

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 03/27/06		Item Number: <u>A-5</u>	
AGENDA ITEM: Consideration of a Request Submitted by Sony Pictures Entertainment for an Amendment to extend the Term of the Development Agreement Relating to Property at 10202 Washington Boulevard in the Studio (S) Zone.			
Contact Person/Dept.: Elinor Aurthur		Phone Number: (310) 253-5728	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☒		Action Item: ☒ Attachments: ☒	
Public Notification: Notice was published in the <u>Culver City News</u> on 03/1/06. On 03/16/06, a public notice was mailed to all owners and occupants within a 500-foot radius, extended to the end to the block; notices were mailed to the Downtown Business Association, Culver City Homeowner Association, <u>Culver City News</u> , <u>Culver City Observer</u> , Culver City Chamber of Commerce, East Culver City Neighborhood Alliance, and various City personnel. Notices were also mailed on March 16, 2006, to all City Council, Planning Commission, and Cultural Affairs Commission members, as well as to the Culver City Historical Society. Notices were emailed to the Master Notification List on March 23, 2006.			
Department Approval: Susan Evans (03/22/06)		CAO Approval: Jerry B. Fulwood (03/23/06)	
City Controller Approval: Marlee Chang (03/22/06)			

RECOMMENDATION:

That the City Council:

1. Find that pursuant to the California Environmental Quality Act (CEQA) Guidelines, any potentially significant effects that the project may have on the environment (a) have been analyzed adequately in the Environmental Impact Reports (EIRs) certified by the City Council for the original development agreement, and compared with information in the most recent General Plan Update Program EIR or the Culver City Redevelopment Plan Amendment and Merger Program Subsequent EIR, as well as with other environmental analyses available to the City, and (b) have been avoided or mitigated pursuant to that environmental analysis, therefore, pursuant to CEQA, nothing further is required.
2. Introduce for first reading the First Amendment to the Development Agreement by and among the City of Culver City, Sony Pictures Entertainment, Inc. and Lot, Inc. as recommended by the Planning Commission in Resolution No. 2006-P007.

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PROCEDURE:

1. Mayor seeks motion to receive and file affidavit of mailing and publishing of public notice.
2. Mayor calls on staff for a brief staff report and City Council poses questions to staff as desired.
3. Mayor declares the public hearing open, providing the applicant the first opportunity to speak, followed by the general public.
4. Mayor seeks a motion to close the public hearing after all testimony has been presented.
5. City Council thoroughly discusses the matter and arrives at its decision.

BACKGROUND:

In September, 1993, the City entered into a twenty-year development agreement with Sony Pictures Entertainment (Attachment No. 6) allowing Sony to expand and renovate the existing 1,537,743 gross-square-foot studio to a total of 2,542,819 gross square feet (the Project). The Agreement sets forth the Applicable Rules under which the Project would be reviewed by the City and gives Sony the assurance that the City will not apply any new rules or limitations in its review of any part of the Project, unless those rules are (i) mandated by State or Federal law, (ii) are part of uniform codes, such as the Uniform Building Code and (iii) if a condition dangerous to resident's health or safety is involved.

At the same time, the City Council also approved a Comprehensive Plan, which includes conditions of approval intended to mitigate the significant impacts identified in an EIR prepared for the Project in 1992. Some of these conditions require ongoing compliance. Others are applicable only when new construction is proposed or when certain development or new vehicle trip thresholds are reached. Also included are conditions not directly tied to any impacts of the Project (such as donations to the Culver City Unified School District and film showings at the Culver City Senior Center).

Although the Development Agreement has a vesting term of twenty years and was initially due to expire in September, 2013, the Agreement provides for its term to be reduced by five years if Sony did not commence construction of at least 500,000 net new square feet by December 31, 2001. Since Sony did not commence that amount of development by that date, the term of the Agreement

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was reduced from twenty to fifteen years and is now due to expire in September 2008.

DISCUSSION:

Request

On January 24, 2006, Sony submitted an application to extend the term of the Development Agreement by twenty years, or to 2028 (Attachment No. 7) . Sony further requested that all other provisions of the agreement and all the conditions of approval of the Comprehensive Plan remain the same.

The Development Agreement

The Development Agreement describes benefits expected to accrue to both Sony and the City as a result of the Agreement. Sony is assured that the Project can be completed under the known Applicable Rules, which are set forth in the Agreement. The City stands to benefit economically, to achieve certain comprehensive planning objectives, and solidify the historic presence and operation of the entertainment industry in the city.

The Agreement provides for the expansion of the studio, within the existing lot, by more than a million net new square feet. Since 1993 Sony has completed many rehabilitation and adaptive reuse projects, preserving the historic structures on the site and maintaining a state-of-the art television and movie studio.

However, the development of the site has not occurred on the scale allowed by the Development Agreement. At present the site is 18,991 square feet larger than it was when the Development Agreement was adopted in 1993. Instead of building new buildings or expanding the size of buildings on the lot, Sony made the decision to use its resources to improve a site that, in 1993, showed severe effects of deferred maintenance. Sony's work on the lot is detailed in their letter dated October 2005 requesting the proposed extension. However, Sony has not yet fulfilled the potential of the Agreement; both the City and Sony stand to benefit from the proposed extension of its term.

Sony Compliance with Conditions of Approval

Since 1993 Sony has maintained vigilant compliance with all conditions of approval of the Comprehensive Plan that was approved at the same time as the Development Agreement. Sony submits annual reports detailing compliance; Planning staff also monitors Sony's adherence to conditions applicable to

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proposed construction or rehabilitation projects on the site, to special conditions of approval, such as development of a childcare center and free tours for people who live or work in Culver City, and to conditions that come due annually, such as required annual traffic studies. A matrix showing Sony's compliance with the conditions of approval is provided as Attachment No. 8.

Sony has also made numerous voluntary contributions to the City. These are not required by the Comprehensive Plan Conditions of Approval or Development Agreement. Some of these are highlighted in the most recent issue of the Sony Annual Report, (Attachment No. 9).

Provisions of First Amendment to Development Agreement

The First Amendment (Attachment No. 4) to the Development Agreement provides for the following:

- The First Amendment provides for the vesting term of the Development Agreement to be extended for eighteen years, until September 15, 2026. At Sony's request, the Vesting Term will be extended an additional two years, until September 2028, if Sony commences at least three hundred thousand (300,000) square feet of net new construction on the lot on or before December 31, 2011.
- In March 2002 Sony expanded the lot by the purchase of a piece of land, about 20,300 square feet in size, from Southern California Edison. That area has been used by Sony per a lease with Edison. Sony has now purchased that property, at Edison's request. Under the First Amendment to the Agreement, this land purchased from Edison will become part of the legal description of the site covered by the Sony Development Agreement.
- The First Amendment to the Agreement permits Sony to develop the site in accordance with the Applicable Rules that were in effect when the Development Agreement was adopted in 1993, except as noted above and subject to the provisions of the new Zoning Code adopted in October 2005. The First Amendment also allows Sony a period of two months to review the 2005 Zoning Code to determine if there are any provisions in it that would have a "material adverse effect on Sony's ability to develop the Project," and provides a process for Sony and the City to work out an agreement if Sony believes there is such an effect.
- In July 2000, the City Council adopted an ordinance to re-codify the Culver City Municipal Code. Wherever the Development Agreement refers to a

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title, chapter or section number of the Municipal Code it will be understood as a reference to the re-codified Municipal Code.

Consideration for City in Exchange for Extension of Term

In granting the requested extension, the City agrees not to impose any additional new rules in its review of new development at the studio for up to 20 years. Sony and the City have agreed that the requested extension is a benefit to Sony, for which the City is to receive some consideration in return. Under the terms of the First Amendment to the Development Agreement, the City is to receive the following:

- For the next ten years, or until the year 2015, Sony will continue its annual contribution of Twenty-Five Thousand Dollars (\$25,000) to the Culver City Unified School District.
- For the next ten years, or until the year 2015, Sony will contribute to the City's Unified Fund at least Twenty-Five Thousand Dollars (\$25,000) per year. The City's Unified Fund supports City-sponsored events and programs.

Comments Received During Public Comment Period

As of March 15, 2006, no public comments had been received.

Environmental Determination

Section 21166 of the Public Resources Code and Section 15162 of the California Environmental Quality Act (CEQA) Guidelines state that when an EIR has been certified for a project no subsequent EIR shall be prepared for a subsequent project whose impacts are fully addressed in the initial EIR, unless there is substantial evidence of the following:

1. The subsequent project will require major revisions to the initial EIR;
2. The circumstances under which the EIR was prepared have significantly changed; or
3. New information of substantial importance, which was not previously known, could impact the project.

An Initial Study prepared for this project found that the proposed project could have a significant effect on the environment. Pursuant to Section 21166 of the Public Resources Code and Section 15162 of the CEQA Guidelines, no new

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environmental analysis is needed because there is no substantial evidence that the First Amendment to the Development Agreement will require substantial revisions to either the EIR certified by the City Council for the original Development Agreement, the General Plan Update Program EIR (PEIR 1), or the Culver City Redevelopment Plan Amendment and Merger Program Subsequent EIR (PEIR 2), the circumstances under which the EIR certified by the City Council for the original Development Agreement, PEIR 1 and PEIR 2 were prepared have not significantly changed and no new significant information has been found that would impact either the Original Development Agreement EIR, PEIR 1 or PEIR 2 and all potentially significant effects (a) have been analyzed adequately.

Fiscal Impact

Sony will contribute \$25,000 annually to the City's United Fund to support City-sponsored events and programs.

ATTACHMENTS:

1. Sony Vicinity Map
2. Sony Vicinity Aerial Map
3. Planning Commission Resolution No. 2006-P007;
4. First Amendment to the Development Agreement (Exhibit A to Attachment 3);
5. Ordinance No. 2006-____ (Exhibit B to Attachment 3);
6. 1993 Development Agreement;
7. Sony October 2005 request to extend term of Development Agreement;
8. Matrix of compliance with Comprehensive Plan Conditions of Approval; and
9. Sony Annual Report September 2005.

MOTION:

1. Find that pursuant to the CEQA and CEQA Guidelines, any potentially significant effects on the environment (a) have been analyzed adequately in the EIRs certified by the City Council for the original development agreement, and compared with information in the General Plan Update Program EIR, or the Culver City Redevelopment Plan Amendment and Merger Program Subsequent EIR, as well as other environmental analyses available to the City, and (b) have been avoided or mitigated pursuant to that environmental analysis, pursuant to CEQA and CEQA Guidelines, nothing further is required.

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2. Introduce for first reading Ordinance No. 2006-____ approving the execution of a First Amendment to the Development Agreement by and among the City of Culver City, Sony Pictures Entertainment, Inc. and Lot, Inc. relating to real property located at 10202 Washington Boulevard.