City of Culver City, California
Agenda Item Report

Meeting Date: 03/10/2014	Item Number: JA-1
JOINT CITY COUNCIL - SUCCESSOR AGENCY AGENDA ITEM: (1) Approval of Assignment of All Rights, Interests and Obligations Related to Certain Parking Facilities from the Successor Agency to the Culver City Redevelopment Agency to the City of Culver City; and, (2) Adoption by the Successor Agency of a Resolution Approving Revisions to the Long Range Property Management Plan Submitted to the State Department of Finance and Making a Finding that Assignment of Successor Agency Obligations to the City is Consistent with the Intentions of State Assembly Bill ABx1 26 as Amended by AB 1484.	
Contact Person/Dept.: Glenn Heald Todd Tipton/CDD	Phone Number: 310-253-5752 310-253-5783
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: ________________
Public Notification: (E-Mail) Meetings and Agendas – Successor Agency (03/07/2014).	
Department Approval: Sol Blumenfeld (03/06/2014)	City Attorney/Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (03/06/14) City/Successor Agency Special Counsel Approval: Murray Kane (03/06/2014)
Chief Financial Officer Approval: Jeff Muir (03/06/14)	City Manager/Executive Director Approval:

RECOMMENDATION:

Pursuant to California Department of Finance (DOF) direction, Staff recommends:

The City Council:

Accept assignment from the Successor Agency to the Culver City Redevelopment Agency (Successor Agency) to the City of Culver City (City) of all of the Successor Agency's rights, title, interest, powers, privileges and other incidences of ownership in and to all Disposition and Development Agreements and Parking Agreements encumbering six of the ten parking facilities identified herein.

AND

The Successor Agency:

(1) Assign to the City all of the Successor Agency's rights, title, interest, powers, privileges and other incidences of ownership in and to all Disposition and

Development Agreements and Parking Agreements encumbering six of the ten parking facilities identified herein; and

(2) Adopt a Resolution approving the proposed Revised Long Range Property Management Plan (LRPMP) for submittal to the DOF and making a finding that assignment of the DDA(s) and Parking Agreement(s) for the properties to the City is consistent with the intentions of State Assembly Bill ABx1 26 as amended by AB 1484 (Dissolution Act).

BACKGROUND:

Pursuant to Health and Safety Code Section 34191.5, within six months after receiving a Finding of Completion from the DOF, each successor agency is required to submit for approval to its oversight board and the DOF a Long Range Property Management Plan addressing the disposition and use of the real properties of the former redevelopment agency[i]. The Successor Agency's proposed LRPMP was approved for submittal by the Successor Agency on June 10, 2013 and by the Oversight Board on July 3, 2013, and submitted to the DOF on July 17, 2013.

The DOF has indicated to staff that they are prepared to approve the Culver City LRPMP if ten (10) parking facilities listed as former Culver City Redevelopment Agency assets are reclassified for disposition in categories the DOF feels more closely reflect the criteria within the Dissolution Act (See endnote i2). Upon DOF approval of the LRPMP and satisfaction of all conditions related thereto, the ten parking facilities will be eligible for transfer from the Successor Agency to the City.

DISCUSSION:

The Culver City Long Range Property Management Plan is a complete listing and narrative discussion of the proposed disposition of former Redevelopment Agency assets. It includes all non-housing real property assets that have been redeveloped or are proposed to be redeveloped, including remnant parcels and public parking assets. The LRPMP lists ten parking facilities under the disposition category "Properties to be Retained for Governmental Use" indicating the Successor Agency's intention to retain the parking facilities for future transfer to the City or the Parking Authority to ensure they continue to be operated in a manner consistent with the City's existing obligations to local businesses and plans for future development of the areas in proximity to the parking facilities.

The ten parking facilities recommended for reclassification are:

1. 3846 Cardiff Ave. (Cardiff Parking Structure).

2. 9099 Washington Blvd. (Ince Parking Structure).

3. 3844-48, 3864 Watseka Ave. (Watseka Parking Structure).

4. 10401, 10555, 10601 Virginia Ave. (Virginia Parking Lot).

5. 9415-9425 Venice Blvd. (Venice Parking Lot).

6. 3713-3715 Robertson Blvd. (Robertson Parking Lot #1).

7. 3727 Robertson Blvd. (Robertson Parking Lot #2).

8. 3757 Robertson Blvd. (Robertson Parking Lot #3).

9. 12601 Washington Blvd. (Washington Parking Lot).

10. 3825 Canfield Ave. (Canfield Parking Lot).

The DOF believes that these parking facilities and their uses are inconsistent with the definition of "Governmental Use" as defined in the Dissolution Act. However, if certain of the parking facilities referenced herein are reclassified as "Properties to be Retained to Fulfill Enforceable Obligations." (Nos. 1, 2, 3, 5, 8 and 10) and the remainder are reclassified as "Properties to be Retained for Future Development" (Nos. 4, 6, 7 and 9), the DOF has indicated to staff the LRPMP will be conditionally approved.

Such disposition will allow the Successor Agency to retain six downtown parking assets for transfer to the City but may oblige the City to seek Compensation Agreements (negotiated settlements) with each of the taxing entities for the other parking assets outside of the downtown area prior to the transfer of those properties from the Successor Agency to the City. Such Compensation Agreements would reflect the amount of foregone property taxes related to each asset and such agreements must be reached within one year of the expiration of the Redevelopment Project Area (2025)[ii].

A DDA between the Successor Agency, the City and Oliver McMillan and a parking license agreement between the Successor Agency and Paul Kahn encumber the above downtown parking facilities in perpetuity. Such agreements may be assigned to other parties. In order to effectuate the proposed reclassifications, the Successor Agency must assign and the Oversight Board must approve their reassignment to the City, which would be bound by all provisions and must perform all of the obligations of the DDA(s) and parking agreement(s). An agreement for such assignment will include, in part, the following or similar language:

> Assignor does hereby sell, assign, pledge, transfer and set over unto Assignee, all of Assignor's rights, title, interest, powers, privileges and other incidences of ownership in and to the Disposition and Development

Agreement(s) and Parking Agreement(s) and Assignee does hereby assume all of Assignor's right, title, interest, powers, privileges and other incidences of ownership in and to the Disposition and Development Agreement(s) and Parking Agreement(s). Assignee hereby agrees to be bound by any and all provisions of the Disposition and Development Agreement(s) and Parking Agreement(s) as if Assignee had been a direct party to the Disposition and Development Agreement(s) and Parking Agreement(s), and agrees to perform all of the obligations of Assignor thereunder. Notwithstanding anything to the contrary set forth herein, this assignment and assumption shall release Assignor of any obligations under the Disposition and Development Agreement(s) and Parking Agreement(s).

Additionally, the Successor Agency and the Oversight Board must make a finding that assignment of the DDA(s) and Parking Agreement(s) for the parking facilities to the City will further the intention of the Dissolution Act and is consistent with the California Health and Safety Code Sections 34167(a) and 34169(d), which direct the Successor Agency to preserve revenues and assets so they may be made available to the taxing entities. The assignment of the DDA(s) and Parking Agreement(s) is consistent with such direction because it transfers the responsibilities and costs of maintaining the parking facilities to the City and relieves the Successor Agency of those operating and maintenance costs, allowing that revenue to be passed to the taxing entities. Language expressing the required finding is incorporated into the draft resolution approving the revisions to the LRPMP and authorizing the assignment of the DDA(s) and Parking Agreement(s) to the City.

If the Successor Agency approves the assignment of the DDA(s) and Parking Agreement(s) and the resolution, and the City accepts the assignment, staff will present this issue to the Oversight Board for their consideration and approval on March 13, 2014, after which, if approved, the revised LRPMP and resolution will be submitted to the DOF for their approval.

FISCAL ANALYSIS:

There is no direct cost to the City or Successor Agency resulting from the approval of revisions to the LRPMP or the reassignment of the DDA(s) and Parking Agreement(s).

ATTACHMENTS:

1. Proposed Successor Agency Resolution Approving Revised Long Range Property Management Plan and Making Findings that the Assignment to the City of the DDA(s) and Parking Agreement(s) for the Properties Furthers the Intentions of the Dissolution Act.
2. Proposed Revised Long Range Property Management Plan in Excerpt.

MOTION:

That the City Council:

Accept assignment of all of the Successor Agency's rights, title, interest, powers, privileges and other incidences of ownership in and to all Disposition and Development Agreement(s) and Parking Agreements encumbering the six parking facilities proposed for reclassification as “Properties to be Retained to Fulfill Enforceable Obligations” as identified herein, and authorize the City Manager or designee to take all necessary, reasonable and appropriate actions to implement the transfer of assets and obligations from the Successor Agency to the City, and authorize the City Clerk to execute Certificates of Acceptance.

That the Successor Agency:

1. Assign, pledge, transfer and set over unto the City of Culver City, all of the Successor Agency's rights, title, interest, powers, privileges and other incidences of ownership in and to all Disposition and Development Agreement(s) and Parking Agreement(s) encumbering the six parking facilities proposed for reclassification as “Properties to be Retained to Fulfill Enforceable Obligations” as identified herein, and authorize the Executive Director or designee to take all necessary, reasonable and appropriate actions to implement the transfer of assets and obligations from the Successor Agency to the City; and,

2. Adopt a Resolution approving the Revised Long Range Property Management Plan for submission to the California Department of Finance and making a finding that the assignment to the City of the DDA(s) and Parking Agreement(s) encumbering the six parking facilities proposed for reclassification as “Properties to be Retained to Fulfill Enforceable Obligations” is consistent with the intention of the Dissolution Act and is consistent with the California Health and Safety Code Sections 34167(a) and 34169(d).

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[i] The LRPMP shall do all of the following :

1. Include an inventory of all properties in the Community Redevelopment Property Trust Fund, which was established to serve as the repository of the former redevelopment agency’s real properties. The inventory shall consist of all of the following information:
   - The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.
   - The purpose for which the property was acquired.
   - Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

- An estimate of the current value of the parcel including, if available, any appraisal information.
- An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.
- The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
- A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
- A brief history of previous development proposals and activity, including the rental or lease of property.

2. Address the use or disposition of all of the properties in the Community Redevelopment Property Trust Fund. Permissible uses include 1) the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

   - If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
   - If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in the bullet directly above, the proceeds from the sale shall be distributed as property tax to the taxing entities.
   - Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

[ii] The Successor Agency may request that each taxing entity waive any claim to compensation in recognition that the properties have no private market value. Alternately, the taxing entities may request they be compensated in an amount equivalent to the portion of property tax they would receive if the properties were assessed at market value and privately held. If the Successor Agency cannot reach agreement with a taxing entity, the amount to be paid is to be determined by using the assessed value of the property as of the 2011 date of the Dissolution Act. As the properties are currently government-owned they do not have an assessed value on the current County Assessor tax rolls. The properties have not been appraised. If appraisals are necessary to affect compensation agreements, the cost of the appraisals may be included in future ROPS statements for reimbursement by the DOF through Real Property Tax Trust Fund disbursements.