

Agenda Report

**THROUGH: ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE
FEBRUARY 20, 2002**

DATE: FEBRUARY 25, 2002

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

**SUBJECT: AUTHORIZATION TO PURCHASE CERTAIN NON-
CONTIGUOUS ABANDONED RAILROAD RIGHT-OF-WAY
ALONG THE NORTH SIDE OF WALNUT STREET FROM
FOOTHILL BOULEVARD TO SUNNYSLOPE AVENUE AND
SALE THEREOF TO THE ADJACENT LAND OWNERS**

RECOMMENDATION:

It is recommended that the City Council:

- A. Find and determine that the certain abandoned railroad right-of-way along the North side of Walnut Street between the Foothill Boulevard and Sunnyslope Avenue falls under Class 12 of categorically Exempt Projects and thus, exempt from the requirements of the California Environmental Quality Act "CEQA", and direct the City Clerk to file a Notice of Exemption with the Los Angeles County Recorder; and
- B. Declare that this certain abandoned railroad right-of-way segment is exempt from the competitive sale requirements of Chapter 4.02 of the Pasadena Municipal Code; and
- C. Authorize the City Manager or her designee to negotiate with the Los Angeles to Pasadena Blue Line Construction Authority and the land owners adjacent to and south of the abandoned railroad right-of-way segment, and to enter into and execute on behalf of the City of Pasadena the contracts, deeds and/or other documents required to acquire and convey the City's interests therein.

BACKGROUND:

The City received notification from the Los Angeles to Pasadena Blue Line Construction Authority (Authority) of its intention to sell former railroad right-of-way segments located in three noncontiguous areas of east Pasadena, north of Walnut Street. Under Government Code Sections 54220 through 54227, Authority is required to offer this land to the City and certain other governmental institutions before it can be sold at public auction.

Upon City Council direction, staff began to pursue the acquisition of the right-of-way segments that would then be sold to the adjacent property owners. Each adjacent property owner was contacted to determine the interest of these segments. Staff has received good faith deposits from property owners that cover the area to be sold. Selling these segments would provide the necessary revenue to fund the land cost and the public improvements as outlined in the attachment.

The Right-of-Way (ROW) segment is within the CG (Commercial General) and IG (Industrial Commercial) zones.

A Phase II environmental analysis has been conducted. It concluded that there are two areas in which elevated levels of copper and lead were found. After a review of the Phase II Environmental Report, the City's Hazardous Material specialist felt that given the information about the property, there is no statutory or regulatory requirement for remediation of these two limited areas. Given the limited volume of contamination and the relatively low level of contamination, any remediation done would result in virtually no appreciable improvement in the environment. The reported results are far below applicable PRG's (Preliminary Remediation Goal) and there appears to be no requirement for remediation.

Many public improvements are required along Walnut Street. Much of the area lacks sidewalks, adequate street lighting and street trees. In addition to sidewalk improvements, the portion east of Daisy requires roadway improvements. This section of the street is only half paved leaving the remainder of the street a magnet for illegal parking, storage and dumping. (Note: Walnut between Altadena Drive and Daisy is also only half improved but is not part of this action.)

Within the neighborhood of Daisy and Sunnyslope Avenues are many businesses with inadequate parking. It is anticipated that this portion of the ROW segment between Daisy and Sunnyslope Avenues will be developed by the City into a public parking lot. Many of the adjacent business owners have indicated an interest in paid monthly parking for their employees. The parking lot will be funded from proceeds from the sale of the ROW segments. Public Works has provided a preliminary cost estimate for the improvement of this lot. The costs of this public improvement are outlined in the attached Revenue and Cost Summary.

Staff has determined that the land should be sold for \$14.50 per square foot. This will provide the \$1,000,000 purchase price to the Construction Authority and pay for the acquisition and necessary public improvements including the parking lot at Sunnyslope Avenue. The attached Revenue and Cost Summary provides an outline of the revenue and expenses.

It is anticipated that the Purchase/Sale Agreements would involve double escrows between the Construction Authority, the City, and the Participants. Under this scenario, City funds would not be required to complete the transaction. It is expected that at least half of the land transactions would be handled under a "double escrow" process. In the instances where a concurrent purchase and sale transaction is not feasible, the City would provide the "up front" dollars to the Construction Authority and would keep the proceeds from the sale. In all cases, the City would facilitate the transactions, arrange for necessary legal descriptions and coordinate environmental assessments at no cost to the Participants. Under the double escrow scenario, the City would operate only as a conduit, and have no fiduciary responsibility. All proceeds from the sale will be used by Public Works to fund the street improvements and public parking lot.

The Purchase/Sale Agreements would be subject to the following conditions:

1. The Participants to agree by covenant to maintain the benefiting property consistent with the "CG" and "IG" zones and provisions of the Pasadena Municipal Code.
2. Maintain a high level of improvements.
3. The corresponding right-of-way segment(s) will be absorbed by the adjacent parcel(s).
4. Payment of a good faith deposit one thousand dollars (\$1,000) before the opening of escrow.
5. All existing leasing on the property will be terminated prior to the close of escrow.

To further restrict the City's exposure, the Participants will be required to expressly assume liability for the environmental condition of the subject property and to indemnify the City from any liability arising from its environmental condition, regardless of when the environmental hazards are identified. The Contract of Sale and Escrow Instructions between the City and the Participant will contain specific language to that effect.

FISCAL IMPACT:

Under the Purchase/Sale Agreement (double escrow), Participant funds would

be used to buy the right-of-way segment and no City funds would be necessary. In the cases where a "double escrow" is not possible, the City will fund the land transaction until the sale to the adjacent property owner can be completed and City funds will be returned. The City's obligation to purchase this land would be subject to the Participant's obligation to purchase. Accordingly, should all the segments be sold, there may be additional proceeds (see Revenue/Expenditure Summary) that can be used for additional public improvements in the area.

Respectfully submitted,


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City Manager

Prepared by:

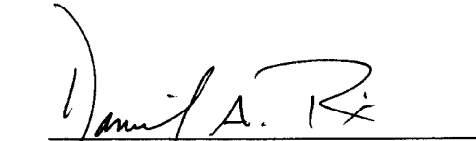

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