

# Agenda Report

**DATE:** JULY 12, 1999

**TO:** CITY COUNCIL/PASADENA COMMUNITY DEVELOPMENT COMMISSION

**FROM:** CYNTHIA J. KURTZ, CITY MANAGER/CHIEF EXECUTIVE OFFICER

**SUBJECT:** STATUS REPORT ON "PASEO COLORADO" - PLAZA PASADENA RENOVATION PROJECT

**RECOMMENDATION:**

This item is for information purposes only; no action is required.

**BACKGROUND:**

The status of the Plaza Pasadena Renovation Project – "Paseo Colorado" – is as follows:

**Project Description**

The Project use mix has evolved from when the City Council last received the status of the Project (November 1998) from a predominantly retail project of 590,000 square feet, including a cineplex of up to 4500 seats and a supermarket to a mixed use project proposed to contain approximately 1,085,000 square feet consisting of approximately 590,000 square feet of retail, entertainment and restaurant space, up to 375 apartment units in approximately 375,000 square feet, and up to 120,000 square feet of office. A cineplex of up to 4000 seats, a gourmet supermarket and a health club are included in the Project as part of the retail and entertainment component. The renovated Plaza Pasadena – "Paseo Colorado" – would be re-oriented to primarily Colorado Boulevard, would open up Garfield Avenue to allow views from the Library to the Civic Auditorium, and provide entrances to the housing portion of the Project on Green Street. As proposed by the Developer, the re-established view corridor on Garfield Avenue between Colorado Boulevard and Green Street would be a minimum of 58 feet building face-to-building face and include merchandising carts and other activities. Prior to the construction of the Plaza Pasadena, Garfield Avenue between Colorado Boulevard and Green Street was 80 feet building face-to-building face and 50 feet curb-to-curb.

### **Project Development Status**

In terms of Project development status, TrizecHahn (the "Developer") has successfully executed a buy-out agreement in March 1999 with its partner, Emerick Properties, and JC Penney has been released from the Plaza Pasadena Reciprocal Easement Agreement. JC Penney has stated its intention to vacate its building on September 10, 1999. Also, the Developer has executed an option agreement with Teacher's Insurance, the lender on the Plaza Pasadena, to settle the outstanding mortgage on the Plaza Pasadena, subject to the Developer's determination of the Project feasibility. The option agreement calls for an additional payment by July 26, 1999, to extend the option period to the end of September 1999; at the end of the extended option period, the remaining balance is to be paid. The Pasadena Community Development Commission (the "Commission") approved a Standstill Agreement on July 13, 1998, and an Estoppel Certificate was executed by the Commission's Chief Executive Officer on March 11, 1999, which permitted the Developer to take the necessary steps to commence the process to renovate the mall and to allow JC Penney to vacate its building. Also, Macy's has indicated to the Developer that it will likely upgrade its store on Colorado Boulevard to a full-line Macy's.

### **Project Feasibility/Negotiation Parameters**

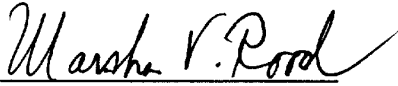
The Developer has proposed that the City and Commission consider and respond to a set of negotiation parameters which would become the basis for the preparation of an Owner Participation Agreement ("OPA"), an Interim Parking Agreement, an amended Parking Agreement, an amended Reciprocal Easement Agreement ("REA") for future Commission consideration; also, the Developer has requested a Sales Tax Increment Reimbursement Agreement with the City. In addition to these requests, the Developer has requested public assistance in order to achieve financial feasibility. Because the proposed negotiation parameters are integrally related to Project feasibility, the Commission engaged the services of Keyser Marston Associates ("KMA") to analyze the Developer's pro forma, to determine any "gap" between Project cost and Project value, evaluate the Developer's request for financial assistance, and to provide options for public financial assistance should the City/Commission wish to consider providing such assistance. Prior to recommending to the City and the Commission a detailed set of negotiation parameters and any public financial assistance for the Project, staff has requested a Closed Session with the City and Commission to receive instructions to negotiators.

### **Project Schedule**

The Developer has applied for Project entitlements which include an amendment to the General Plan to incorporate the Plaza Pasadena into the Civic Center Specific Plan area (the "Specific Plan"), amendments to the Specific Plan, and various Project-related documents and agreements. Amending both the General Plan and the Specific Plan to facilitate the renovation of the Plaza Pasadena were included in the "Mayor and City Council's Civic Center/Mid-Town Programming Effort Report", April 6, 1998, as a



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