



City of Culver City

Staff Report

File #: 16-001, Version: 1

Item #: C-14.

CC - Approval of a Settlement Agreement to Relocate David K's T-Shirt Printing Located at 8926 Venice Boulevard.

Contact Person/Dept: Todd Tipton/CDD
Phone Number: (310) 253-5783

Fiscal Impact: Yes No

General Fund: Yes No

Public Hearing: **Action Item:**

Attachments: Yes No

Commission Action Required: Yes No **Date:**
Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/21/16)

Department Approval: Sol Blumenfeld, Community Development Director (06/21/16)

RECOMMENDATION

That the City Council approve a Settlement Agreement to relocate David K's T-Shirt Printing located at 8926 Venice Boulevard.

BACKGROUND/DISCUSSION

In early 2011 the City acquired five separate properties located at 8900-8936 Venice Boulevard (Venice Properties). The Venice Properties were acquired in order to assemble the land for a Transit Oriented Development (TOD) project adjacent to the Exposition Light Rail (Expo).

The Venice Properties are located in the City of Los Angeles and four of the five are subject to commercial property leases; the remaining property (a surface parking lot) is not. Of the four that are subject to a lease, three can be terminated subject to 30-day's notice (month-to-month) and the fourth lease (David K's T-Shirt Printing - 8926 Venice Boulevard) remains in effect until 2021.

In September 2014 the City and Successor Agency to the Culver City Redevelopment Agency (SA) entered into an Implementation Agreement with Lowe Enterprises Real Estate Group (Lowe) to construct the Ivy Station project ("Project"). The Project site is comprised of the Venice Properties and properties owned by the SA in Culver City. The SA's properties are currently used by the Los Angeles County Metropolitan Transportation Authority (Metro) as a surface parking lot for Expo

parking.

The Implementation Agreement requires the Successor Agency to reimburse Lowe, through a credit against the land sale, for all of the relocation costs associated with the Venice Properties. All proceeds resulting from the sale of the SA's property will be distributed by the Department of Finance to the taxing entities.

In order to determine the relocation costs associated with the businesses, the City contracted with a relocation specialist, a goodwill appraiser and a real estate appraiser. The City is also being assisted by City Special Counsel - Kane, Ballmer & Berkman.

On May 26, 2016, staff, City Special Counsel and a representative of Lowe participated in mediation with the owner of David K's T-shirt Printing (Mr. David Knepprath) and his legal counsel. Upon conclusion of the mediation all parties agreed that an all-inclusive amount of \$850,000 would satisfactorily relocate the business. (See Attachment No. 1)

FISCAL ANALYSIS

The total relocation cost to date for all tenants (including consultant and mediation costs) is estimated to be between \$430,470 and \$1,175,530, which will be funded by Lowe.

The Venice Properties have generated approximately \$1 million in rental proceeds for the City. The rental proceeds will be used to offset the total relocation costs identified above.

ATTACHMENTS

Mediated settlement agreement

RECOMMENDED MOTIONS

That the City Council:

1. Approve an agreement with David K's T-shirt Printing to relocate the business at 8926 Venice Boulevard;
2. Authorize the City Attorney and City Special Counsel to prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.