

# Agenda Report

September 26, 2011

**TO:** Honorable Mayor and City Council

**FROM:** Economic Development, Office of the City Manager

**SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO AN OPTION TO PURCHASE AGREEMENT AND A PURCHASE AND SALE AGREEMENT FOR REAL PROPERTY OWNED BY THE CITY OF PASADENA AT 733 NORTH FAIR OAKS AVENUE TO EVERGREEN DEVCO, INC.**

## **RECOMMENDATION:**

It is recommended, that the City Council:

1. Authorize the City Manager to execute an Option to Purchase Agreement incorporating the terms and conditions generally described below with Evergreen Devco, Inc. (Evergreen), and
2. Adopt a resolution approving the key terms and conditions for the following:  
(a) Option to Purchase Agreement (Option), and (b) Purchase and Sale Agreement, by and between the City of Pasadena as Seller, and Evergreen as Buyer for the City's conveyance of real property located at 733 N. Fair Oaks Avenue.

## **BACKGROUND:**

In September, 1990 the Pasadena Community Development Commission (PCDC) directed staff to survey redevelopment project areas in Northwest Pasadena. The purpose of the survey was to identify key parcels in commercial zones which could be acquired to facilitate land assembly necessary for future commercial development. The property located at 733 N. Fair Oaks Avenue was included in this survey as part of the Fair Oaks Avenue Redevelopment Project Area and was acquired by the PCDC in October 1990. The parcel is 6,700 square feet, zoned for commercial use, and governed by the Fair Oaks Orange Grove Specific Plan. This proposed sale implements the October 1, 1990 actions of the PCDC to eliminate blight and further commercial development within the Project Area.

On February 15, 2011, Evergreen contacted Economic Development Division staff to discuss the possible purchase of the City-owned parcel for the development of a national retail bank. Evergreen is in negotiations with the adjacent property owner to

acquire the three parcels at the northwest intersection of N. Orange Grove Boulevard and N. Fair Oaks Avenue. The viability of the project is dependent upon Evergreen acquiring the adjacent City lot to comply with tenant parking requirements, which exceed the City's minimum standards.

On August 15, 2011, City Council authorized staff to negotiate terms and conditions with Evergreen. Since that time, staff and Evergreen discussed the major deal points of the Agreements as follows:

Option to Purchase

1. 18 months to secure project entitlements.
2. \$7,500 Option fee to Seller (Applicable to purchase price). \$1,500 retained by Seller in the event Evergreen cancels the Agreement.
3. Evergreen to secure national retail bank anchor tenant.

Following the Option, the Seller and Buyer will enter into a Purchase and Sale Agreement. The major deal points are as follows:

Purchase and Sale Agreement

1. Sale price of \$335,000 based on market value appraisal prepared in June 2011.
2. 60-day escrow with \$10,000 deposit at opening of escrow (applicable to purchase price).
3. Grant 30-day escrow extension, if necessary, for an additional \$10,000 deposit (applicable to purchase price).
4. Contingent upon Evergreen's ability to concurrently acquire the adjacent parcel to the south with concurrent escrow period.
5. If Buyer fails to construct a commercial retail bank on the property, the Seller shall have the Right of First Refusal to re-purchase the property from Evergreen for the original sale price of \$335,000.

**COUNCIL POLICY CONSIDERATION:**

Economic Development and Employment Element Goal 1 of the General Plan – encourages a sound local economy which attracts investment, increases the tax base, creates employment opportunities for Pasadena residents and generates public revenues.

Objective 1.1 addresses revitalization of declining commercial and industrial areas and obsolete facilities through redevelopment, rehabilitation and other available means.


**ENVIRONMENTAL ANALYSIS:**

The City retains the exclusive right to revoke this agreement or withdraw the property from escrow without cause and on 10-days written notice unless and until Evergreen obtains the appropriate environmental approvals as may be required by CEQA, the appropriate land use entitlements, and satisfies the City requirement that it has a prospective tenant.

**FISCAL IMPACT:**

After a \$10,000 reduction for escrow fees, the net profit of approximately \$325,000 revenue will be deposited in Account number 7027, Land Sale Revenue, in the General Fund, due to the fact that PCDC assets, including this parcel were recently transferred to the City. These funds will be used for future economic development activities, or should the lawsuit filed by the California Redevelopment Association and League of California Cities over Assembly Bill 1X-26 and Assembly Bill 1X-27 fail, and the City is required to shift tax increment revenues to the State, these funds will be used for that purpose.

Respectfully submitted,



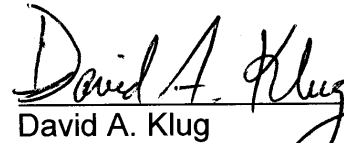
STEVE MERMELL  
Assistant City Manager

Prepared by:



Vincent Gonzalez  
Redevelopment Project Manager

Concurred by:



David A. Klug  
Redevelopment Manager

Approved by:



MICHAEL J. BECK  
City Manager

Attachment A – Resolution

CITY OF PASADENA

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION FINDING AND DETERMINING THAT THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY REQUIRE, AND ORDERING, THE SALE OF A CITY OWNED VACANT PARCEL TO EVERGREEN DEVCO, INC.

WHEREAS, the real property otherwise described in the attached Exhibit A is situated within the Fair Oaks Avenue Redevelopment Project Area and has been appraised as having a fair market value of \$335,000; and

WHEREAS, the purchase price set forth in that certain Agreement of Purchase and Sale and Joint Escrow Instructions (collectively referred to as the "Agreement") by and between the City of Pasadena and Evergreen Devco, Inc. is in accordance with said appraisal; and

WHEREAS, use of an Option to Purchase real property Agreement for the purpose described in the attached Exhibit A will facilitate the sale and will assure that said real property will not be sold unless and until certain terms and conditions are satisfied; and

WHEREAS, the sale of the real property described in the attached Exhibit A is required by the public interest, convenience and necessity.

1. NOW, THEREFORE, BE IT RESOLVED, by the City of Pasadena as follows:

The public interest, convenience and necessity require, and the City Council hereby orders, the sale of the City owned parcel to Evergreen Devco, Inc., for the purposes of redevelopment of the fee simple estate in and to that certain real property situated in the City of Pasadena, County of Los Angeles, State of California, commonly known and

described as 733 North Fair Oaks Avenue, and described in Exhibit "A" attached to this resolution for the sum of \$335,000 in cash through an escrow and otherwise in accordance with the terms and provisions of the Agreement.

2. The City Council hereby authorizes and directs the City Manager to execute the option to Purchase Real Property Agreement (Option) and, upon satisfaction of all terms of the Option, to execute the Purchase and Sale Agreement in the name and on behalf of the City Council.

3. The City Council hereby authorizes and directs the City Manager to execute the Agreement in the name and on behalf of the City Council and further authorizes and directs the staff to open an escrow for the sale of the City Parcel of the fee simple estate in and to the above described real property in conformity with the terms and provisions contained in the Agreement.

4. The City Manager is hereby authorized and directed to execute any and all documents and to do and perform any and all things necessary in the name and on behalf of the City Council to effectuate the purpose of this resolution and the terms and conditions of the Agreement and is authorized and directed to transfer in the name and on behalf of the City Council a grant deed conveying to the Evergreen Devco, Inc. the above described real property.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Pasadena City Council at its regular meeting held \_\_\_\_\_, 2011, by the following vote:

AYES:

NOES:

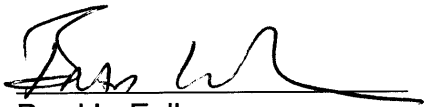
ABSENT:

ABSTAIN:

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Mark Jomsky, CMC  
City Clerk

APPROVED AS TO FORM:



Brad L. Fuller  
Assistant City Attorney

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF PROPERTY**

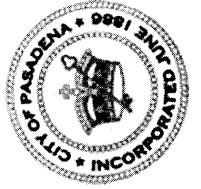
The LAND REFERRED TO HERIN BELOW IS SITUATED IN THE CITY OF PASADENA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE NORTH 50 FEET OF LOT 2 OF PATTEN BROTHERS SUBDIVISION, AS PER MAP RECORDED IN BOOK 22, PAGE 79 OF MISCELLANEOUS REORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

 PASADENA

# Sale of City Owned Vacant Parcel

733 North Fair Oaks Avenue  
City Council, Closed Session  
September 26, 2011







- Site Area: 6,700 SF
- Land Use: Commercial
- Fair Oaks/ Orange Grove Specific Plan
- Fair Oaks Ave. Redevelopment Project Area



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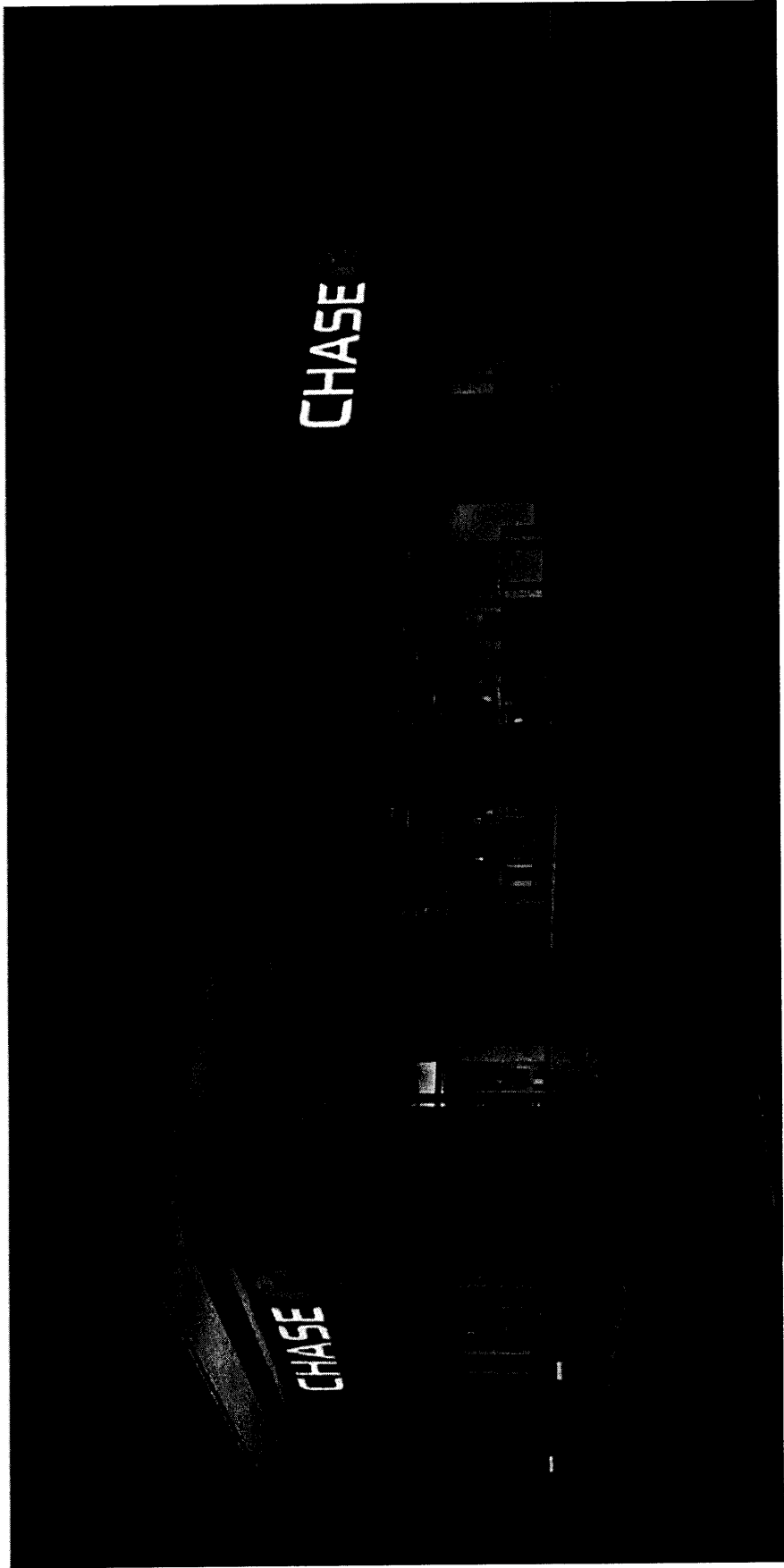


- October 1, 1990, PCDC acquires property to eliminate blight and facilitate land assembly for commercial projects within the Fair Oaks Avenue Redevelopment Project Area.
- Evergreen Devco, Inc., contacted Economic Development to acquire the property for the purpose of land assembly to develop a national retail bank.
- Evergreen is a west coast real estate developer with projects from Washington, California, Arizona, Nevada, and Colorado.



- Appraisal prepared in June 2011
  - > Market Value: \$335,000 (\$50-Per Square Foot)
  - > Sale Price: Set at Market Value

PASADENA



PASADENA



### Contingencies:

- 18 Months to secure project entitlements.
- \$7,500 Option fee to City at execution (applicable to purchase price). \$1,500 retained by City in the event Evergreen cancels the Agreement.
- Evergreen to secure national retail bank as anchor tenant.



**Contingencies:**

- 60-Day escrow with \$10,000 deposit to City at opening of escrow.
- \$10,000 deposit to City if Evergreen asks for 30-day escrow extension.
- Evergreen's acquisition of adjacent parcels to have concurrent escrow with sale of City lot.
- City has Right of First Refusal to re-purchase the property from the Buyer for original sale price.



## Staff Recommendation

- Authorize the City Manager to enter into an 18-month Option to Purchase Agreement and Purchase and Sale Agreement to sell the City owned vacant parcel at 733 N. Fair Oaks Avenue to Evergreen Devco, Inc., for \$335,000 in conformity with the terms and conditions identified in the Agreements.

**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: EVERGREEN DEVCO

2. Type of Entity:  
 non-government     nonprofit 501(c)(3), (4), or (6)

**3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:**

BRUCE POMEROY - PRESIDENT
ANDREW SKIPPER - CHIEF EXECUTIVE OFFICER
HEATHER BALZER - PRINCIPAL - PROJECT MANAGEMENT
DANA DRAGON - PRINCIPAL - PROPERTY MANAGEMENT
LAURA ORTIZ - PRINCIPAL - PROJECT MANAGEMENT
BOB COLLINS - PRINCIPAL - ACQUISITIONS
CHAS BERGER PRINCIPAL - ACQUISITIONS
JEFF THOMPSON PRINCIPAL - CFO
TIM O'NEIL - PRINCIPAL - ACQUISITIONS
DOUG LEVENTHAL - PRINCIPAL - PROJECT MANAGEMENT

**4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:**

BRUCE POMEROY - PRESIDENT
ANDREW SKIPPER - CHIEF EXECUTIVE OFFICER

Prepared by: Jim Hanson

Title: Acquisitions Manager

Phone: 818-240-8727

Date: 7-26-2011



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

- I. Does the value of this application/project *have the potential* to exceed \$25,000?  Yes  No (Applicant *must* mark one)
- II. Is the application being made on behalf of a government entity? Yes  No
- III. Is the application being made on behalf of a non-profit 501(c) organization? Yes  No   
 If yes, please indicate the type of 501(c) organization: 501(c)3  501(c)4  501(c)6

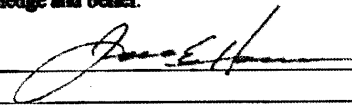
Applicant's name: EVERGREEN DEV CO Date of Application: JULY 26, 2011  
 Owner's name: BRUCE POMEROY - PRESIDENT Contact phone number: 818-240-8727  
ANDREW SKIPPER - CEO (for questions regarding this form)

Project Address: \_\_\_\_\_  
 Project Description: \_\_\_\_\_

IV. Applicant and Property Owner must disclose all joint owners, trustees, directors, partners, officers and those with more than a 10% equity, participation or revenue interest in owner and/or project. If any of these are an organization/entity, include the name of the organization/entity and the first and last names of all parties of interest of that organization/entity. (List all parties below and use additional sheets as necessary, or provide all parties on an attachment) Please print legibly.  
 Have any additional sheets or an attachment been provided? Yes  No

Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project	Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project (continued)	Those with more than a 10% equity, participation or revenue interest in Owner and/or project
BRUCE POMEROY - PRESIDENT		BRUCE POMEROY - PRESIDENT
ANDREW SKIPPER - CEO		ANDREW SKIPPER - CEO

I hereby certify that I am the owner or designated agent and that the statements and answers contained herein, and the information attached, are in all respects true, accurate and complete to the best of my knowledge and belief.

Signature of Owner or Designated Agent:  Date: JULY 26, 2011

*For Office Use Only*

Type of Application: Variance (all types) Adjustment Permit Sign Exception Temporary Use Permit Expressive Use Permit  
 Conditional Use Permit (excluding Master Plan) Master Plan Amendment Planned Development Other

Assigned Planner: \_\_\_\_\_ PLN#: \_\_\_\_\_

Attached Address: \_\_\_\_\_ No Attached Address

Appealed: Yes  No  Appeal PLN# \_\_\_\_\_ Application Withdrawn

Final Decision: Approved  Denied  Decision Date: \_\_\_\_\_ Decision Maker: \_\_\_\_\_  
 (Name and Title, or Name of Commission/Committee)

Votes in favor (please print):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_