

# Agenda Report

**TO:** CITY COUNCIL **DATE:** September 28, 1998  
**THROUGH:** Finance Committee  
**FROM:** Acting City Manager  
**SUBJECT:** Pasadena Courtyard by Marriott  
Joint Development – Public Parking Structure

**RECOMMENDATION:**

It is recommended that the City Council:  
Authorize the City Manager to enter into a Joint Development Agreement with Pasadena Hotel Associates, LLC, for the development of two stories of underground public parking (125 +/- spaces) in conjunction with the Pasadena Courtyard by Marriott Hotel and parking structure development at 170 North Fair Oaks Avenue in Pasadena, CA.

**BACKGROUND:**

Pasadena Hotel Associates, LLC have proposed to develop the Pasadena Courtyard by Marriott at 170 North Fair Oaks Avenue. The hotel will have 314 guestrooms, plus meeting rooms, a restaurant, business center, and support facilities. In order to park the hotel, the developer plans to construct a six story dedicated parking structure of 399 spaces between Fair Oaks and Raymond Avenue. The developer, staff from the City, and neighboring property owners met on July 29, 1998 to discuss the project and area parking impacts. Public parking on North Raymond Avenue is expected to benefit both businesses and other entities and organizations in the area north of Colorado Boulevard.

The Developer has agreed by covenant with the Pasadena Community Development Commission to work with a third party interest and construct two stories of underground parking with the construction of the hotel parking structure if the third party financed the additional cost. Staff has discussed this possibility and the operation of the structure, and supports the concept. Access to the garage will be from hotel valet off Fair Oaks Avenue or a single driveway on Raymond. Hotel guests with room keys entering from Raymond will be allowed to enter the upper garage floors and go directly to their rooms. The general public will access the public portion of the structure from Raymond and enter the lower floors. The City will sell monthly passes and provide transient parking using the Old Pasadena rate structure in use at DeLacey and Schoolhouse Block Garages under our existing operator and security contracts.

The developer's architect and construction managers have estimated the cost increase for the two story underground portion of the garage to be \$2 million. The developer is willing to provide the land rights free of charge for the spaces. The City has developed an operating proforma for the structure that shows a slight operating profit, but requires an initial capital subsidy from the other Old Pasadena structures. This Proforma is attached as Exhibit A.

Time is of the essence for this opportunity. The developer is already underway with their design effort. They have indicated that a decision is needed by October 15th, or they will not be able to accommodate the underground two stories in their design plans. The Pasadena Community Development Commission (PCDC) took action on September 14, 1998 to modify Conditions, Covenants and Restrictions (CC&Rs) on the property at 170 North Fair Oaks Avenue. CDC's action will allow the project to be approved as a hotel, in exchange for the developer agreement to use their best efforts to accommodate a third party, below ground portion of the parking structure. On September 22, 1998, the Old Pasadena Parking Meter Zone Advisory Commission reviewed the joint agreement opportunity and voted 5-1 to recommend that City Council take action to enter into a joint agreement.

**FISCAL IMPACT:**

Parking Structures in Old Pasadena are funded separately from the City General Fund in the Old Pasadena Parking Structure Fund (Fund 407). The attached proforma indicates that the Marriott Public Parking Structure will make a slight operating profit, but will need a capital subsidy in the early years. The project has an estimated capital cost of \$2 million, requiring an annual payback of \$137,000, using 20-year bond financing. This capital subsidy is available from the Old Pasadena Parking Structure Fund, which has an annual allocation for development of expanded parking facilities of \$120,000.

Respectfully Submitted,

  
CYNTHIA J. KURTZ  
Acting City Manager

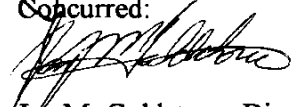
Prepared By:

  
for David Grosse, Transportation Administrator

Approved By:

  
Jack Lidyard, Acting Director Public Works and Transportation

Concurred:

  
Jay M. Goldstone, Director of Finance

Concurred:

  
Marsha Rood, Development Administrator

Attachments: Exhibit A Marriott Hotel Parking Structure Financials