



Agenda Report

January 8, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Finance Department

SUBJECT: AMENDMENTS TO FISCAL YEAR 2018 ADOPTED OPERATING BUDGET FOR THE ACQUISITION OF PROPERTY LOCATED AT 717 E. UNION STREET, PASADENA, CA

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Amend the Fiscal Year (FY) 2018 Adopted Operating Budget by appropriating \$3,155,000 from the Residential Impact Fees – Central District and approve a transfer of said funds to the General Fund for the acquisition of real property located at 717 E. Union Street, Pasadena, CA.

BACKGROUND:

On October 23, 2017 the City Council discussed and approved the acquisition of the property at 717 E. Union Street for the future development of a park and authorized the City Manager to enter into a purchase agreement. A purchase agreement was executed on October 24, 2017 for the acquisition of the property in the amount of \$3,155,000, and the escrow deposit of \$300,000 was wired to escrow.

The FY 2018 Budget did not include funding for the acquisition of property for a park in the Central District, and a budget adjustment is necessary for the transaction. The funding for this purchase will come from the Residential Impact Fees – Central District.

The Central District portion of this fund has an approximate balance of \$7.96 million. Escrow is expected to close on January 14, 2018.

The property currently has two tenants. Banner Bank has a lease for their offices and a lease amendment is currently being negotiated. It is expected that the revised lease will terminate on October 31, 2018. It is possible that the bank may leave sooner, but there is a 6-month noticing requirement to the Federal Deposit Insurance Corporation (FDIC). The second tenant is on a month-to-month lease and is expected to vacate prior to the close of escrow.

The timing of the lease expiration should not negatively affect the timing of the project. The preliminary project timeline for all phases is two to three years. An early estimate from engineering staff is that the total project cost above the land acquisition is \$2 to \$3 million. The final cost will depend on the park's design and its amenities. A full project description will be provided as part of the Fiscal Year 2019 Capital Improvement Budget. This project represents the first pocket park built in this area of the City, and staff will continue to pursue additional locations such as the one at El Molino and Union.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by the commitment of these funds in line with existing fiscal policies.

ENVIRONMENTAL ANALYSIS:

The proposed action has been determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with the certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:

The real property acquisition will expend \$3,155,000 of Residential Impact Fees – Central District (Fund 304) unreserved fund balance, which is transferred to the General Fund to facilitate this purchase. The General Fund budget will be amended to include the transfer in of funds from the Residential Impact Fee fund and expenditure of said funds for the acquisition.

The Central District had \$8.2 million in funds as of June 30, 2017, and \$290,000 was appropriated as part of the FY 2018 Capital Improvement Program budget, leaving a balance of \$7.96 million prior to this real property acquisition.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Approved by:



STEVE MERMELL
City Manager