



REDEVELOPMENT AGENCY AGENDA REPORT



DEPARTMENT: Community Development **MEETING DATE:** November 28, 2000

PREPARED BY: Kevin O'Brien, Sr. Project Manager **AGENDA LOCATION:** MRA-1

TITLE: Authorization from City Council and Redevelopment Agency to approve a Disposition and Development Agreement with Samuelson-Fetter to assist with the development of a high-tech business campus to be located generally north of Huntington Drive, on the east and west sides of Mountain Avenue; City Resolution No. 2000-107; Agency Resolution No. 14-2000.

OBJECTIVE: This is a Joint Public Hearing of the Monrovia City Council and Monrovia Redevelopment Agency ("Agency") to consider the approval of a Disposition and Development Agreement ("DDA") with Samuelson-Fetter (the "Developer") to assist the development of a high-tech business campus.

BACKGROUND: Over the 27-year history of the Redevelopment Agency, no area has received as much attention by the Agency as Huntington Drive. At the inception of the project, this area suffered from a high vacancy rate, physical and economic obsolescence, and an extremely high crime rate. Largely through the efforts of the redevelopment agency, this area has developed into a major high-tech business center.

The philosophy behind redevelopment is that selected public investment will encourage private investment in areas where it otherwise would not occur. As Huntington Drive has become fully built out, development is now seeking alternative areas to satisfy the growing demand for quality space. This is a positive trend that directs new development into existing blighted areas.

An area that would benefit greatly by a new infusion of resources is the City's eastern boundary north of the 210 freeway, at Mountain Avenue. While some of the current uses are productive, the recent departure of The Boeing Company, a large vacancy rate, and poor parcel configuration has presented the City with a major challenge to achieving full utilization of the site. The site also presents an unattractive entry way into the City from the 210 Freeway. The area is clearly at a transitional stage. Left unchecked, it threatens to negatively impact the significant progress made on nearby Huntington Drive.

Among the success stories on Huntington Drive is the start-up software development firm SeeBeyond, formerly known as Software Technologies. Starting out in less than 1,000 square feet, the company has experienced dramatic growth. Earlier this year, the Company completed an initial public offering and is currently traded on the NASDAQ Stock Market. As a developer

MRA-1

of business to business software, the company is interested in developing a "campus like" facility that could expand beyond 1 million square feet of office space, and employ 2,000 individuals. They are actively looking for sites in Southern and Northern California, as well as the State of Washington. The Agency is very interested in working closely with SeeBeyond to identify an acceptable location in Monrovia.

The local development firm of Samuelson-Fetter has worked closely with SeeBeyond over the past several months to find a suitable location for a "campus" development. It is currently anticipated that the proposed development would be phased in over several years, with completion scheduled for 2007. Because of their aggressive development plans, it is critically important to SeeBeyond that the full development site is available as needed. The first phase of the development calls for the construction of a three-story 150,000 square foot office structure located on the eastern half of the former Boeing site. Samuelson-Fetter is currently in negotiations with the property owners, Investment Development Services for purchase of the fee interest.

ANALYSIS: According to company executives, the critical factor for SeeBeyond in selecting Monrovia over alternative locations is the ability to control and develop the various sites when required. Attached, as Exhibit A is a map of the areas contemplated for the full site build-out. The site is broken into four development areas. SeeBeyond anticipates Phase I of the project to include the eastern half of the former Boeing facility. Samuelson-Fetter proposes to build a three story 150,000 square foot office complex facility at this site. Currently, the western half of the facility is being developed by Investment Development Services ("IDS") with the new Trader Joe's corporate headquarters. Construction is expected to be completed in the summer of 2001. The eastern portion of the site is the subject of a Public Improvements Reimbursement Agreement ("RA") entered into on March 28, 2000 between the Agency and IDS. Under the RA, the Agency agreed to provide \$400,000 to cover the Los Angeles County flood control channel, plus \$75,000 to acquire real property needed to provide the site with frontage on Mountain Avenue. As part of the proposed Disposition and Development Agreement, IDS would assign its interest in the RA to Samuelson-Fetter.

In addition to a portion of the former Boeing site, the development contemplates expansion to a number of additional parcels, identified on Exhibit A. The site identified as parcel one is currently being added to the Redevelopment Project Area as part of the Seventh Amendment. Of the remaining sites, none are located in the existing Project Area. The parcels that fall outside the Project Area are problematic in that the Agency does not have eminent domain authority. Consequently, delivery cannot be insured. From a practical standpoint, the Agency has historically been very successful in achieving voluntary acquisitions and tenant relocations. Of the dozens of acquisitions that have been completed, only a handful have required eminent domain authority. The Agency has generally used eminent domain to resolve title problems and cases where ownership is unclear. We are confident that should acquisitions be necessary, acceptable settlements could be reached with all landowners and tenants. To provide SeeBeyond with additional assurance that site delivery can be guaranteed, this Agreement calls for the Agency to consider an 8th Amendment to the Redevelopment Plan, which would incorporate the additional areas not currently in the Project Area. These areas are identified as areas two and four on Exhibit A. Should these areas be successfully adopted into the Project Area, the Agency will use its "best efforts" to assist Samuelson-Fetter in securing title. This includes utilization of eminent domain authority where appropriate. While the Agency can not commit in advance to utilizing eminent domain, it can agree to consider a Resolution of Necessity in cases where voluntary acquisition terms can not be reached.

The contemplated development site has long been burdened by the presence of the Los Angeles County flood control channel which bisects many of the western Mountain Avenue parcels, interfering with full utilization of the site. The Agency knows from past experience with the Auto Center, Home Depot, and Holiday Inn projects that covering the channel will dramatically improve the utility of a site, but that it is a very expensive undertaking. To assist the developer in covering the entire channel (identified in Exhibit B), the proposed DDA would provide up to \$1.25 million in assistance to help finance the costs directly associated with completion of this work. By the terms of the DDA, the developer would advance the Agency the cost (up to \$1.25 million) and would be repaid from tax increment generated exclusively by the project. To repay the loan, the Agency would agree to pay 50% of the increment it received from the project for a period of ten years. At the end of ten years, any sum remaining unpaid would be forgiven. The measure of the ten-year period would be based on issuance of a certificate of occupancy for each specific phase. Consequently, the developer would be entitled to a full ten-year repayment period for each specific phase of the development.

Exhibit A identifies two areas as "EAN," or exclusive agreement to negotiate areas. Because of the large scope of the project, circumstances may dictate that project build-out occur in an unanticipated manner. To provide the developer with the necessary flexibility, the DDA grants a 24-month period where the Agency agrees to negotiate exclusively with the Developer regarding these sites. These areas will be part of the territory that will be added to the Project Area in the contemplated 8th amendment.

The project contemplated under this development is by far the largest ever considered in the City of Monrovia. At completion in approximately six years, it will add over one million square feet, increase assessed valuation by \$1.25 million and perhaps most importantly, add over 2,000 quality jobs with an average salary of \$75,000. The Agency is keenly aware that this is a regional project and is critically important to our neighbors, particularly the City of Duarte, and the County of Los Angeles. Staff is committed to working closely with all affected parties, and has already met with Duarte city officials, and received valuable input regarding the project. Meetings have also been held with Los Angeles County Supervisor Antonovich. This will undoubtedly be a long and difficult project, and staff is making every effort to ensure this DDA provides realistic and prudent assurances to SeeBeyond that the City and Agency will be an active partner in making the project a success.

OPTIONS:

1. Approve the DDA with Samuelson-Fetter as recommended.
2. Reject the DDA as not being appropriate and direct staff to reevaluate or renegotiate the terms of the DDA.

FISCAL IMPACT:

Under the proposed DDA, the Agency commits to loaning the developer a maximum of \$1.25 million dollars to complete the coverage of the flood control channel. Repayment would be from future tax increment generated exclusively from the SeeBeyond development.

RECOMMENDATION: The proposed development accomplishes the goal of removing blight at an important region in the City, generates a significant number of quality jobs and permits the maximum utilization of the area. Staff therefore recommends approval of the DDA.

AGENCY BOARD ACTIONS REQUIRED:

If the Agency Board concurs with staff's recommendation, following the public hearing, the following motion would be appropriate:

Motion

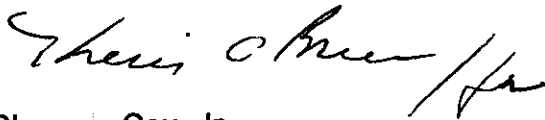
To read by title only and approve Resolution No. 14-2000 and authorize the Executive Director to execute the appropriate documents.

COUNCIL ACTION REQUIRED:

Motion:

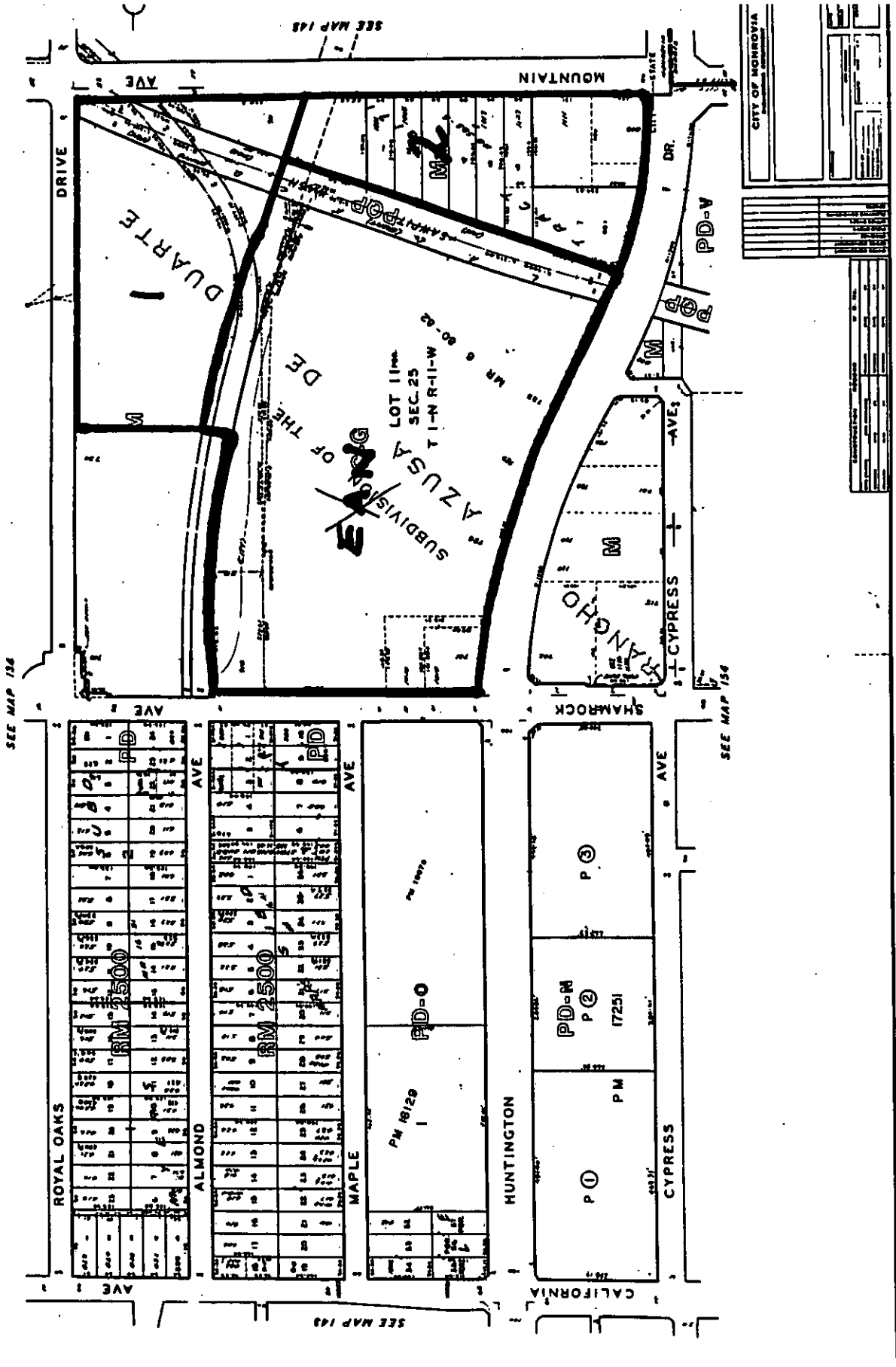
To read by title only and approve Resolution No. 2000-107 and authorize the Executive Director to execute the appropriate documents.

Respectfully submitted,



Glenn w. Cox, Jr.
Assistant Executive Director
Redevelopment Agency

Exhibit "A"



RESOLUTION NO. 2000-107

**A RESOLUTION OF THE MONROVIA CITY COUNCIL
APPROVING THE DISPOSITION AND DEVELOPMENT
AGREEMENT BY AND BETWEEN THE MONROVIA
REDEVELOPMENT AGENCY AND SAMUELSON-FETTER
AND MAKING CERTAIN FINDINGS IN CONNECTION
THEREWITH.**

WHEREAS, the Monrovia Redevelopment Agency (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Monrovia Redevelopment Project; and

WHEREAS, in order to carry out and implement the Redevelopment Plan, the Agency proposes to enter into a Disposition and Development Agreement (the "Agreement") by and between the Agency and Samuelson-Fetter ("the Developer") for the disposition and the development of certain real property (the "Site") as described in the Agreement; and

WHEREAS, in order to facilitate the development of the project and ensure the economic viability of the Project, the Agency and the Developer desire that the Agency provide certain financial assistance to the Developer; and

WHEREAS, pursuant to Section 33433 of the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.), the Agency is authorized, with the approval of the City Council after a public hearing, to sell the Site for redevelopment pursuant to the Redevelopment Plan upon a determination by the City Council that the sale of the property will assist in the elimination of blight and that either (1) the consideration for such sale is not less than fair market value at its highest and best use in accordance with the Redevelopment Plan, or (2) the consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale; and

WHEREAS, a joint public hearing of the Agency and the City Council on the Agreement was duly noticed in accordance with the requirements of Health and Safety Code Section 33433; and

WHEREAS, the Agreement, and a summary report meeting the requirements of Health and Safety Code Section 33433, were available for public inspection consistent with the requirements of Health and Safety Code Section 33433; and

WHEREAS, on November 28, 2000, the Agency and the City Council held a joint public hearing on the Agreement at which time the City Council reviewed and evaluated the Agreement, the summary prepared pursuant to Health and Safety Code Section 33433, the staff report prepared on this matter, and all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, all actions required by all applicable law with respect to the Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the City has determined that it is in the City's best interest to encourage and support the redevelopment of the Project in order to provide for and enhance the economic viability the community of Monrovia, generation of additional taxes with which the community can increase and improve the supply of low and moderate income housing, and assist the Agency in providing an environment for the social, economic and psychological growth and well-being of its citizens; and

WHEREAS, the Agency has determined that the construction of the Project is in the vital and best interest of the City of Monrovia and the health, safety, morals and welfare of its residents and in accordance with the public purposes and provisions applicable to state and local laws and the requirements under which the redevelopment of the Monrovia Redevelopment Project has been undertaken, and the Agency has duly considered terms and conditions of the proposed Agreement.

NOW, THEREFORE, be it resolved by the Monrovia City Council as follows:

Section 1. The Agency has found and determined, based upon substantial evidence provided in the record before it, (a) that the consideration for the disposition of the Site pursuant to the terms and conditions of the Agreement is not less than the fair reuse value at the use and with the covenants and conditions and developments costs authorized by such disposition (b) that the sale and development of the Site will eliminate physical and economic blight within the Project Area and (c) that the sale and development of the Site is consistent with the implementation plan adopted pursuant to Health and Safety Code Section 33490.

Section 2. The Agency has approved the Agreement substantially in the form attached hereto. The Agency Chairman has been authorized and directed to execute the Agreement on behalf of the Agency. A copy of the Agreement when executed shall be placed on file in the office of the Agency Secretary. The Executive Director of the Agency has been authorized and directed to implement the Agreement and execute all escrow documents and other documents necessary to carry out the Agreement.

Section 3. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 28th day of November, 2000 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MONROVIA CITY COUNCIL

Robert T. Bartlett, Mayor
Monrovia City Council

ATTEST:

Linda B. Proctor, CMC/AE, City Clerk
Monrovia City Council

APPROVED AS TO FORM:

Michael Colantuono
City Attorney

RESOLUTION NO. 14-2000

A RESOLUTION OF THE MONROVIA REDEVELOPMENT AGENCY APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE MONROVIA REDEVELOPMENT AGENCY AND SAMUELSON-FETTER AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

WHEREAS, the Monrovia Redevelopment Agency (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plan (the "Redevelopment Plan") for the Monrovia Redevelopment Project (the "Project"); and

WHEREAS, in order to carry out and implement such Plan the Agency proposes to enter into that certain Disposition and Development Agreement (the "Agreement") with Samuelson-Fetter for the disposition and development of certain property (the "Site"), as described in the Agreement; and

WHEREAS, in order to facilitate the development of the Project and ensure the economic viability of the Project, the Agency and the Developer desire that the Agency provide certain financial assistance to the Developer; and

WHEREAS, pursuant to Section 33433 of the Community Redevelopment Law (California Health and Safety Code Section 33000, et. seq.), the Agency is authorized, with the approval of the City Council after a public hearing, to sell the Site for redevelopment pursuant to the Redevelopment Plan upon a determination by the City Council that the sale of the property will assist in the elimination of blight and that either (1) the consideration for such sale is not less than fair market value at its highest and best use in accordance with the Plan, or (2) the consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale; and

WHEREAS, a joint public hearing of the Agency and the City Council on the proposed Agreement was duly noticed in accordance with the requirements of Health and Safety Code Section 33433; and

WHEREAS, the proposed Agreement, and a summary report meeting the requirements of Health and Safety Code Section 33433, were available for public inspection consistent with the requirements of Health and Safety Code Section 33433; and

WHEREAS, on November 28, 2000, the Agency and the City Council held a joint public hearing on the proposed Agreement at which time the City Council reviewed and evaluated the proposed Agreement; the summary prepared pursuant to Health and Safety Code Section 33433, the staff report prepared on this matter; and all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the City has determined that it is in the City's best interest to encourage and support the redevelopment of the Project in order to provide for and enhance the economic viability of the Huntington Drive investment in the community of Monrovia, generation of additional taxes with which the community can increase and improve the supply of low and moderate income housing, and assist the Agency in providing an environment for the social, economic and psychological growth and well-being of its citizens; and

WHEREAS, the Agency has determined that the construction of the Project is in the vital and best interest of the City of Monrovia and the health, safety, morals and welfare of its residents and in accordance with the public purposes and provisions applicable to state and local laws and the requirements under which the redevelopment of the Monrovia Redevelopment Project has been undertaken, and the Agency has duly considered terms and conditions of the proposed Agreement.

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the disposition of the Site pursuant thereto is in the best interests of the City of Monrovia and the health, safety, and welfare of its residents and in accord with the public purposes of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Monrovia Redevelopment Agency as follows:

Section 1. The Agency hereby finds and determines, based upon substantial evidence provided in the record before it, that (a) the consideration for the disposition of the Site pursuant to the terms and conditions of the Agreement is established at the fair market value of the Site at its highest and best use in accordance with the Plan, (b) that the sale and development of the Site will eliminate physical and economic blight within the Project Area.

Section 2. The Agency hereby finds and determines the Project and Disposition and Development Agreement are consistent with the Implementation Plan adopted pursuant to Health and Safety Code Section 33490.

Section 3. The Agency hereby approves the Agreement substantially in the form attached hereto. The Agency Chairman is authorized and directed to execute the Agreement on behalf of the Agency. A copy of the Agreement when executed shall be placed on file in the office of the Agency Secretary. The Executive Director of the Agency is authorized and directed to implement the Agreement and execute all escrow documents and other documents necessary to carry out the Agreement.

Section 4. The Agency secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED THIS 28th day of November, 2000.

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

**Robert T. Bartlett, Chairman
Monrovia Redevelopment Agency**

ATTEST:

**Linda B. Proctor, Secretary
Monrovia Redevelopment Agency**

APPROVED AS TO FORM:

Special Agency Counsel