

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

Meeting Date: 03/08/2010		Item Number: <u>D-1</u>	
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Discussion of Proposed Alternatives for the Development of 9300 Culver Boulevard and the Adjacent Town Plaza Expansion.			
Contact Person/Dept.: Joe Susca, Todd Tipton/Redevelopment		Phone Number: 310-253-5763	
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 – Redevelopment Agency (03/03/10), The Downtown Business Association (02/03/10)			
Department Approval: Sol Blumenfeld (2/13/10)		Agency General Counsel Approval: Murray Kane (02/23/10)	
Chief Financial Officer Approval: Mark Scott (by N. Kimball) (03/03/10)		Executive Director Approval: Mark Scott (03/03/10)	

RECOMMENDATION:

Staff recommends that the Culver City Redevelopment Agency Board (the “Board”) discuss alternatives regarding (1) the content of a Request for Proposal (“RFP”) to secure a new developer for redevelopment of the 9300 Culver Boulevard site (a Downtown parking lot commonly referred to as “Parcel B”); (2) whether or not to build additional parking as part of the project, and (3) whether or not to build the Town Plaza Expansion now or await its construction in combination with Parcel B.

After receiving input from tonight’s study session, staff will return to the Board to take action on this item at a future meeting.

BACKGROUND:

On July 10, 2006 the Agency entered into a Disposition and Development Agreement with a developer to sell Parcel B. Parcel B’s existing entitlement permits construction of a 3-story commercial building comprised of 118,000 square feet of ground floor retail and restaurant uses and upper floor offices, one subterranean level with 84 parking spaces, and three storage rooms (the “Project”). The Project’s building permits are approved and may be pulled and the building’s conceptual plans are attached for your reference. On December 14, 2009 the Board terminated its agreement with the developer of the Project.

Adjacent to Parcel B is Town Plaza, which the Agency intends to expand. The first phase of the Town Plaza Expansion project, the realignment of Washington Boulevard, has been completed. The design and construction documents for the

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second phase, construction of the expansion area, are complete and are now ready to undergo the public bidding process to select a General Contractor.

DISCUSSION:

The Board has directed staff to present development alternatives for consideration in drafting a Request for Proposal (RFP) or Request for Qualifications (RFQ) for the project. The alternatives include both (1) development programs that are consistent with the original project entitlements and environmental review (i.e. consistent in size, building volume, building height and development program) and (2) programs which vary from the approved entitlements and environmental reviews which may require modifications to the entitlements and environmental review.

The original project was designed as a post-production office facility with an entertainment related major tenant and ground level retail. Since the major entertainment related tenant is no longer involved in the project, the Board may also wish to consider a different development program and building configuration to accommodate different goals or needs. Staff has proposed six alternatives, described below, that the Board may wish to consider. With Board direction, staff will prepare a draft RFP or RFQ to issue to qualified developers. Please refer to the attached table that summarizes the development alternatives .

Alternative I

Keep Building Design As-Is

Estimated Agency/City Cost: \$0

Timeframe: 12-15 months to negotiate a DDA, enter into leases and secure financing.

In this alternative, the Board preserves the existing Project and instructs staff to release a Request for Qualifications ("RFQ") to secure a new developer to build the Town Plaza Expansion, to purchase the Project's plansⁱ and subsequently build it as-is. A qualifications statement rather than development proposal by developer teams is required in this alternative because the entitled project is unchanged and the original plans will be used. A DDA would be negotiated that includes a Schedule of Performance to provide the new developer time to enter into leases with tenants and to secure financing for the Project.ⁱⁱ Once financing had been secured by the new developer, the land sale would conclude and construction would commence on the Project and the Town Plaza Expansion concurrently. The Project includes storage and common area restrooms for Town Plaza.

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Alternative II

Modify Building Design Pursuant to the Existing Entitlement

Estimated Agency/City Cost: \$1,400,000 in delayed Agency Tax Increment and City taxes.

Timeframe: 24-30 months.

Because of its unique street configuration, the downtown has limited opportunities for pedestrian oriented retail frontage. Though not technically providing new street frontage, the project could be redesigned to make the second level retail appear more like street frontage by creating an elevated pedestrian walk through the project as suggested in the attached conceptual plan. The design is similar to the concept at the *Via Rodeo* shopping center in Beverly Hills. (See attached).

In this alternative, an RFP would be issued to obtain a new developer for a project that adheres to the existing entitlement and general development program, but with a different building design. In this option, a redesigned building incorporates the concept of a central pedestrian “street”. The street or paseo would have the effect of increasing retail frontage on the second floor level and creating a new walking “street” in Downtown. The upper level pedestrian walk is located above the “back of house” portions of the retail frontage at the ground level.

The creation of the pedestrian “street” would reduce building area and potentially reduce floor plan efficiency thereby reducing rents, but this effect may be offset by the value created by new “street-frontage” retail that is created for the project and by the added benefit of enhancing the downtown pedestrian environment.

Alternative III

Modify Building Design and Use with New Entitlement

Estimated Agency/City Cost: \$2,100,000 in delayed Agency Tax Increment and City taxes or their elimination depending on the use selected.

Timeframe: 36-42 months.

In this alternative, the RFP would allow a new developer to build a different project on Parcel B that might include a mixed-use development with a residential component, educational, museum, a single large retailer or service institution, fitness center or non-profit use. Culver City Municipal Code amendments over the past decade have increased the parking requirements for restaurant uses. If the Agency were to change the existing entitlement to pursue a different project, it is likely that the cost to build additional required parking spaces will adversely affect Parcel B’s land sale price.

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Alternative IV
Additional Parking

The draft Walker Downtown Parking Study (the “Study”) analyzes the capacity of each of the Agency’s three parking structures. Though the Study is being finalized, the preliminary findings indicate that if Parcel B was built without additional parking, the “pooled parking” balance would be reduced

The existing project entitlement stipulates that the required parking be provided at the Ince Parking Structure. The prior developer opted to build one level of subterranean parking with 84 parking spaces with the balance provided in the Ince parking structure. The Agency may want to consider releasing an RFP that requires the developer to construct additional parking beneath the building footprint or encompassing the area beneath the Town Plaza. The net parking benefit is shown below:

Parking Beneath Parcel B:

Level	Spaces	Cost Per Space*	Cost Per Level
P2	84	\$40,000	\$3,360,000
P3	84	\$48,000	\$4,032,000
Total	168		\$7,392,000

***Comparatively, a parking space cost \$15,000 each in an above-ground structure.**

Town Plaza Expansion Area and Partnering with The Culver Studios:

The Board may also want to consider expanding Parcel B’s first subterranean level footprint into the adjacent Town Plaza Expansion area and share parking with The Culver Studios (the “Studios”).ⁱⁱⁱ This would result in an additional 29 spaces per level (113 total) at a cost of \$870,000 for the first level and an additional \$1,160,000 for a second level. In addition to the cost to construct the spaces, modification of the existing Town Plaza Expansion construction documents and engineering a new storm water drainage system would add an additional \$75,000 to the cost.

In exchange for the subsurface use of the Agency’s land, the Studios would use the parking spaces during their business hours; however the Agency would be permitted access to up to 475 parking spaces for use by the public during weeknights, weekends and during the Studios off-season. This would require a reciprocal parking agreement between the Agency and the Studio. In this scenario, access to the subterranean parking levels would be via a ramp located beneath Parcel B and/or the Access Road that separates Parcel B from the Studios (see “The Culver Studios Shared Parking Plan” attached.) The two subterranean parking levels however, would be incorporated with the Agency-owned Access Road, and the Studios properties. The anticipated cost for this proposal is as follows:

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Level	Spaces	Cost
Studios Front Lawn	115	\$0
Town Plaza Expansion	29	\$870,000
Plaza Expansion Redesign	N/A	\$75,000
Shared P2 Level	331	\$4,032,000
Total	475	\$4,977,000**

**\$4,977,000 equates to \$10,478 per shared parking space.

The RFP to secure a new developer for Parcel B would condition sale of the site upon the successful execution of a tri-party reciprocal easement and maintenance/operations agreement between the new Parcel B developer, the Agency and the Studios for the shared parking spaces. Thus the Board may wish to consider adding parking beneath Town Plaza alone or beneath Town Plaza and incorporating Culver Studios parking.

Alternative V

Town Plaza Expansion Construction Now:

The Parcel B site is cleared and Washington Boulevard has been reconfigured in anticipation of redevelopment,. With Parcel B development delayed, the area presents an unimproved street edge in a central part of the downtown. The Board may wish to consider constructing Town Plaza improvements in advance of the Parcel B development to address this concern.

The construction documents for the Town Plaza Expansion are completed and the project is ready to bid out and build. Since the Town Plaza Expansion area was designed to be built following construction of Parcel B, and since the Parcel B project has been delayed the Board may wish to disaggregate the projects and proceed now with some temporary Plaza improvements. In the near-term a temporary landscaped buffer could be created for screening purposes. The buffer would incorporate the triangular shaped portion of Parcel B that is part of the former Washington Boulevard roadway. (Please see attached sketch) Upon the close of escrow on the land sale (2-3 years later), the buffer would be demolished and become part of Parcel B's redevelopment

If the Board instructed staff to build the Town Plaza Expansion with a temporary transitional buffer as a separate project, absent Parcel B, following are two designs to consider:

Basic Landscaped Buffer \$125,000: In this alternative, the former roadway's concrete would be demolished, removed and replaced with wood chip ground cover surrounded by a concrete curb along the boundary of the Town Plaza Expansion area.

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Enhanced Landscaped Buffer \$280,000: In this alternative, after demolition of the former roadway; trees, ground cover, a detachable irrigation system, paved walkways, hedge, and a low-height fence around Parcel B would be built. (See attached Enhanced Landscaped Buffer Conceptual Plan).

Alternative VI

Consider Unsolicited Proposals

Staff has been contacted by various developers who have expressed interest in Parcel B. Though none have prepared project plans or definitive proposals, the Board may wish to consider these unsolicited proposals as part of Agency real property negotiations. If the Board decides to pursue this option, staff will schedule the matter for Closed Session pursuant to Government Code Section 54956.8.

FISCAL ANALYSIS:

If construction of the existing Project is delayed or replaced with a new use, tax increment receipts (projected to be \$424,000 in year 1 with 2% annual growth thereafter), one time building permit fees (approx. \$1,000,000), and other City tax revenues (i.e. Sales Tax, Business Tax and UUT totaling approx. \$265,000 annually) will be delayed until construction is completed; or reduced if a different use for the site is adopted. If the Board decides to fund the construction of additional parking spaces with a new developer or the Studios, it may do so by reducing Parcel B's land sale price. The realignment of Washington Boulevard, which has been completed, cost \$2,300,000. Currently, \$2,800,000 is allocated in tax-exempt bond proceeds (55393400) to complete construction of the Town Plaza Expansion.

CONCLUSIONS:

The Board should consider:

- Whether to proceed with the existing Parcel B Project with a new developer or pursue a new building design and/or use for the site; and
- Determine if additional parking should be built as part of the Project and if so whether it should include the area beneath Town Plaza and/or include a cooperative parking agreement with Culver Studios; and
- Whether or not to build the Town Plaza Expansion now or await its completion by a new developer.

If the Board prefers to pursue a new building design and/or use, it will result in project delays of 3-4 years. If this is the case, staff recommends the Town Plaza Expansion be built absent the Parcel B building with a temporary landscape buffer costing either \$125,000 (basic) or \$280,000 (enhanced).

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If the Board were to instruct staff to build additional parking, it may fund its cost in part by reducing Parcel B's land sale price.

ATTACHMENTS:

1. Parcel B Conceptual Plans
2. Parcel B/Town Plaza Study Chart
3. Town Plaza Expansion -- Parcel B Enhanced Landscape Buffer Conceptual Plan
4. Conceptual Plan and Via Rodeo Photographs
5. The Culver Studios Shared Parking Plan

MOTIONS:

That the Agency Board:

1. Discuss the various alternatives presented in this report regarding the future development of the 9300 Culver Boulevard site, whether or not to build additional parking as part of the sites redevelopment, and when to build the Town Plaza Expansion and direct the Executive Director as deemed appropriate.

ⁱ When the Board terminated the DDA with the former developer the Agency preserved its rights to acquire the Project's plans.

ⁱⁱ Agency Tenant Control:

To further the Agency's goals for Downtown, the agreement with the prior developer of Parcel B required Agency approval of ground floor businesses that are "unique, high-end, and high-quality" both initially and for seven years after construction is completed. In light of the economic downturn, the Board could instruct staff to release an RFP that eliminates these tenant control measures in order to expand the pool of tenants interested in leasing space within the Project.

ⁱⁱⁱ Staff has received an unsolicited proposal by The Culver Studios to construct and share parking beneath the Access Road that separates The Culver Studios from Parcel B and the front lawn of the Studios Mansion.