

Agenda Report

DATE: FEBRUARY 9, 2009

TO: CITY COUNCIL

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: ACQUISITION OF THE ANNANDALE CANYON ESTATES
PROPERTY LOCATED AT 1420 WIERFIELD AVENUE AND THE
PROPERTY LOCATED AT 1410 WIERFIELD AVENUE FOR THE
ANNANDALE CANYON OPEN SPACE

RECOMMENDATION

It is recommended that the City Council:

1. Find that the acquisition of the Annandale Canyon Estates and property located at 1410 Wierfield Avenue is exempt from the California Environmental Act pursuant to State CEQA Guidelines Sections 15316 (Transfer of Ownership of Land In Order to Create Parks) and 15325(c) (Transfer of Ownership Interest in Land to Preserve Existing Natural Condition, and specifically acquisition, sale or other transfer to preserve open space or lands for park purposes);
2. Conditionally approve the purchase of the Annandale Canyon Estates property located at 1420 Wierfield Avenue and property located at 1410 Wierfield Avenue for an amount not to exceed \$6,464,000 million for the Annandale Canyon Open Space subject to a grant of \$2,600,000 from the Santa Monica Mountains Conservancy;
3. Approve a Journal Voucher appropriating \$2,000,000 million from Residential Impact Fees to fund a portion of the purchase of the Annandale Canyon Estates property;

4. Adopt a Resolution Authorizing the Issuance of the City of Pasadena Annandale Open Space Assessment District, Limited Obligation Improvement Bonds, Series 2009, In An Amount Not To Exceed \$1,364,000, Authorizing The Finance Director To Declare the Amount Of Unpaid Assessments And Authorizing the Investment By The City Of Such Bonds;
5. Authorize the City Manager to purchase the Annandale Canyon Estates property which includes 37 parcels totaling 20.6 acres;
6. Authorize the City Manager to purchase a 31,000 square foot property located at 1410 Wierfield Avenue adjacent to the Annandale Canyon Estates property subject to the availability of funding for the total acquisition;
7. Authorize the City Manager to place in escrow \$2 million from Residential Impact Fees plus \$1,364,000 from the General Fund as an advance of the Open Space Assessment District bond revenues;
8. Direct the City Clerk to file a Notice of Exemption within five working days; and
9. Adopt a Resolution of City of Pasadena Approving The Application For Grant Funds From The County Regional Park and Open Space District For The Firth Supervisorial District Excess Funding For The Annandale Canyon Estates Open Space Assessment District.

EXECUTIVE SUMMARY

The recommendation is requesting City Council's conditional approval of the purchase of the Annandale Canyon estates property and adjacent property located at 1410 Wierfield Avenue for \$6,464,000 million subject to the availability of necessary funding, to establish the Annandale Canyon Estates as permanent open space. The recommendation also requests appropriating City funds in the amount of \$2,000,000 million as part of an acquisition financing package along with authorization for the City Manager to take all steps necessary to acquire the parcels. Additionally, the recommendation requests the City to take all remaining actions for the Assessment District and the issuance of the assessment bond by adoption of the bond resolution subject to the availability of the necessary funding.

The City has been negotiating with the representatives of Annandale Canyon Estates LLC and the property owners, for the acquisition of 20.6 acre site (37 parcels) acre site. The cost of acquiring the site is \$6,200,000 plus an estimated

\$114,000 for closing cost. In addition a parcel located at 1410 Wierfield Avenue and totaling approximately 31,000 square feet has been offered to the City for \$150,000. Therefore the total acquisition cost is estimated at an amount not to exceed \$6,464,000.

The City has been in discussions with the Santa Monica Mountains Conservancy (Conservancy), Los Angeles County officials and Linda Vista neighbors to devise a financing package for the acquisition of these parcels.

The estimated total acquisition including closing cost is approximately \$6,464,000. Currently, \$3,864,000 has been secured for acquisition of the property (Santa Monica Mountains Conservancy (SMMC) - \$2,500,000; Annandale Canyon Open Space Assessment District - \$1,364,000). In November, 2008 staff was apprised by Supervisor Michael Antonovich's Office that the County of Los Angeles is proposing to contribute \$500,000 toward the acquisition costs. Staff is proposing that the City contribute \$2,000,000. The total amount of funds available for acquisition of the property including City and County contributions is \$6,364,000 which leaves a gap of \$100,000. Staff will be requesting an additional \$100,000 from SMMC.

BACKGROUND

In 2002, Annandale Canyon Estates LLC, a development company, submitted an entitlement application to construct 24 single family homes on the property known as the Annandale Canyon Estates. The property consists of 37 parcels and is 20.6 acres. However, during the entitlement process community residents conveyed significant concern regarding the size of the development, public safety during construction, resultant traffic impacts, etc. The residents expressed their desire that the City acquire the property and maintain it as permanent open space. On October 27, 2008 the City Council held a public hearing to consider the formation of an open space benefit assessment district for the property. Affected property owners were given the opportunity to vote on the Assessment District and approved it with a favorable vote of 62.1%.

The City Council subsequently took the following action:

1. Approved a Resolution Declaring the Results of a Property Owner Protest Ballot Proceeding for the Annandale Canyon Open Space Benefit Assessment District.
2. Approved the Engineer's Report.
3. Approved the Formation of the Annandale Canyon Open Space Benefit Assessment and Approving and Confirming the Levy of Assessments for said Assessment District.

Based on the resolution of the funding issue the remaining actions for the Assessment District are incorporated within the bond resolution which is before the Council and include (a) the direction to the City Clerk to mail out notices of the assessment and commence the 30-day cash collection period, (b) the authorization of the issuance of the Bonds, (c) authorization for the Finance Director to establish the principal amount of the Bonds as the amount of the unpaid assessments, (d) the authorization for the City to purchase and hold the Bonds as investment, and (e) the approval of the terms of the Bonds.

In November, 2008 staff discussed the need for additional funds with the Conservancy and requested that the Conservancy contribute additional funds towards the acquisition costs for the property. On December 2, 2008 staff attended the Conservancy's Advisory Committee meeting, for review of the City's request for additional funding. At the meeting the Advisory Committee deferred action on the City's request and directed the Conservancy's Executive Director to meet with representatives of the City and Annandale Canyon Estates, LLC to determine if the acquisition costs could be reduced and if the City would formally allocate and commit \$1.5 million towards the acquisition costs upon the City's future determination to purchase the property.

Recently staff was informed that the State has frozen the funding of the Conservancy and until this issue is resolved the Conservancy cannot commit additional funds to this project nor could it fund their share of the project previously committed. Currently, the Purchase and Settlement Agreement between Annandale Estates LLC and the City sets forth the contingency dates to place all funds into escrow and close as February 9, 2009 and March 3, 2009 respectively. Therefore the recommendation is to place the City and assessment district portion of the acquisition cost into escrow in exchange for which the property owner has agreed to extend the closing period until the Conservancy funds are secured.

PUBLIC ACCESS

Based on a preliminary review it appears that parking spaces can be constructed on the Annandale Canyon Estates property along Weirfield Drive adjacent to Bushwick Drive. In addition there is a property located at 1410 Wierfield Avenue adjacent to the Annandale Canyon Estates which will accommodate additional parking spaces. Wierfield Avenue and Bushwick Drive are currently unimproved "paper" streets. It is proposed to improve these streets as trails. Staff is recommending that the developer provide technical assistance in the design of the trails and that a non-profit organization that has recently constructed trails in this same area build the trails.

ENVIRONMENTAL REVIEW

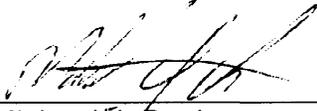
Acquisition of the Annandale Canyon Estates properties and the property located

at 1410 Wierfield Drive are exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Sections 15136 (Transfer of Ownership of Land In Order to Create Parks) and 15325(c) (Transfer of Ownership of Interest in land to Preserve Existing Natural Condition, and specifically acquisition, sale or other transfer to preserve open space or lands for parks).

FISCAL IMPACT

The estimated total acquisition cost (including closing cost) of the Annandale Canyon Estates and 1410 Wierfield Avenue is approximately \$6,464,000. A grant from the Santa Monica Mountains Conservancy in the amount of \$2,500,000 has been secured. The approved assessment district will generate \$1,364,000 toward the purchase price and it is proposed that the City issue a 1915 Act Special Assessment Bond to raise these funds. In order to reduce the issuance cost it is further recommended that the City purchase the bond and hold it in the City's pooled investment portfolio. The purchase price for the Bonds will come from the City's General fund and be held therein as an investment. Interest and principal on the bonds will be paid by the property owners within the assessment district through special assessments on their associated property tax bills. The assessment bond will earn the City 6% per annum. County Supervisor Michael Antonovich has also informed the City staff that Los Angeles County proposes to contribute \$500,000 from Proposition A funds towards the purchase price. Of the outstanding \$2,100,000 balance staff is recommending that the City fund \$2,000,000 from Residential Impact Fees and request additional funding in the amount of \$100,000 from the Conservancy to close the remaining gap.

Respectfully submitted,



Michael J. Beck
City Manager

Prepared by:



Frederick M. Jones
Senior Project Manager

Approved by:



Richard Bruckner
Director Planning & Development

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
AUTHORIZING THE ISSUANCE OF CITY OF PASADENA
ANNANDALE CANYON OPEN SPACE BENEFIT ASSESSMENT
DISTRICT, LIMITED OBLIGATION IMPROVEMENT BONDS, SERIES
2009, IN AN AMOUNT NOT TO EXCEED \$1,364,000, AUTHORIZING
THE FINANCE DIRECTOR TO DECLARE THE AMOUNT OF UNPAID
ASSESSMENTS AND AUTHORIZING THE INVESTMENT BY THE
CITY OF SUCH BONDS**

WHEREAS, on September 8, 2008, the City Council of the City of Pasadena (the "City") initiated proceedings to form the City of Pasadena Annandale Canyon Open Space Benefit Assessment District (the "District") pursuant to the provisions of the provisions of Chapter 4.95 of Title 4 of the City's Municipal Code (the "Code") and the "Landscaping and Lighting Act of 1972," being Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the "Act") and in accordance with Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750 of the California Government Code), to fund a portion of the costs of the acquisition and financing of open space land of benefit to certain property within the City (the "Property"); and

WHEREAS, by its resolution of intention adopted on September 8, 2008 (the "Resolution of Intention"), the City Council declared its intention to form the District, and to levy a special assessment upon the Property, and has declared its intention to issue limited obligation improvement bonds (the "Bonds"), in accordance with the Improvement Bond Act of 1915 (the "1915 Act"), representing all unpaid assessments; and

WHEREAS, on September 8, 2008, the City preliminarily approved a report prepared by the Assessment Engineer, Koppel & Gruber Public Finance (the "Engineer's Report"), regarding the proposed District and containing the matters specified in Section 22586 of the Act, the Code and Section 4 of Article XIID of the California Constitution, and appointed a time and place for a public hearing on the formation of the proposed District, the issuance of assessment bonds and on said report; and

WHEREAS, on October 27, 2008, following notice duly given in accordance with law, the City Council held a public hearing on the Resolution of Intention and the Engineer's Report and regarding protests and objections thereto and to the proposed improvements in connection with the Assessment District;

WHEREAS, the City Council, by resolution, formed the Assessment District, confirmed the proposed assessment against parcels within the Assessment District and an Assessment Diagram and Notice of Assessment for the Assessment District has been recorded on November 5, 2008 in the office of the County Recorder of the County of Los Angeles; and

WHEREAS, the City has determined to purchase the open space land (the "Improvements"), and to continue the proceedings for the Assessment District and the issuance

of the Bonds, subject to securing the remaining funding for the purchase of the Improvements; and

WHEREAS, pursuant to Section 22646 of the Act and Section 4.95.170 of the Code, the Director of Finance has been designated to collect and receive the money paid pursuant to the assessment during the cash collection period, in the manner prescribed by law, and shall, upon the expiration of the prescribed cash collection period, submit to the City Clerk a Certificate re Paid and Unpaid Assessments.

WHEREAS, the City Council wishes to authorize the City Manager, at such time as the remaining funding is secured for the purchase of the Improvements, to direct the City Clerk to provide notice of recordation of the assessment in accordance with Section 22646 of the Act;

WHEREAS, the City Council wishes to authorize the Finance Director to establish the amount of unpaid assessments with respect to City of Pasadena Annandale Canyon Open Space Benefit Assessment District, and said amount shall be the principal amount of limited obligation improvement bonds to be authorized and issued in these proceedings upon the security of said unpaid assessments;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena:

Section 1. Authorization. Subject to securing the remaining funding for the Improvements, the City hereby authorizes the issuance of City of Pasadena Annandale Canyon Open Space Benefit Assessment District, Limited Obligation Improvement Bonds, Series 2009 (the "Bonds") in the principal amount equal to the unpaid assessments, not to exceed \$1,364,000.

Section 2. Notice of Recordation. The City hereby authorizes the City Manager at such time as it is determined that the remaining funding is secured for the purchase of the Improvements, to direct the City Clerk to provide notice of recordation of the assessment in accordance with Section 22646 of the Act. The notice of recordation of the assessment given by mail shall also prescribe the deadline for submission by or on behalf of any property owner of a cash payment to prepay, either in whole or in part, the assessment levied upon the property of such owner.

Section 3. Finance Director to Determine Unpaid Assessments. The City hereby authorizes the Finance Director to establish the amount of unpaid assessments with respect to Assessment District, and, following the thirty (30) day cash collection period, the Finance Director is hereby directed to file with the City Clerk a list of unpaid assessments for the Assessment District, certifying the amount of the assessments remaining unpaid in a Certificate re Paid and Unpaid Assessments. Said amount of unpaid assessments shall be the principal amount of the Bonds, as evidenced by the execution of the Bonds.

Section 4. Unpaid Assessments. The unpaid assessments shall be payable in the manner provided in Section 8680 et seq. of the 1915 Act, and shall be payable in the same manner and at the same time and in the same installments as the general taxes of the City on real property are payable, unless determined otherwise by the Finance Director. Pursuant to Section 8682 of the 1915 Act, a certified copy of this resolution and a copy of the list of unpaid

assessments shall be filed by the City Clerk in the Office of the Auditor-Controller of the County of Los Angeles. Said County Auditor-Controller is requested to proceed in accordance with Section 8682 of the 1915 Act in the collection of installments of these assessments and the interest thereon on the secured property tax assessment roll of the County of Los Angeles. The actions of the City Clerk, the City staff and consultants relating to the preparation of the list of unpaid assessments and filing the same with the County Auditor-Controller is hereby confirmed and ratified.

Section 5. Bonds. Serial bonds or term bonds or both to represent unpaid assessments, and to bear interest at the rate of six percent (6%) per annum, payable semiannually, shall be issued hereunder in one or more series in the manner provided by the Improvement Bond Act of 1915, Division 10 of the California Streets and Highways Code, and the last installment of bonds shall mature a maximum of thirty (30) years from the second day of September next succeeding 12 months from their date. The principal amount of Bonds maturing or becoming subject to mandatory prior redemption in each year shall be other than an amount equal to an even annual proportion of the aggregate principal amount of the Bonds, and the amount of principal maturing or becoming subject to mandatory prior redemption in each year plus the amount of interest payable in that year shall be an aggregate amount that is substantially equal each year, except for the moneys falling due on the first maturity or mandatory prior redemption date of the Bonds which shall be adjusted to reflect the amount of interest earned from the date when the Bonds bear interest to the date when the first interest is payable on the Bonds.

Section 6. Bonds as City Investment. The City Council authorizes the City to purchase and hold the Bonds when and if issued for investment purposes. The Bonds shall be purchased at par and bear an interest rate of six percent (6%) per annum.

Section 7. Approval of Terms and Provisions of Bonds. The City determines that it is in the public interest and for the benefit of the City and the owners of the Bonds that the City provide for (1) the issuance of the Bonds, (2) the disbursement of proceeds of the Bonds, (3) the administration and disposition of the assessments securing the Bonds and (4) the administration and payment of the Bonds. The City determines that all things necessary to cause the Bonds, when issued as provided in the 1915 Act, the Code and this Resolution, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Resolution and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

The City Council hereby approves "Exhibit A – Supplement to Bond Resolution - Terms and Provisions of Bonds" in substantially the form annexed hereto. Exhibit A is incorporated herein by this reference and made a part of this Resolution. The City Treasurer and City Clerk are hereby authorized to execute the Bonds in substantially the form annexed hereto, with such revisions, amendments and completions as shall be approved by the Mayor, City Manager or Finance Director, each a Responsible Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof of the Bonds and acknowledgement of Exhibit A by the City Manager.

Section 8. Official Actions. Any Responsible Officer and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all other actions, including the execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

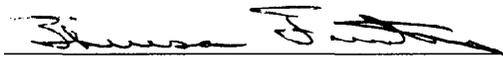
Adopted at a regular meeting of the City Council this __ day of January, 2009, by the following vote:

Ayes:

Noes:

Absent:

APPROVED AS TO FORM:



Theresa E. Fuentes
Assistant City Attorney

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

Maryann Goodkind
Fulbright & Jaworski L.L.P.
Bond Counsel