

Agenda Report

February 26, 2018

TO: Honorable Mayor and City Council
Pasadena Public Financing Authority

THROUGH: Finance Committee

FROM: Director of Finance
PPFA Treasurer

**SUBJECT: JOINT ACTION: TRANSFER TITLE TO THE PASEO GARAGES
FROM THE SUCCESSOR AGENCY TO THE CITY**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt a resolution of the City Council of the City of Pasadena approving the form of and authorizing the execution and delivery of an Amendment No. 2 to Lease Agreement and an Amendment No. 2 to the Authority Lease Agreement; and authorizing the execution and delivery of other related documents and approval of other documents and actions in connection therewith.

It is recommended that the Pasadena Public Financing Authority:

3. Adopt a resolution of the Board of Directors of the Pasadena Public Financing Authority approving the form of and authorizing the execution and delivery of an Amendment No. 2 to Lease Agreement and an Amendment No. 2 to the

Authority Lease Agreement; and authorizing the execution and delivery of other related documents and approval of other documents and actions in connection therewith.

BACKGROUND:

In 1975, in partnership with a private developer, the former Pasadena Redevelopment Agency (PRA) assisted with the redevelopment of a 14.9 acre site that came to be known as the Plaza Pasadena. The PRA purchased the site, relocated individuals and businesses, demolished existing buildings and built an underground garage below the retail center. The PRA also built two free standing garages at Marengo Avenue and Green Street, and Los Robles Avenue and Green Street. The Developer purchased the property from the PRA and the PRA leased the garages to the Developer for a term of 50 years.

The Plaza Pasadena project struggled financially and in 1998 a renewed effort was undertaken to create today's version of Paseo Colorado. As part of the renovation, in 2000, the Pasadena Public Financing Authority (PPFA) issued Certificates of Participation (COPs) to provide for certain public improvements associated with the proposed renovation and the acquisition of the parking lease. In 2008, the PPFA issued \$28.8 million of refunding COPs to refund the 2000 COPs. The debt service for the 2008 COPs is paid from the revenue generated by the parking garages.

Although, the City of Pasadena is responsible for the garage debt, ownership has remained with the Pasadena Community Development Commission (PCDC), now the Successor Agency. With the dissolution of redevelopment agencies in June 2011, the California State Department of Finance (DOF) initially determined that the successor agencies must sell their parking garages and distribute the sale proceeds to the taxing entities. In response to the DOF determination, the League of California Cities successfully lobbied the State Legislature that ultimately lead to the DOF allowing successor agency owned public garages to either sell the garage, or transfer ownership to the city in which it is located. In December 2015, the DOF determined that the Pasadena Successor Agency may transfer ownership to the City of Pasadena.

Paseo Colorado Ownership

The ownership of the three Paseo Colorado parking garages was structured in a manner most suited to issue debt. Currently, title is held by the Successor Agency, leased to the Pasadena Public Financing Authority and subleased to the City of Pasadena. Following the DOF's decision, staff recommends that the City Council amend the associated documents, and transfer title of the three Paseo Colorado parking garages to the City of Pasadena.

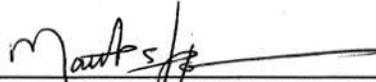
ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required.

FISCAL IMPACT:

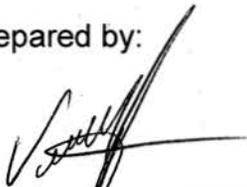
There is no fiscal impact as a result of this action and will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be none

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance
PPFA Treasurer

Prepared by:



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Approved by:



STEVE MERMELL
City Manager
PPFA Executive Director