



City of Culver City

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Staff Report

File #: 18-01101, **Version:** 1

Item #: PH-1.

CC:SA - PUBLIC HEARING - Adoption of Respective Resolutions by the City Council and Successor Agency to the Culver City Redevelopment Agency, Approving Real Property Transfers and a Disposition and Development Agreement by and between the Successor Agency and Culver Public Market, LLC, Related to the Market Hall Project.

Meeting Date: April 23, 2018

Contact Person/Dept: Glenn Heald/CDD
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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 -Successor Agency (04/18/18). Published in Culver City News (04/05/2018 and 04/12/2018).

Department Approval: Sol Blumenfeld, Community Development Director (4/10/18)

RECOMMENDATION

Staff recommends the City Council and Successor Agency to the Culver City Redevelopment Agency ("Successor Agency") Board adopt respective Resolutions approving real property transfers and a Disposition and Development Agreement by and between the Successor Agency and Culver Public Market, LLC ("Developer"), related to the Market Hall Project.

PROCEDURE

1. The Mayor and Successor Agency Chairperson ("Chair") seeks a motion from the City Council and Successor Agency Board to receive and file the affidavits of publication and posting of notices, and correspondence received in response to the public hearing notices;
2. Mayor and Chair call for a staff report and the City Council/Board Members may pose

questions to staff as desired;

3. Mayor and Chair seek a motion to open the public hearing;
4. Mayor and Chair seek a motion to close the public hearing after all public testimony has been presented; and
5. City Council and Board discuss the items and arrive at their respective decisions.

BACKGROUND/DISCUSSION

On June 28, 2011, the Governor of California signed into law AB X1 26 (the “Dissolution Act”), making certain changes to the California Community Redevelopment Law. The Dissolution Act provides, in part, that the Oversight Board has the authority to direct the Successor Agency to dispose of all assets and properties of the former Culver City Redevelopment Agency (CCRA).

The Property is proposed to be transferred in accordance with the Successor Agency’s approved Long Range Property Management Plan.

The Property is comprised of two groups of parcels located on the northeast and northwest corners of the intersection of Washington Boulevard and Centinela Avenue, Culver City, APNs 4232-009-901, 4232-009-900, 4231-002-901, 4231-002-902, 4231-002-903, 4231-002-904, 4231-002-905, 4231-002-906, 4231-002-907, 4231-002-909, 4231-002-900, and 4231-002-908. The parcel on the northwest corner (“Site A”) is approximately 53,022 square feet (1.22 acres), and will be subject to an air-space subdivision (“Site A-1” and “Site A-2”). The parcel on the northeast corner (“Site B”) is approximately 19,736 square feet (0.45 acres). Pursuant to the proposed Disposition and Development Agreement by and between the Successor Agency and Culver Public Market, LLC (the “DDA”), Site A-1 would be conveyed to the City of Culver City for construction of a public parking garage (“Parking Structure”) and Site A-2 and Site B would be conveyed to the Developer. A portion of the Property is zoned Commercial General (“CG”) and the rest is zoned Public Parking Facility (“PPF”). The Property is included in the Long Range Property Management Plan submitted to the Department of Finance (DOF) in July 2013 (and revised and resubmitted to the DOF in March, 2014) as “Property to be Sold,” reflecting the Property’s intended sale for the development of a market hall and related uses. On March 18, 2014, the DOF authorized the sale of the Property from the Successor Agency to the Developer. In accordance with applicable law, a DDA summary report was prepared and is incorporated herein by this reference.

Scope of Development

The Project must be a high quality, pedestrian-oriented, place-making development characterized by iconic architecture and includes:

1. A market hall development with an open floor plan and public plazas.

2. Retail development totaling approximately 26,835 square feet of gross leasable area. This space is allocated as follows:
 - a. Site A, contains the Market Hall of approximately 11,483 square feet and Inline restaurant and food retail space of approximately 10,122 square feet; and
 - b. Site B contains approximately 5,230 square feet of floor area for restaurant and food retail uses, outdoor dining space with landscape, and a twenty (20) stall surface parking lot.
3. Public improvements including:
 - a. Curb and gutter improvement work;
 - b. Sidewalk improvements in accordance with the Culver City streetscape design standards;
 - c. Adjacent street resurfacing;
 - d. Upgrade and relocate as necessary three (3) existing bus stops fronting the project;
 - e. Restripe Washington Boulevard to provide a two-way left-turn lane between Colonial Avenue and Chase Avenue and restripe Centinela Avenue from the Project's main driveway to Washington Boulevard;
 - f. Place new street name signs for Kenyon Avenue and Colonial Avenue;
 - g. Replacing high-voltage streetlights with low-voltage streetlights; and
 - h. Traffic calming measures at Colonial Avenue.
4. An attached three-and a half-level public parking structure that shall provide approximately 184 spaces public spaces to serve the project and local community.

Terms of Agreement

The Agreement requires the Developer to accept the following responsibilities:

1. Acquisition of the Development Site:
 - a. The Developer must purchase the Development Site from the Successor Agency for \$1,278,950.
 - b. The Developer previously provided the Agency with a good faith deposit in the amount of \$100,000 to be applied by the Successor Agency toward the purchase price.
 - c. The Developer must accept conveyance of the Development Site in an "AS IS" condition.
 - d. The Developer must indemnify the City for any costs and to pay all costs relating to hazardous materials affecting the Development Site.
2. The Developer must construct the Project in accordance with the Scope of Development and Schedule of Performance attachments to the Agreement. The Project must be consistent with the following "Project Approvals":
 - a. Comprehensive Plan P2017-0042-CP;
 - b. General Plan Map Amendment P2017-0042-GPMA
 - c. Zoning Code Map Amendment P2017-0042-ZCMA;
 - d. Adoption of a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program ; and

- e. Tentative Parcel Map P2017-0042-TPM.
3. Prior to the close of escrow, the Developer shall submit the following documents to the Successor Agency:
 - a. All limited liability company formation documents and agreements, and authorizing resolutions.
 - b. Internally prepared unaudited financial statements that are prepared in accordance with generally accepted accounting principles;
 - c. A Project budget;
 - d. Evidence of financing that is sufficient to completely finance the development of the Project;
 - e. Copies of construction loan documents, if any; and
 - f. A cash flow projection for the Project.
 4. The Agreement includes a "Pre-Approved List of Project Design Consultants". Any substitution in firms requires Successor Agency approval.
 5. The contractor engaged to construct the Project must meet the following requirements:
 - a. The contractor must be bonded and licensed;
 - b. The contractor must have demonstrated experience constructing similar projects; and
 - c. The contractor must provide a fixed or guaranteed maximum price construction contract.
 6. The Developer must fulfill the design and scope requirements imposed by the Successor Agency under the terms of the Agreement, and by the City under its police powers.
 7. The Developer must make commercially reasonable attempts to construct the Project to a LEED certified standard and comply with the CalGreen requirements, photovoltaic requirements, and green building requirements as mandated by the City.
 8. Pursuant to a separate agreement, the Developer will be required to construct the parking structure and then to convey the completed structure to the City. The City will be obligated to contribute \$6.6 million to the parking structure construction costs. Any costs incurred in excess of \$6.6 million will be the Developer's responsibility. The parking structure construction will be a public works project under the requirements imposed by California Labor Code Section 1720 and be subject to State of California prevailing wage requirements.
 9. For the Project improvements, the Developer must comply with state prevailing wage requirements and/or federal Davis-Bacon requirements, if applicable.
 10. The Developer is responsible for obtaining all of the funds necessary to construct the Project.
 11. The Developer shall obtain and maintain insurance policies as required by the Agreement.
 12. Tenancing requirements:
 - a. The Agreement includes a "List of Pre-Approved Tenants". Any prospective tenant that is not included in the List must be approved by the Successor Agency.
 - b. The Developer must include a provision in all leases that requires tenants to provide

schematic drawings of proposed tenant improvements to the City for approval. This requirement stays in place until the seventh anniversary of the “Release of Construction Covenants Date”.

13. Prior to the seventh anniversary of the “Effective Date”, the Developer may not transfer its interest in the Project without prior written consent from the Successor Agency.

The Agreement imposes the following responsibilities on the Successor Agency:

1. The Successor Agency must convey the Development Site to the Developer for the purchase price of \$1,278,950, subject to the terms and conditions of the Agreement.
2. The Successor Agency must convey Site A-1 to the City.

Upon the Board’s adoption of the proposed resolution, a separate resolution directing the sale of the Property will be submitted to the Oversight Board for adoption on or about May 10th, and subsequently to the DOF for review and approval.

FISCAL ANALYSIS

The sale of the Property with existing entitlements will generate approximately \$1.279M. Pursuant to the Dissolution Act, net proceeds from the sale will be remitted to the Los Angeles County Auditor-Controller for distribution to the taxing entities, one of whom is the City. The City would expect to receive approximately ten percent of the \$1.279M.

ENVIRONMENTAL REVIEW

In accordance with the California Environmental Quality Act (“CEQA”) set forth in California Public Resources Code Section 21000 et seq., the State CEQA Guidelines set forth in Title 14, California Code of Regulations Section 15000 et seq., and procedures adopted by the City relating to environmental evaluation of public and private projects, on October 25, 2017 the City adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program, based on an initial study, finding that the Market Hall Project and the Parking Structure, each with mitigation measures incorporated, will not have a significant adverse impact on the environment.

ATTACHMENTS

1. Proposed City Council Resolution.
2. Proposed Successor Agency Resolution.
3. Proposed Disposition and Development Agreement.

MOTIONS

That the City Council:

Adopt a Resolution approving real property transfers and a Disposition and Development Agreement by and between the Successor Agency and Culver Public Market, LLC, related to the Market Hall Project.

That the Successor Agency Board:

Adopt a Resolution approving real property transfers and a Disposition and Development Agreement by and between the Successor Agency and Culver Public Market, LLC, related to the Market Hall Project.