

Agenda Report

DATE: OCTOBER 27, 2008
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: FORMATION OF THE CITY OF PASADENA ANNANDALE
CANYON OPEN SPACE BENEFIT ASSESSMENT DISTRICT

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a Public Hearing on the proposed establishment of an Open Space Benefit Assessment District, to Levy an Assessment Thereon, and to Issue Assessment District Bonds to Represent Unpaid Assessments

It is further recommended that upon closing the Public Comment portion of the Public hearing, that the City Council:

2. Order the tabulation of all ballots received and not withdrawn, and request a report of the tabulation results as soon as possible.
3. Adopt a Resolution Declaring the Results of a Property Owner Protest Ballot Proceeding for the Annandale Canyon Open Space Benefit assessment District.

If no majority protest exists, it is further recommended that the City Council determine to delay commencement of cash collection period until a decision to purchase is made, and it is further recommended that the City Council and adopt a Resolution making Certain Findings, Approving the Engineer's Report, Approving the Formation of the Annandale Canyon Open Space Benefit Assessment District, and Approving and Confirming the Levy of Assessments for said Assessment District.

EXECUTIVE SUMMARY:

Annandale Canyon Estates, LLC, a development company submitted an entitlement application to construct 24 single family homes. The development site referred to as Annandale Estates property consists of 37 vacant parcels and is approximately 20.6 acres in size. These parcels are located in and along an undisturbed canyon. The developer submitted an application to build 24 homes on these parcels. During the entitlement process community residents expressed concerns (size, public safety issues during construction, traffic) and expressed their desire that the City acquire the property and maintain it as open space. In November 2007 the City and developer entered into an agreement for the acquisition of the property to settle litigation.

Over the past year staff has been working with the developer and the Annandale/Linda Vista Neighborhood Association to find a way in which the City can acquire the property and keep it as permanent open space. In April 2007 the City applied for and received a grant in the amount of \$2.5 million to assist with the acquisition of the property. The open space benefit assessment district will provide \$1,364,000 toward the acquisition cost. The City is considering committing \$1.5 million towards the acquisition cost. The balance of the acquisition cost \$1,636,000 is being sought for from State and County sources. Currently, staff has been unsuccessful in securing State and County funds.

It is recommended that the City Council approve the formation of the assessment and levy the assessment but not approve the acquisition of the property until such time as additional funding and parking can be secured.

BACKGROUND:

On September 8, 2008 the City Council (a) initiated proceedings to form the proposed Annandale Open Space Benefit Assessment District, (b) approve the boundaries, (c) preliminarily approved the Engineer's Report, (d) declared its intentions to form the District and issue bonds, (e) set October 27, 2008 as the date for the Public Hearing and to return assessment ballots, (f) approved balloting procedures, and (g) adopted a reimbursement resolution allowing for reimbursement of City funds which may be advanced pending issuance of assessment bonds and receipt of bond proceeds.

PROPOSED OPEN SPACE BENEFIT ASSESSMENT DISTRICT

The proposed District would be formed in accordance with Chapter 4.95 of Title 4 of the City's Municipal code, the Landscaping and Lighting Act of 1972, Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act. The City retained Koppel & Gruber Public Finance to

prepare an Engineer's Report which (a) describes the boundaries of the District and the zones within, (b) the cost of the open space to be acquired, (c) the determination of the general versus special benefit, (d) the contributions of other entities toward the purchase price, (e) the methodology utilized to spread the proposed assessments, and (f) the amount of the total proposed assessment for each parcel and its estimated annual assessment installments.

The proposed District involves an assessment balloting process and is subject to Proposition 218. Property owners received mailed assessments ballots to vote for or against the District. The ballots are weighted based on the total amount of the proposed assessment to be levied on such parcel. For example, a parcel with a proposed assessment of \$1,000 constitutes twice as many votes as a parcel with a proposed assessment of \$500. If a majority of the weighted votes cast are in favor of the District, the District may be formed.

Assessments Ballots were mailed on September 11, 2008 giving property owners at least 45 days notice of the public hearing. Community educational out reach was conducted by the Linda Vista/Annandale Neighborhood Association. Ballots are to be returned by today and those received will be opened and tallied during this meeting. To pass, the District would need to have 50% or more of the returned weighted ballots to be in favor of the District's formation. If the District passes, the Council may decide to approve a resolution forming the District and levying the assessments. A property owner will then be given the opportunity to pay the assessment in full or spread the assessment over a thirty year period. Each year, assessment installments will be placed on the County property tax bill and are payable semiannually with an owner's property tax.

Tonight's recommended action is to hold the public hearing relating to the District, and, if no majority protest occurs adopt a resolution approving the Engineer's Report, forming the assessment district, and confirming the assessments. After a thirty day cash collection period, a resolution determining the unpaid assessments and a resolution authorizing the issuance of 1915 Act assessments bonds will be recommended for City Council action. Until such time as the full funding of the acquisition of the site can be identified and a public access plan determined, staff is not recommending acquisition of the site.

PUBLIC ACCESS PLAN

At the September 8th meeting the City Council expressed concerns related to whether all Pasadena residents will be able to use the proposed open space site. As a result, the City Council directed staff to prepare a plan which identifies the location and number parking spaces and any other improvements that the City plans to provide should the City Council approve the assessment district. The City Council also inquired whether there are any trails that run through the acquisition site or will a trail program be developed to tie in with the City's Master Trail Plan.

There are two sites adjacent or near the open space district that could accommodate some parking. One parcel is located at 1372 Weirfield Drive. This parcel is approximately 9,740 square feet in size and could accommodate approximately 11 parking spaces (See Exhibit A). The area available for parking totals 3,900 square feet. The second parcel is located at 1410 Weirfield Drive. This parcel is approximately 31,000 square feet in size and could accommodate 7 parking spaces (See Exhibit B). Area dedicated for parking is approximately 3,900 square feet. The cost to improve 1372 Weirfield Drive is estimated to be approximately \$90,000. The cost to improve 1410 Weirfield Drive is approximately \$150,000.

Both of these parcels are in private ownership and would necessitate the City acquiring the property separately should the owners have a desire to sell or the owners if agreeable could lease their land for parking purposes. Should these property owners decide that they are not interested in selling or leasing their property Public Works staff has indicated that 4 parking spaces could fit on the shoulder of the road in front of 1410 Weirfield Drive.

Currently, the Annandale Estates property is not included in the City's Master Trail Plan nor does there exist any improved trails on the property. To the south of the Annandale Canyon Estates is property owned by Southern California Edison (SCE), Metropolitan Water District (MWD). There are no trails on the SCE or MWD property. Adjacent to SCE and MWD properties is land in private ownership. Recently, a non-profit group acquired Eagle Rock Canyon property and constructed some trails. Public Works staff has indicated that detailed study would need to be completed to determine if a trail could be established across the private properties to the south as well as across SCE and MWD property.

Should the City Council move forward and purchase the Annandale Canyon Estates it will be difficult to provide parking to anyone who may have a desire to hike the area. At the September 8 meeting community members reported that some parking spaces could be provided on adjacent land where a developer had proposed to construct 10 housing units. This development project is known as the Carlson Estates. The developer recognizing potential environmental issues decided to scale down his project with the intent of donating some land to the City to accommodate parking for the open space assessment district. However after reviewing the Carlson estates site plan it has been determined that the land which could be donated is on a steep slope and is not useful for parking.

FUNDING SOURCES

The estimated total acquisition cost (including closing cost) is approximately \$7,000,000. The Santa Monica Mountains Conservancy has approved a grant in the amount of \$2,500,000 to assist with the acquisition cost. The assessment district if approved will generate \$1,364,000 toward the purchase price. Of the

remaining balance the City has agreed to fund \$1,500,000 and the difference of \$1,636,000 is expected to come from State and County grants to the extent available and if not may come from Key Projects and Initiatives reserves.

Currently, it is not clear whether the City will be able to secure either State or County grants. Should the funding sources not materialize for the acquisition of the open space, several alternatives are available to the City Council if a majority protest does not exist. They are as follows:

1. Adopt the resolution of formation of the District and levy the assessments and delay commencement of the 30-day cash collection period until the City Council decides whether to purchase the property. If the City Council determines not to purchase the property because of lack of other funding sources, the City Council can terminate the district. This option keeps the City on schedule so that the District can make its contribution timely if the City exercises its option to purchase the property at a later time.
2. Note the lack of a majority protest and continue the decision of formation of the District to a later date. This alternative will delay the District schedule, including the commencement of challenge periods, which may make the District contribution late if the City exercises its option to purchase the property at a future date.
3. Determine today that the option to purchase the open space will not be exercised and therefore the District is not necessary. The City Council would then take no action to regarding the District and would not adopt a resolution of formation of the District

FISCAL IMPACT:

The estimated total acquisition cost (including closing cost) of the open space land is approximately \$7,000,000. A grant from the Santa Monica Mountains Conservancy in the amount of \$2,500,000 has been secured. The assessment district if approved will generate \$1,364,000 toward the purchase price. It is proposed that the City issue a 1915 Act Special Assessment Bond to raise the \$1,364,000. In order to reduce the issuance cost it is recommended that the City purchase the bond and hold it in the City's investment portfolio. Interest and principal on the bonds will be paid by the property owners within the district through special assessments on their property tax bills. The assessment bonds will earn 6% per annum. Of the remaining balance of \$3,136,000 the City has agreed to fund \$1,500,000 and the difference of \$1,636,000 is expected to be funded from State and County grants. The following represents the sources of funds:

\$2,500,000	Santa Monica Mountains Conservancy
\$1,500,000	City of Pasadena
\$1,364,000	Assessment bond to be purchased by the City of Pasadena
\$1,636,000	State, County or City funds

The cost to provide parking for the proposed open space benefit assessment ranges between \$90,000 and \$150,000. There are sufficient funds within the total acquisition price to pay the cost for parking.

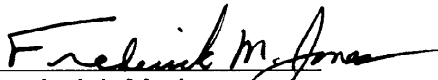
The City will incur ongoing maintenance costs for the open space estimated not to exceed \$50,000 per year.

Respectfully submitted,



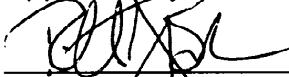
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