

Agenda Report

DATE: OCTOBER 10, 2005

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: APPROVAL OF THE BUSINESS TERMS FOR THE MEMORANDUM OF UNDERSTANDING (M.O.U.) BETWEEN THE CITY OF PASADENA AND SMV TECHNOLOGY PARTNERS LLC.

RECOMMENDATION

Find and determine that the approval of the business terms included in the Memorandum Of Understanding (M.O.U.) between the City of Pasadena and SMV Technology Partners LLC is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061 (b)(3) of the State CEQA Guidelines because the activity undertaken by SMV Technology as a result of the M.O.U. will not have a significant impact on the environment.

It is recommended that the Pasadena City Council: 1) approve the business terms presented in this report; 2) authorize the City Manager to execute the Memorandum Of Understanding (M.O.U.) which incorporates the business terms; 3) instruct staff to negotiate a Development Agreement between the City of Pasadena and SMV Technology Partners LLC consistent with the M.O.U; and 4) appropriate \$2.64 million to CIP project number 75939. Of this \$2.64 million, \$1 million is from unanticipated revenues from commercial development impact fees and \$1.64 million will be an advance from the Charter Capital Fund.

BACKGROUND

SMV Technology Partners LLC (the Developer) is proposing to develop a mixed use (commercial and residential) project at the southeast corner of Sierra Madre Villa Avenue and Foothill Boulevard, including 212 housing units and approximately 45,000 square feet of theater space. The project will redevelop two substantially vacant

properties that were previously industrial use. It is the intent of this project to further the City's and the Developer's desire to implement the goals and objectives of the East Pasadena Specific Plan.

Adopted in 2000, the East Pasadena Specific Plan is one of seven specific plans called for in the 1994 Land Use Element of the General Plan to direct new development in the city to areas along major corridors and adjacent to the Gold light rail stations. The specific plan is divided into three sub-areas: Sub-area d1 – Foothill; Sub-area d2 – Foothill, Rosemead, Sierra Madre Villa; and Sub-area d3 – Hastings Ranch/Foothill-Rosemead Shopping Center Area. The proposed site is located in Sub-area d2.

Since future levels of traffic are a major concern in the East Pasadena Specific Plan, interim limits were placed upon non-residential and residential development until improvements to Walnut Street and Kinneloa Avenue are completed. This site is located in sub-area d2 and under the interim limits, 188 units were allocated to this area. This is increased to 400 units provided the improvements are constructed. 188 units have been permitted. Therefore the proposed project could only proceed if the improvements are completed. The total cost for the improvements, including design, is \$3,240,000 of which \$600,000 has already been funded, leaving \$2,640,000 to be funded.

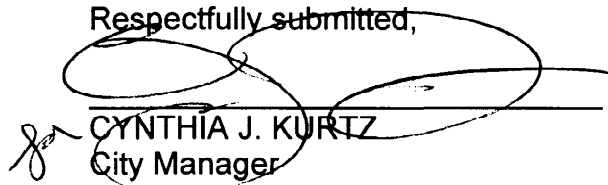
The project is a private endeavor with the Developer providing \$1,000,000 of the funding of the total cost of the improvements to Walnut Street and Kinneloa Avenue, for a total project cost of \$2,640,000 and the City advancing the remaining \$1,640,000 of the project costs. It is anticipated that as development occurs in the area, developers will contribute their fair share to this project and the City will be reimbursed. In addition, the developer will be contributing a portion of the site for the development of a performance and educational theater complex consisting of approximately 350 seats together with administration, educational, rehearsal, storage and other related back-of-house areas. This portion of the site project includes the historic Stuart Pharmaceutical Company building which will require that the project be developed in a manner that is consistent with the Secretary of the Interior's Standards for Historic Preservation.

If this M.O.U. is approved, the City of Pasadena intends to negotiate a Development Agreement with the Developer which if approved, would permit the Developer the right to develop a total of 212 housing units (including the 15% inclusionary housing requirement) as provided in the East Pasadena Specific Plan. The business terms to be included in the Memorandum of Understanding and subsequent Development Agreement are included in Attachment A of this report. During the negotiating period staff will also undertake an environmental evaluation of the site pursuant to the California Environmental Quality Act.

FISCAL IMPACT

The total cost of this project is projected to be \$3.24 million. The City has already appropriated \$600,000 in gas tax and commercial developer fees towards this project. In addition, SMV's share will be \$1 million. In order to complete this project, the City will advance the \$1.64 million shortfall from the Charter Capital Fund. It is anticipated that the City will be repaid this amount over the next five to seven years as other development projects come online and/or gas tax funds become available. It is projected that by advancing these funds to the project, the City's General Fund will lose approximately \$50,000 to \$75,000 annually in interest income.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

Prepared by:



FOR
LEON WHITE
Project Planner

Approved by:



FOR
RICHARD BRUCKNER, Director
Planning & Development

ATTACHMENT A

The following business terms will be included in the Memorandum Of Understanding (M.O.U.). Subsequent to this M.O.U., the developer and City of Pasadena shall diligently negotiate a development agreement which shall be subject to the California Environmental Quality Act (CEQA).

1. Developer will provide \$1,000,000 to support the improvements to Walnut Street and Kinneloa Avenue and the City shall contribute \$1.64 million.
2. Developer has informed and represented to the City that a well known Theater Company is interested in relocating to the subject site and occupying the Theater Portion of the Project.
3. Developer agrees and understands that it is the City's intention to assure the Theater Portion is utilized for a purpose that is beneficial to the City and its residents.
4. The Developer will meet the inclusionary housing requirement on site.
5. The occupying Theater Company will be obligated under the lease of the Theater Portion to provide opportunities for partnership with Pasadena Unified School District under terms reasonably acceptable.
6. The Developer will conform with the City's First Source Ordinance.
7. The Developer will be responsible for securing all land use entitlements, paying applicable fees and securing permits for the project.
8. The City will reserve exclusively to the Developer the remaining 212 housing units allocated to sub area d2 as provided in the East Pasadena Specific Plan. The residential development will include the 15% inclusionary housing requirement.
9. In processing the development entitlements for the development of the Project, the City will recognize development standards and densities as set forth in the East Pasadena Specific Plan relating to the Site as well as the Transit Oriented Development standards.
10. The Developer will submit, as part of the Development Agreement, a Site Plan of the proposed development including the Residential and Theater Portion. The Site Plan will identify the building footprint and building envelope for the proposed buildings.

10/10/2005
Item 7.A.2.
Revised Attachment A
Submitted by City Manager

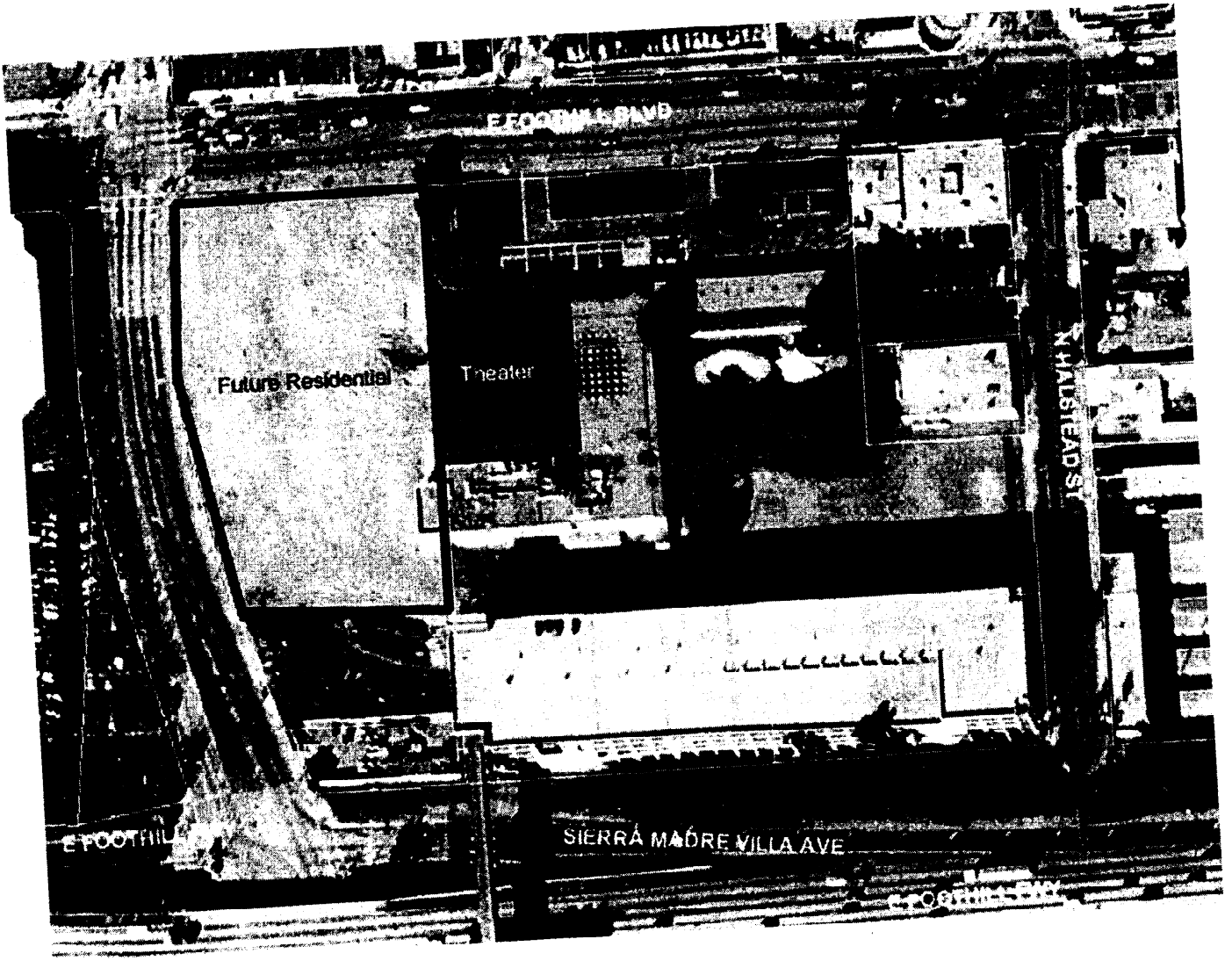
11. The City will cooperate with, and support, the efforts of the Developer and Theater Company to obtain parking from the adjacent MTA garage to accommodate parking necessary for the operation of the Theater, and the City will count that location of parking as satisfactory for the operation of the Theater.
12. The fees to be paid will be pursuant to the City's adopted fee schedule.
13. The entitlement process will be consistent with the City's municipal code, including but not limited to, review by Commissions that would customarily review projects of this nature.

ATTACHMENT A

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1. Developer will provide \$1,000,000 to support the improvements to Walnut Street and Kinneloa Avenue and the City shall contribute \$1.64 million.
2. Developer has informed and represented to the City that a well known Theater Company is interested in relocating to the subject site and occupying the Theater Portion of the Project. If for any reason the Theater Company does not enter into a lease for the Theater Portion, the Developer will offer the space for use by a tenant which provides a public benefit, all subject to the reasonable approval of the City.
3. Developer agrees and understands that it is the City's intention to assure the Theater Portion is utilized for a purpose that is beneficial to the City and its residents. In the event Theater Company does not enter into a lease for the Theater Portion, the City shall be entitled at the City's option, to lease the Theater Portion on the same terms and conditions as those offered to Theater Company for such period of time (the "interim lease term") that is required for City to identify and secure a replacement non-profit or community service tenant acceptable to Developer. City agrees that any such replacement tenant shall be subject to approval by Developer. Developer's approval shall not be unreasonably withheld.
4. The Developer will meet the inclusionary housing requirement on site.
5. The occupying Theater Company will be obligated under the lease of the Theater Portion to provide opportunities for partnership with Pasadena Unified School District under terms reasonably acceptable.
6. The Developer will conform with the City's First Source Ordinance.
7. The Developer will be responsible for securing all land use entitlements, paying applicable fees and securing permits for the project.
8. The City will reserve exclusively to the Developer the remaining 212 housing units allocated to sub area d2 as provided in the East Pasadena Specific Plan. The said 212 units will include the 15% inclusionary housing requirement.

9. In processing and approving the development entitlements for the development of the Project, the City will recognize densities as set forth in the East Pasadena Specific Plan relating to the Site.
10. The Developer will submit, as part of the Development Agreement, a Site Plan of the proposed development including the Residential and Theater Portion. The Site Plan will identify the building footprint and building envelope for the proposed buildings.
11. The City will cooperate with, and support, the efforts of the Developer and Theater Company to obtain parking from the adjacent MTA garage to accommodate parking necessary for the operation of the Theater, and the City will count that location of parking as satisfactory for the operation of the Theater.



Attachment B
Site Map

impact local residents and/or retail establishments. Traffic signal equipment locations will be modified to conform to intersection layout adjustments. This measure can be accommodated within the existing roadway width, however, turning radii should be checked before implementing this measure.

7.2.7.8 Michillinda Avenue and Foothill Boulevard (LA County Jurisdiction)

Remove the raised medians on both the north and south legs of the intersection. Restripe to provide additional northbound and southbound exclusive left-turn lanes (i.e., dual northbound and southbound left-turn lanes). This measure can be accommodated within the existing roadway width. Traffic signal equipment locations will be modified to conform to intersection layout adjustments.

7.2.8 Roadway Extension Projects

Roadway extension projects in the East Pasadena Specific Plan area are expected to redirect future traffic onto the Mobility Corridors and improve local access. The following roadway extension projects have been incorporated into the Mobility Plan:

- Walnut Street from Sunnyslope Avenue to Kinneloa Avenue
- Kinneloa Avenue from Titley Avenue to Walnut Street
- Maple Street from Sierra Madre Villa Avenue to Titley Avenue

7.2.9 Street Segment Improvements

Center two-way left-turn lanes are recommended for the following street segments.

- Walnut Street east of San Gabriel Boulevard
- Electronic Drive east of Sierra Madre Villa Avenue

Figure 7-1 provides a summary of the Mobility Plan.

7.2.10 Neighborhood Protection

Neighborhood protection measures are proposed for a number of locations within the East Pasadena Specific Plan area. Neighborhood protection measures are expected to decrease cut-through traffic and reduce speeds along neighborhood streets. These measures should also redirect traffic from the neighborhood streets onto the arterials and highways that surround the neighborhoods. Neighborhood protection measures should effectively mitigate East Pasadena Specific Plan street segment impacts at two locations (No. 17, Rosemead Boulevard south of Halstead Street and No. 19, Greenhill Road east of Cliff Drive).

7.3 Neighborhood Protection Measures

Beginning in the 1980s, the City implemented an on-going program to reduce speeds on residential streets and reduce intrusion of commuter trips into various residential areas located within the City of Pasadena. Components of the program have included speed humps, diverters, turn restrictions, and signing. Proposed measures on street segments and at intersections to protect neighborhoods within the East Pasadena Specific Plan area described below.

FY 2006 - 2010 Capital Improvement Program

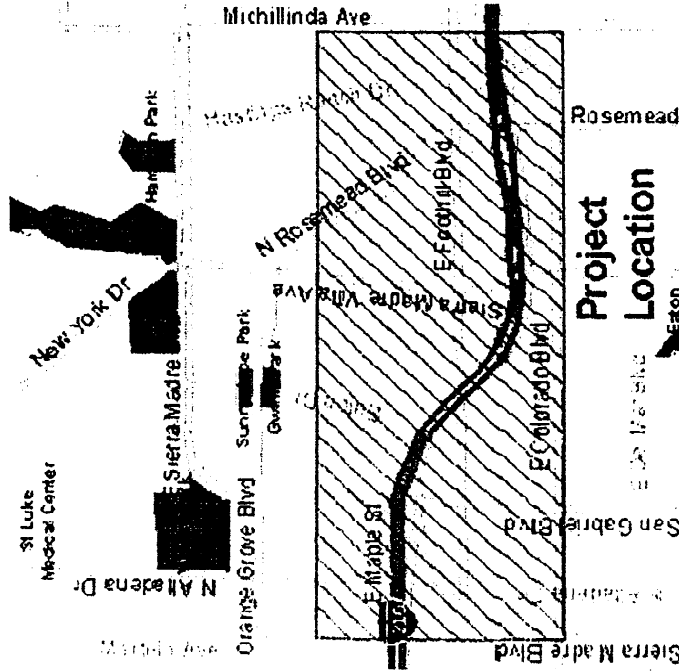
Streets and Streetscapes

East Pasadena Specific Plan

75939

Priority	Project No.	Description	Total Estimated Cost	Appropriated Through FY 2004	Adopted FY 2005	Adopted FY 2006	FY 2007 to 2010 Estimated Cost
18	75939	East Pasadena Specific Plan					
		Future Private Capital	2,970,039	0	0	0	2,970,039
		Gas Tax	50,000	50,000	0	0	0
		Light Rail Reserves (Prop. A/C)	218,000	218,000	0	0	0
		Private Capital - BRE	152,398	0	29,961	122,437	0
		Unfunded	5,578,563	0	0	0	5,578,563
		Total	8,969,000	268,000	29,961	122,437	8,548,602

East Pasadena Specific Plan



DESCRIPTION: This project involves the implementation of various public improvements described in the East Pasadena Specific Plan which encompasses three subareas: 1) East Foothill Industrial District; 2) Foothill, Rosemead, Sierra Madre Villa; and 3) Hastings Ranch/Foothill-Rosemead Shopping Center Area. Proposed projects include:

1. Pedestrian Environment Improvements
 - a. Install pedestrian push buttons at pre-timed traffic signal locations adjacent to the light rail station and in areas impacted by light rail - COMPLETED
 - b. Relocate pedestrian crosswalks
 - c. Install directional and informational signs for pedestrians
 - d. Expand pedestrian routes system
 - e. Define and develop pedestrian networks linking residential communities to local commercial centers
 - f. Improve and emphasize children's pedestrian safety
2. Traffic signal, striping modifications and/or widening
 - a. Sierra Madre Villa Avenue and Foothill Boulevard (East and West left-turn phases) - COMPLETED
 - b. Sierra Madre Villa Avenue and Foothill Boulevard (North and South left-turn phases) widen east side of Sierra Madre Villa south of Foothill Boulevard and remove median island on Sierra Madre Villa - PARTIALLY COMPLETED
 - c. Halstead Street and Foothill Boulevard - COMPLETED
 - d. Rosemead Boulevard and Foothill Boulevard
 - e. Sierra Madre Villa Avenue at the Route 210 Freeway Eastbound and Westbound Route 210 Freeway ramps
 - f. Sierra Madre Boulevard and Foothill Boulevard
 - g. San Gabriel Boulevard and Foothill Boulevard
 - h. Rosemead Boulevard and Colorado Boulevard (in L.A. County)
 - i. Altadena Drive and Colorado Boulevard

FY 2006 - 2010 Capital Improvement Program
Streets and Streetscapes
East Pasadena Specific Plan
75939

- j. Sierra Madre Villa Avenue/Madre Street and Colorado Boulevard
 - k. I-210 Freeway westbound off-ramp and Foothill Boulevard (west of Rosemead Boulevard)
 - l. I-210 Freeway westbound ramps and Foothill Boulevard (Quigley)
 - m. Michillinda Avenue and Foothill Boulevard
 - n. Sierra Madre Boulevard and Colorado Boulevard
3. New traffic signal at Sierra Madre Villa Avenue and Electronic Drive; and install center two-way left-turn lanes on Electronic Drive east of Sierra Madre Villa Avenue.
 4. Foothill Boulevard Improvements
 - a. Remove parking to increase pedestrian space
 - b. Install landscaped median islands along various segments
 - c. Widen Foothill Boulevard west of Sierra Madre Villa Avenue
 - d. Construct bicycle lane in each direction on Foothill Boulevard east of 210 Freeway
 - e. Install palm trees and canopy trees in the parkway area to establish a separation between street and pedestrian pathway
 - f. Install bus benches, public art, fountains, and pedestrian lighting
 - g. Decorative crosswalks at signalized intersections
 5. Halstead Street Improvements
 - a. Reduce the width of the roadway north of Foothill Boulevard to provide a combined bicycle/pedestrian path on the west side and a pedestrian walkway with convenient parking pockets on the east side
 - b. Increase roadway width south of Foothill Boulevard to facilitate turning movements of buses serving the light rail station and to provide drop-off area - COMPLETED
 - c. Install street lighting (decorative pedestrian-scaled lamps)
 - d. Install bike lane south of Foothill Boulevard
 - e. Plant additional trees on parkway areas and enhance landscaping
 - f. Remove the cross-gutter on the north leg of the Foothill Boulevard intersection
 6. Walnut Street Improvements
 - a. Improve the north side between Altadena Drive and Sunnyslope Avenue
 - b. Extend the roadway from Sunnyslope Avenue to Kinneola Avenue
 - c. Construct a pedestrian/bicycle path with landscape buffers
 - d. Provide an area for landscaping or loading within the right-of-way
 - e. Provide center two-way left-turn lane east of San Gabriel Boulevard - COMPLETED
 7. Gateway sign at Sierra Madre Boulevard and Walnut Street and on Foothill Boulevard near Michillinda Avenue

FY 2006 - 2010 Capital Improvement Program
Streets and Streetscapes
East Pasadena Specific Plan
75939

8. Street furnishings - Install bus shelters, benches, trash receptacles, bicycle racks, bollards, decorative lights, tree grates, fountains, newspaper racks, drinking fountains, directories, kiosks, etc.

9. Roadway Extension/Street Improvement Projects

- a. Kimmeloa Avenue from Titley Avenue to Walnut Street
- b. Maple Street from Sierra Madre Villa Avenue to Titley Avenue

10. Neighborhood Protection Measures for the Lower Hastings Ranch Neighborhood

JUSTIFICATION: The East Pasadena Specific Plan envisions a revitalized center of shopping, entertainment and employment activities, a network of streetscape corridors and open spaces which provide an attractive and unifying identity, and options for mobility including pedestrian, bicycle, and shuttle bus related to both internal circulation and to connecting with the planned light rail station.

SCHEDULE: In FY 2005, a portion of item 6(a) - improvement of the north side of Walnut Street from Daisy Avenue to Sunnyslope Avenue was constructed as part of another CIP project. In FY 2006, the design for the widening of Foothill Boulevard west of Sierra Madre Villa Avenue will take place. The remaining improvements will be designed and constructed as funds become available.

RELATIONSHIP TO GENERAL PLAN: The Specific Plan proposes to implement the seven Guiding Principles of the General Plan; including "growth will be targeted to serve community needs and enhance the quality of life" and "Pasadena will be a City where people can circulate without cars."

SPECIAL CONSIDERATIONS: The total estimated cost of the specific plan is \$9,876,000. However, this has been reduced by \$907,000 because some improvements as noted were done as part of another project.

It is anticipated that funding will be available from commercial development fees and private capital.

Items 9(a) and 9(b) are also included in this CIP as independent projects. Item 5(c) - installation of pedestrian-scale lighting will be done as part of the Gold Line Pedestrian Enhancements (75059).

HISTORY: This project was created in FY 1995 and received initial funding in FY 1998.

FY 2006 - 2010 Capital Improvement Program
 Streets and Streetscapes

Kinneloa Avenue - Colorado to Foothill
 73132

Priority	Project No.	Description	Total Estimated Cost	Appropriated Through FY 2004	Adopted FY 2005	Adopted FY 2006	FY 2007 to 2010 Estimated Cost
34	73132	Kinneloa Avenue - Colorado to Foothill					
		Commercial Devel. Fees 4101	50,628	50,628	0	0	0
		Commercial Devel. Fees 4102	600	600	0	0	0
		Commercial Devel. Fees 4106	90,980	90,980	0	0	0
		Commercial Devel. Fees 4112	10,687	10,687	0	0	0
		Commercial Devel. Fees 4114	3,314	3,314	0	0	0
		Commercial Devel. Fees 4120	7,630	7,630	0	0	0
		Commercial Devel. Fees 4133	17,503	17,503	0	0	0
		Commercial Devel. Fees 4137	4,438	4,438	0	0	0
		Commercial Devel. Fees 4139	36,346	36,346	0	0	0
		Commercial Devel. Fees 4165	1,675	1,675	0	0	0
		Commercial Devel. Fees 4166	1,687	1,687	0	0	0
		Commercial Devel. Fees 4172	41,163	41,163	0	0	0
		Commercial Devel. Fees 4176	9,576	9,576	0	0	0
		Commercial Devel. Fees 4185	16,964	16,964	0	0	0
		Commercial Devel. Fees 4197	2,916	2,916	0	0	0
		Commercial Devel. Fees 4202	8,744	8,744	0	0	0
		Commercial Development Fees (Interest)	29,985	29,985	0	0	0
		Gas Tax	210,000	210,000	0	0	0
		Unfunded	955,164	0	0	0	955,164
		Total	1,500,000	544,836	0	0	955,164

Kinneloa Avenue - Colorado to Foothill

73132

Kinneloa Avenue Extension

DESCRIPTION: This project provides for the extension of Kinneloa Avenue north from Colorado Boulevard, under the 210 Freeway, to Foothill Boulevard via Titley Avenue. The project also includes street lighting.

JUSTIFICATION: The existing tunnel under the 210 Freeway, which contains a discontinued rail spur, became available for street purposes with the sale of the former naval research facility. Traffic circulation will be greatly improved with the connection of the streets in this area.

SCHEDULE: Construction will take place following the securing of the remaining funds and completion of right-of-way acquisition.

RELATIONSHIP TO GENERAL PLAN: This project is consistent with the Mobility Element of the General Plan by helping to achieve the goal of expanding the street function to encompass a total environment well integrated with adjoining development.

SPECIAL CONSIDERATIONS: Construction and maintenance of the new street within the freeway tunnel will require a Caltrans Encroachment Permit.

HISTORY: This project was created in FY 1984 and received initial funding in FY 1994.

