

Agenda Report

DATE: MARCH 12, 2001
TO: CITY COUNCIL
FROM: CYNTHIA KURTZ, CITY MANAGER
SUBJECT: EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE CITY OF PASADENA AND THE ART CENTER COLLEGE OF DESIGN FOR CITY OWNED PROPERTY LOCATED AT GLENARM STREET AND FAIR OAKS AVENUE (GLENARM POWER PLANT)

RECOMMENDATION

It is recommended that the City Council take the following actions

1. Approve the terms and conditions of an Exclusive Negotiation Agreement ("ENA") with the Art Center College of Design ("Developer") for the negotiation and preparation of a Disposition and Development Agreement for the proposed construction of an Art Center annex on City-owned property located on Glenarm Avenue between Fair Oaks Avenue and Arroyo Parkway.
2. Authorize the City Manager to execute the ENA and take all other actions necessary in conjunction with the ENA

Background

In November, 2000 the Art Center College of Design ("Art Center") submitted to the City of Pasadena a proposal expressing its interest in constructing the Art Center Expansion on a portion of City-owned property ("Glenarm Power Plant Site") located on Glenarm Street between Fair Oaks Avenue and Arroyo Parkway. It is the desire of the Art Center to enter into an Exclusive Negotiation Agreement ("ENA") with the City for the proposed development of the site. The first step in the negotiating process will be for the City to prepare an opportunities and constraint report related to the site. This will be conducted over the first 120 days of the negotiation period. The report will identify how much of the City owned property could be made available for development after taking into consideration the needs of the City's Water and Power Department and will include traffic issues and historic preservation concerns. During this same time frame the Art Center will refine their programmatic needs.

Currently, the City's Water and Power Department has retained a consultant to determine the future power needs of the City as well as the spatial requirements associated with placement of any new equipment on the site. In addition the Public Works Department is currently conducting a traffic analysis of the Raymond Street Corridor. Any proposed widening along Glenarm will have an impact on the development potential of the Glenarm Power Plant Site.

The City-owned property is approximately 14.7 acres in size, however the Art Center is only interested in developing a portion (7.8 acres) of the total site. Although staff has yet to determine how much of the Glenarm Power Plant site will be available, it is the desire of the Art Center to enter into a long term lease with the City for the proposed development site. The Art Center is proposing to construct or cause the construction of certain educational facilities to accommodate the Art Center Expansion, together with

commercial development which would include technology oriented uses, research and development, complementary retail, office, and potentially housing.

Development Team Information

The Art Center College of Design has been and continues to be one of the most recognized design schools in the country. The Art Center will act as the Developer and is discussing the possibilities of joint ventures with other local educational institutions. The Art Center has identified the selection of Frank Gehry a renown architect, as the architect who will be responsible for the preparation of a development plan for the site. In addition, the Art Center has retained the services of Frederick Nichols as project manager for the proposed development. Mr. Nichols is a well known developer in Southern California and comes to the Art Center with an outstanding reputation for completing difficulty projects successfully.

GENERAL TERMS AND CONDITIONS OF THE EXCLUSIVE NEGOTIATION AGREEMENT:

An Exclusive Negotiation Agreement will be entered into between the City and the Art Center on the general terms and provisions set forth below to negotiate a Disposition and Development Agreement ("DDA").

The City and the Art Center would agree as follows:

Summary of Key Terms

1. Good Faith Negotiations – The parties shall enter into a 240-day ENA to diligently negotiate in good faith the preparation and execution of a DDA.
2. Site – the Art Center desires to develop only a portion of the City-owned property . However as part of the preparation of a Master plan for the site and subject to the needs of the Water and Power Department, as well as transportation considerations the City and the Art Center may consider a phased development.
3. Predevelopment Activities
 - a. Within sixty days the City shall provide the Art Center with 1) title report, 2) Phase I and II Environmental Report of the Glenarm Power Plant Site, 3) soils report and 4) any and all drawings or plans related to the existing structures on the Site.
 - b. Within 120 day the City shall be responsible for preparing an opportunities and constraints report related to the development of Site.
 - c. Within 120 days the Art Center shall identify with specificity its needs with respect to the Art Center Expansion including without limitation, total square footage of buildings area specifically allocated to class rooms, administrative offices, storage, conference facilities, galleries, supply store and service facilities. In addition the Art Center shall identify the commercial uses and commercial development that the City desires for the Commercial component of the project.
4. Within 240 days the City and Art Center shall agree on a DDA to be submitted to the City Council for their consideration.
5. In addition, within the 240 day period the parties shall prepare:
 - a. A schedule of the development of all structures and improvements proposed and an estimate of all development cost including construction and nonconstruction cost.
 - b. An estimate of project income and a proforma statement of project return adequate to enable the City to evaluate the economic feasibility of the proposed project.

- c. A description of the proposed method of financing.
6. Lease Rate – the lease rate if applicable will be based upon the reuse value taking into account such factors as market conditions, density of development, cost of development, risks incurred, estimated or actual profits, estimated rental prices of the facilities to developed, public benefit and other matters relevant to establishing the fair rental value for the facilities and uses permitted to be developed.

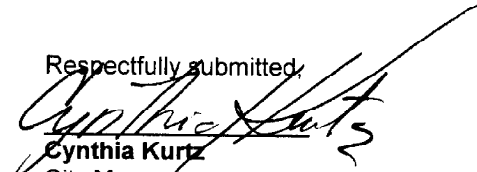
Housing Impact

It has not been determined at this time whether the Art Center will construct student housing as part of this proposed project. At such time as staff submits a Disposition and Development Agreement for City Council consideration staff will apprise the Council of any impact of the project on the City's housing supply.

Fiscal Impact

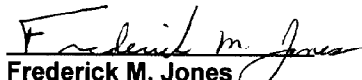
During the negotiation period, the City will retain a consultant to prepare an opportunities and constraint report associated with the proposed site (including existing structures) that will be made available to the Art Center. It is estimated that consulting services to prepare this report will cost approximately \$35,000. There are funds available in the Housing and Development Department budget to pay for consulting services associated with this project.

Respectfully submitted,



Cynthia Kurtz
City Manager

Prepared by:




Frederick M. Jones
Senior Project Manager

Approved by:



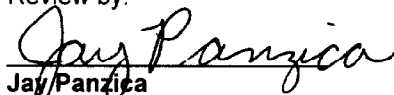
Richard Bruckner
Director, Housing & Development

Concur:



Jay M. Goldstone
Director of Finance

Review by:



Jay Panzica
Interim General Manager
Department of Water & Power