

Agenda Report

May 10, 2010

TO: Honorable Mayor and City Council
THROUGH: Economic Development and Technology Committee (May 5, 2010)
FROM: Planning and Development Department
SUBJECT: Issuance of Recovery Zone Facility Bond

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 33490(a)(1)(B);
2. Award the City's allocation (\$11.1 million) Recovery Zone Facility Bond (RZFB) to Park Place Commercial, LP; and
3. Direct staff to submit a California Debt Limit Allocation Committee (CDLAC) application for those projects that were not awarded the City of Pasadena's bond allocation.

BACKGROUND:

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) was enacted and created new categories of bonds. One new category is the RZFB that gives issuers the temporary ability to issue private activity tax-exempt bonds. In order to issue a RZFB, the local jurisdiction must first designate a Recovery Zone. On August 10, 2009, City Council authorized the creation of a Recovery Zone that encompasses the entire City.

CDLAC administers the tax exempt private activity bond allocation for the State and the reallocation process of waived RZFB. On January 4, 2010, CDLAC notified communities that received a RZFB allocation that they would be required to submit a Plan of Issuance document. The document provides CDLAC a list of possible RZFB projects that would be eligible to receive the City's allocation. On January 25, 2010, staff presented the City's Plan of Issuance document to City Council as a matter of information and submitted the document accordingly. The City has the flexibility to modify the Plan of Issuance by August 15, 2010 as all bonds must be issued by December 31, 2010.

In addition to those projects listed in the Plan of Issuance, City Council directed staff to seek additional projects that also may be eligible for RZFB financing via a Request for Proposal (RFP).

In response to the RFP, staff received three proposals. The following table provides a ranking and summary of the proposals:

Applicant/Address	Project Description	Requested Funding
1. Park Place Commercial, LP 880 E Colorado Blvd (73 points)	Phased, multi-story mixed use project measuring 252,315 square feet. First phase includes the renovation of the existing 65,750 square foot hotel to provide 136 hotel rooms and add 20 new hotel rooms and five residential units. The second and third phase includes an office component measuring 103,410 square feet and retail/commercial (restaurant) measuring 54,771 square feet.	\$11.1 million
2. Urth Pasadena Development, LLC 592 E Colorado Blvd (42 points)	Two-story mixed use building measuring 10,689 square feet, 2,875 of which will be used as restaurant (the "Pasadena Urth Caffe"), 3,058 sq ft of specialty retail spaces, and 4,756 sq ft of office space.	\$3 million
3. Engelmann Real Estate Services, Inc. 140 E Orange Grove Blvd (39 Points)	Three-story mixed use building measuring 31,991 square feet, 5,883 of which is for commercial spaces facing Orange Grove Blvd. Twenty-six residential condominium units on upper floors. Seventy-six parking spaces in one level of subterranean parking and on the ground floor.	\$2.5 million (for commercial component of project only)

The RFP sought projects that focused on four categories and awarded points as follows:

Evaluation Criteria	Evaluation Standard
New Construction, Expansion and Modernization Up to 15 Potential Points	A goal of the American Recovery Reinvestment Act and the City is to stimulate economic activity through new construction, expansion and modernization. Priority will be given to projects proposing the construction of new facilities.
Green Building Practices Up to 15 Potential Points	Borrower must provide evidence of a degree of LEED certification and/or intent to implement Green Building Practices. Priority will be given to projects with the highest achievable goals.
New Job Creation and Compensation Up to 40 Potential Points	Projects seeking only the minimal funds necessary for project completion and that provide evidence that the project will stimulate new job growth. Projects will be ranked based on the extent and quality of impact (e.g., a project generating higher wage jobs will be ranked higher than a similar project generating lower wage jobs). An application should highlight the number of permanent jobs that will be created as a result of the project, as well as temporary construction jobs. Supporting evidence such as proposed payroll is required.
Revenue Creation Up to 30 Potential Points	Borrower demonstrates that the economic activity will benefit the City. Evidence of new fiscal benefits must be provided including revenue, tax increment, sales, or Transit Occupancy Tax projections.

In addition to the job and revenue creation Park Place Commercial, LP's proposal, will seek LEED (Leadership in Energy and Environmental Design) Silver certification, the third highest certification that may be awarded to a project. In comparison, the other two projects will provide for some Green Practices, but will not achieve the status of Silver Certification.

The following table shows an overall economic comparison of the projects at their completion:

Project	Total Construction Cost (million)	Number of Jobs	One-Time Fee due to City	Annual Revenue to City
Park Place Commercial, LP	\$76	630 (construction) 750 (permanent)	\$4 million	\$1.3 million
Urth Pasadena Development, LLC	\$7.2	160 (construction) 82 (permanent)	\$300,000	\$78,000
Engelmann Real Estate Services, Inc.	\$10.2	107 (construction) 21 (permanent)	\$300,000	\$104,284

Based on the evaluation criteria Park Place Commercial, LP received the highest ranking.

COUNCIL POLICY CONSIDERATION:

Through awarding the RZFB allocation to Park Place Commercial, LP several of the City's Policies, Objectives and Goals will be reaffirmed. Namely, the General Plan Objective 10, Diverse Economy, encourages the promotion and creation of a diverse economic base that serves residents by providing jobs and City revenue. Furthermore, Policy 10.8, Regional Economy, is intended to attract and provide for Pasadena's share of the region's economic investment and development. The Strategic Plan goal of increasing conservation and sustainability is also realized by awarding the allocation to Park Place Commercial, LP.

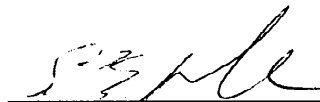
ENVIRONMENTAL ANALYSIS:

The project is exempt per the California Health and Safety Code Section 33490 (a) (1) (B). This Section provides that awarding of a bond shall not constitute a project within the meaning of the California Environmental Quality Act (CEQA) as the awarding of such bonds shall not constitute an approval of any specific project discussed herein. All projects which are to receive Recovery Zone Bonds have submitted the necessary paperwork for which an environmental review and clearance was given.

FISCAL IMPACT:

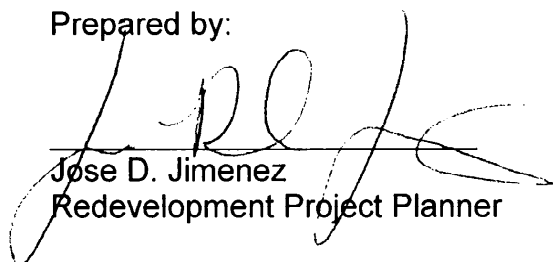
Upon completion and full operation of the project, it is estimated that the proposed project will generate one-time fees of \$4 million to the City and \$1.3 million annually in tax revenues thereafter.

Respectfully submitted,



Steve Mermell
Assistant City Manager

Prepared by:



Jose D. Jimenez
Redevelopment Project Planner

Concurred by:



David A. Klug
Redevelopment Manager

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: PARK PLACE COMMERCIAL, LP / SINGPOLI PACIFICA, LLC ITS GENERAL PARTNER

2. Type of Entity: <input checked="" type="checkbox"/> non-government <input type="checkbox"/> nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
KIN HUI, MANAGING MEMBER OF SINGPOLI PACIFICA, LLC
WILLIAM CHU, MEMBER OF SINGPOLI PACIFICA, LLC
DAVID HUNG, MEMBER OF SINGPOLI PACIFICA, LLC
BOB RITNER, MEMBER OF SINGPOLI PACIFICA, LLC
PHILIP KIM, MEMBER OF SINGPOLI PACIFICA, LLC
UN KIN HUI, MEMBER OF SINGPOLI PACIFICA, LLC
PATRICK BIANCONE, MEMBER OF SINGPOLI PACIFICA, LLC

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
PASADENA VENTURE, LLC
FIRST GLOBAL INTERNATIONAL INVESTMENT GROUP, INC.
LAND BLOSSOM INVESTMENT, LLC
SINGPOLI PACIFICA, LLC

Prepared by: KIN HUI

Title: MANAGING MEMBER OF SINGPOLI PACIFICA, LLC (GENERAL PARTNER)

Phone: 626-566-1888

Date: 5-5-2010