking (both City and Combined), are difficult to effectively separate. Therefore, staff and Combined believe the costs should be allocated on a pro rata basis: the City will fund 100/ 271 – or 36.900% of the costs) with the remaining 63.100% funding by Combined (assuming Combined constructs the 271 space structure. City percentage would increase should Combined construct a structure with fewer spaces).

Combined's latest cost estimate indicates a construction cost (with a 7.5% contingency) at approximately \$52,000 per parking space. Combined has agreed to cap the City's share of design costs by the proposed Reimbursement Agreement at a maximum of \$330,000 for total estimated costs to the City for its 100 parking spaces of \$5,530,000 ($\$52,000 \times 100 + \$330,000$) (see later in this staff report more detail about the design costs).

In analyzing various alternatives for the parking improvements, staff and Combined concluded that a two-level design, which concentrates most of the parking under Parcel B, has enough design and operational advantages to warrant the increased cost of constructing a second subterranean level.

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The design advantages of a multi-level subterranean structure include:

- Greater separation between the parking structure's perimeter wall and the historic Culver Hotel.
- Greater portion of the Town Plaza Expansion Improvements constructed at-grade instead of above the parking structure, which allows for greater design flexibility to install large planting, and the ability to address stormwater and urban runoff/capture and discharge consistent with Federal and State regulations.

The operational advantages of a multi-level subterranean structure include:

- Management of the spaces can be tailored to the user's needs (monthly versus daily).
- Garage enhancements desired by Combined can be segregated on their specific parking area (and not allocated as a City cost).
- Space identification and location are clearly understood.
- Operational costs can be easily identified.

Combined's design team will be available at the meeting to make a presentation on the integrated parking structure design.

Revised Design for the Town Plaza Expansion Improvements

The Town Plaza Expansion Improvements are intended to provide a new venue for art, music, and other public events in the downtown and was created by abandoning the portion of Washington Boulevard that was located between Parcel B, the Culver Hotel, and the Culver Studios. The original plan contemplated a design related to the original Parcel B project that was to be constructed by Rush Pacifica pursuant to its DDA with the former CCRA with funding from tax exempt bond proceeds.

The current Parcel B Project approved by the City Council is substantially based upon the strength of Combined's design and its relationship to the proposed Town Plaza Expansion Improvements with a grand outdoor stairway and elevated public plaza. The current Town Plaza Expansion Improvements design contains the same elements as the original design with special paving, seating, planting, water feature, and public venue space, but it is better organized to communicate with Combine's elegantly designed structure proposed for the Parcel B Improvements.

Today, as in 2008, the Town Plaza Expansion project budget remains at \$3.2 million. In 2008, the \$3.2 million did not include a contingency because additional former CCRA funds were available if needed. Because such additional former

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CCRA funding is no longer available, the maximum construction budget is now \$2.3 million, and an additional \$900,000 are available to cover construction contingency, and design and other contract services (soft costs). This retains the original not-to-exceed amount of \$3.2 million budgeted for the original project.

Combined is contracting with SWA Group (SWA), a landscape design firm, to design the Town Plaza Expansion Improvements and the open space of Combined's Parcel B Improvements. Based on the construction budget and the Parcel B Improvements' design, SWA prepared a preliminary plan (Attachment No. 2) that includes:

- Decorative film strip/Lithocrete paving (same material as that in the City Hall courtyard)
- A bosque of trees with seating beneath creating a quiet space on the Plaza
- Sound and lighting infrastructure for special events

If contingency funds become available, SWA is recommending the following additional items:

- An interactive water feature with LED lighting
- Decorative paving for that area between The Culver Studios and Parcel B

SWA will present its design for the Town Plaza Expansion Improvements to the City Council at tonight's meeting.

Reimbursement Agreement Relating to Design Services for the Town Plaza Expansion Improvements

Reimbursement by the City to Combined for the cost of designing the Town Plaza Expansion is required by the DDA. As mentioned above, Combined is contracting with SWA to design both the Town Plaza Expansion Improvements and the open space of Combined's Parcel B Improvements. SWA's total contract fee is \$193,800, of which \$67,300 are apportioned to the City for designing the Town Plaza Expansion Improvements. The contract also requires an additional allowance to fund reimbursable expenses up to ten percent of the fee (\$6,730 being the City's share). Therefore, the maximum City reimbursement to Combined is \$74,030 (\$67,300 + \$6,730.)

The proposed Reimbursement Agreement between the City and Combined allows for the City's reimbursement of these amounts to Combined and requires the usual contract terms, including, but not limited to insurance, indemnifications, ownership of work product, warranties, etc., applicable to SWA via a Rider to the Combined/SWA contract as if the City had contracted directly with SWA, in addition to imposing requirements on Combined. In the event of a cost overrun for design, the Reimbursement Agreement allows for administrative authority to approve the cost

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overrun and payment therefor from funds set aside by the City as a contingency for the Town Plaza Expansion Improvements.

Reimbursement Agreement Relating to Design, Engineering, and Related Services for the Parcel B Improvements and the Public Improvements

Reimbursement by the City to Combined for the cost of designing the City's public parking improvements is also required by the DDA. The design of the City's share of the below grade public parking requires the services of many design professionals and engineers. This proposed Reimbursement Agreement with Combined will reimburse Combined for the costs of all design professionals for the public parking improvements and also those other design professionals for the Town Plaza Expansion Improvements, excluding SWA's services. Among the design professionals to be covered under this Reimbursement Agreement are: architectural, structural engineering, civil engineering, mechanical, electrical and plumbing engineering, shoring engineering and geotechnical and others.

As written, for the Public Parking Improvements, the Reimbursement Agreement requires the City to reimburse Combined at a pro-rata share equal to 12% of the monthly fees billed to Combined by the consultants for the design of the parking structure with a maximum, not-to-exceed reimbursable amount of \$330,000.

For the Town Plaza Expansion Improvements, the maximum City reimbursement to Combined for the other design professionals under this Reimbursement Agreement is a maximum, not-to-exceed amount of \$40,000. In the event of a cost overrun for design, the Reimbursement Agreement allows for administrative authority to approve the cost overrun and payment therefor from funds set aside by the City as a contingency for the Town Plaza Expansion Improvements and the Public Parking Improvements, respectively.

Culver Sign License Agreement

In 2003, the Center Theatre Group requested to remove two "Culver" signs that were located above the marquee of the former Culver Theater to make way for re-naming the building the "Kirk Douglas Theater." On July 21, 2003, the City Council adopted Resolution No. 2003-R061, which approved a Certificate of Appropriateness to allow the removal and storage or relocation of the "Culver" signs. The signs have been in storage since. Combined is proposing to utilize one of the signs on the Parcel B Improvements in a manner consistent with the U.S. Secretary of the Interior's Standards for Rehabilitation. The City will retain ownership of the "Culver" sign. Because the "Culver" sign will be installed on private property, a License Agreement between the City and Combined is needed. The License Agreement will require Combined to restore, install, and maintain the "Culver" sign at Combined's expense, and to maintain insurance for the replacement of the "Culver" sign if damaged.

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Waiver of Formal Bid Procedures for Construction of the Public Improvements

Consistent with City Charter Section 1604 and Culver City Municipal Code (CCMC) Sections 3.07.075.E.3 and 3.07.090.E, the City Council may waive competitive bidding procedures subsequent to a Public Hearing if the City Council determines it is in the best interests of the City to provide such a waiver. Therefore, based upon the integrated nature of this Project and the benefits to the City of working in partnership with Combined, as discussed further below, staff recommends the City Council conduct such a Public Hearing and authorize the waiver of the formal bidding process. The following Public Hearing procedure is provided:

1. The Mayor seeks a motion from the City Council to receive and file the affidavits of publication of notices and correspondence received in response to the public hearing notices; and,
2. The Mayor calls for a staff report, and Council Members may pose questions to staff as desired; and,
3. The Mayor seeks a motion to open the public hearing; and,
4. The Mayor seeks motion to close the public hearing after all public testimony has been presented; and,
5. The City Council discusses the item and arrives at its decision.

Because the Public Improvements and Combined's Parcel B Improvements (on Parcel B) are integrated, having one contractor construct the improvements under one contract is essential to the coordinated development of the projects and will result in lower costs and fewer potential liabilities to the City. These projects are seamless through design and function. As such, any benefits resulting from publicly bidding separate contracts for integrated work are not applicable in this matter.

Therefore, consistent with City Charter Section 1604 and CCMC Sections 3.07.075.E.3 and 3.07.090.E, staff recommends the City Council (1) waive the formal bid procedures set forth in CCMC Sections 3.07.075 and 3.07.090 for the construction of the Public Improvements; and (2) authorize Combined to proceed with the design and development of the Public Improvements by Combined's award of design and construction contracts with contractors as selected by Combined, subject to approval of the City, in accordance with the DDA. The estimated costs of construction are approximately \$5.53 million for the Public Parking Improvements and \$3.2 million for the Town Plaza Expansion Improvements.

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FISCAL ANALYSIS:

As proposed, the budget for the Town Plaza Expansion improvements is \$3.2 million, which will fund construction costs, the \$74,030 Reimbursement Agreement Relating to Design Services for the Town Plaza Expansion Improvements and a \$900,000 contingency. The expanded Town Plaza design is currently at the concept stage. Once the design process referenced in the Reimbursement Agreement is nearing completion and a more defined construction budget is prepared, staff will work with Combined to remain within the available budget.

The second proposed Reimbursement Agreement relating to the Design, Engineering and Related Services for the Parcel B Improvements and the Public Parking Improvements has a maximum not-to-exceed cost of \$330,000 for the design costs of the Public Parking Improvements and a maximum not-to-exceed cost of \$40,000 for the other design costs for the Town Plaza Expansion Improvements, which will be funded from the Town Plaza Expansion Improvements \$900,000 contingency.

The Sign License Agreement does not impart any financial obligations on the City.

The estimated design and construction cost for the public parking improvements and Town Plaza Expansion is \$8.73 million (\$5.53 million + \$3.2 million respectively). There are sufficient tax exempt bond proceeds to fund these expenses, however a reallocation of the existing budget and appropriation of contingency funds is required as follows:

	2015 Current Budget	Reallocation	New Appropriation	2015 Revised Budget
Washington/National	650,000.00	(30,000.00)	-	620,000.00
Town Plaza	3,550,000.00	(350,000.00)	-	3,200,000.00
Town Plaza Parking	3,800,000.00	1,543,000.00	187,000.00	5,530,000.00
Hayden Tract-Spur	1,200,000.00	-	-	1,200,000.00
Washington/Centinela	6,600,000.00	(413,000.00)	-	6,187,000.00
Washington AIP Phase IV	750,000.00	(750,000.00)	-	-
TOTAL	16,550,000.00	0.00	187,000.00	16,737,000.00

In order to proceed with the Town Plaza and Parcel B projects, the funding for the Washington/Centinela project must be reduced and the Washington AIP Phase IV project must be eliminated. It should be noted that the City and Successor Agency approved a second Master Agreement, which was subsequently approved by the Oversight Board, which is currently being reviewed by the DOF. If approved by the DOF, an additional approximate \$2.3 million in tax-exempt bond proceeds would become available and could be partially utilized to increase the budget for these two projects back to their original amounts.

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ATTACHMENTS:

1. Parking structure plans
2. SWA Town Plaza expansion design

MOTION:

That the City Council:

1. Approve the revised design for the Town Plaza Expansion Improvements; and,
2. Approve the revised design for the Public Parking Improvements; and,
3. Authorize the City Manager to approve minor, non-material changes to the designs for the Town Plaza Expansion Improvements and the Public Parking Improvements; and,
4. FOUR-FIFTHS VOTE REQUIREMENT - Approve a budget amendment to reallocate and appropriate tax-exempt bond funds to construct the Town Plaza Expansion Improvements and Public Parking Improvements; and,
5. Approve the following agreements:
 - a. Reimbursement Agreement Relating to Design Services for the Town Plaza Expansion Improvements; and,
 - b. Reimbursement Agreement Relating to Design, Engineering and Related Services for the Parcel B Improvements and the Public Improvements; and,
 - c. Sign License Agreement.
6. Authorize the City Attorney and City Special Counsel to review/prepare the necessary documents; and,
7. Authorize the City Manager to execute such documents on behalf of the City; and,
8. (Four-Fifths Vote Requirement) Waive the formal bid procedures, consistent with City Charter Section 1604 and CCMC Sections 3.07.075.E.3 and

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3.07.090.E for the construction of the Public Improvements located at Assessor's Parcel Nos. 4206-029-935 and 4206-029-934 (at and adjacent to 9300 Culver Boulevard) as part of the integrated Parcel B Project.