



Conejo Recreation & Park District

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS
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DATE: January 15, 2026

TO: Board of Directors

FROM: Jim Friedl, General Manager 

SUBJECT: Acquisition of City of Thousand Oaks-Owned Property at 401/403 W. Hillcrest Drive (aka Fireworks Hill) by Conejo Recreation & Park District in the Amount of \$30.4 Million and Related Matters

RECOMMENDATION:

1. Approve Purchase and Sale Agreement (PSA) related to the sale of 401/403 W Hillcrest properties from the City of Thousand Oaks (City) to Conejo Recreation and Park District (CRPD).
2. Authorize General Manager to execute all documents necessary to effectuate the purchase of 401/403 W Hillcrest properties (aka "Fireworks Hill") (APNs 525-0-060-125, 525-0-053-115, 525-0-053-175, 525-0-060-135, 525-0-053-195, 525-0-060-085, 525-0-060-095, 525-0-060-115) from the City pursuant to the terms and conditions set forth in the Development Agreement (DAGR) and PSA.
3. Authorize a budget appropriation of \$15.4 million for the initial payment toward the property acquisition, funded by \$13.4 million from the Capital Facilities and Property Acquisition Reserve Fund and \$2.0 million from the Santa Monica Mountains Conservancy grant.
4. Authorize the General Manager to negotiate and execute a loan agreement or other debt instrument for the remaining \$15.0 million in acquisition funds, with final financing terms and conditions to be brought back to the Board for approval prior to execution.
5. Authorize the General Manager to expend up to \$200,000 for costs associated with obtaining debt financing, including, but not limited to, municipal advisor fees, bond counsel, bank counsel, and related transaction expenses, funded from the Capital Facilities and Property Acquisition Reserve Fund.
6. Find that the following actions are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3): Common Sense Exemption; Section 15312: Surplus Government Property Sales; and Section 15325 - Transfers of Ownership of Interests of Land.

ADMINISTRATIVE OFFICES

403 West Hillcrest Drive, Thousand Oaks, CA 91360-4223
805-495-6471 | 805-497-3199 | parks@crpd.org | www.crpd.org

BACKGROUND:

The Property

The City of Thousand Oaks owns 8 parcels totaling approximately 61 acres near the geographical center of the City of Thousand Oaks between The Oaks Shopping Center and the Janss Marketplace which acreage collectively make-up “Fireworks Hill.” (See **Exhibits A1, A2, A3**).

The General Plan and Zoning (Specific Plan No. 17)

The General Plan Land Use Designation Map (See **Exhibit B**) designates approximately half of the 60 acres (the “top of the hill”) as “Parks, Golf Courses, and Open Space,” while the lower portion is designated a combination of “Commercial Town” and “Mixed-Use”. Specific Plan No. 17, adopted by the City Council in February 1997, serves as the more particularized or “specific” zoning for the property and describes a variety of uses including commercial, residential, and institutional. (See **Exhibit C** for Specific Plan No. 17).

The Buildings at Hillcrest Center for the Arts (401 W. Hillcrest and 403 W. Hillcrest)

There are 2 primary buildings on the property 401 and 403 W. Hillcrest Drive. The building at 401 W. Hillcrest is approximately 21,000 square feet of office space (and recently served as headquarters for the National Park Service–Santa Monica Mountains National Recreation Area). The building at 403 W. Hillcrest is approximately 34,000 square feet consisting of 11,000 square feet of office space and 23,250 square feet of community center space known as the Hillcrest Center for the Arts (HCFA) including dance / exercise studio space, a black box theatre and specialty back of house space to support the theatre. The Arts Council of the Conejo Valley occupies an office in the building and displays works from local and regional artists in the community gallery space. The Conejo Gem and Mineral Club also occupies a small space in the building.

The Idea of CRPD Owning Fireworks Hill

CRPD has a history of being a tenant and investing in the property. CRPD was a tenant of the City’s when the buildings first opened in 1973 and remained a tenant until 1985 when both the City and CRPD vacated the property due to space constraints and asbestos remediation work. In the Fall of 2002, CRPD re-occupied the 403 W. Hillcrest Building via a 25-year term “License Agreement” with the City of Thousand Oaks.

Since the property and buildings are an asset owned by the City of Thousand Oaks, disposition of 401/403 W. Hillcrest is an opportunity for the City to raise revenue necessary to support construction of public improvements associated with the Downtown Project.

In March 2025, knowing that if the City sold 401/403 W. Hillcrest, CRPD would need a “home” for a significant number of staff and an important community center space, the City generously offered to incorporate CRPD’s administrative offices and a substantial portion of HCFA into the new downtown campus master plan design. Appreciative of the opportunity, the CRPD Board also expressed interest in finding-out whether the City may be willing to discuss the possibility of CRPD acquiring not only 403 W. Hillcrest, but also the 401 W. Hillcrest building and the surrounding land. On May 20, 2025, the City Council authorized the City Manager to negotiate a potential disposition of the property to CRPD.

Primary factors as to **why this acquisition is attractive to CRPD** include:

- a. CRPD already occupies 34,000 sf at 403 W. Hillcrest which includes administrative offices and HCFA and therefore CRPD would not need to lease or purchase another property, construct necessary improvements and move (avoids relocation costs).
- b. HCFA patrons and participants and the general public via visiting walkers, and sunset watchers have developed loyalty, familiarity and fondness for the current location.
- c. The people of Thousand Oaks retain public ownership of an iconic property visible to many homes and properties. The property is centrally located in town, easily accessible from the 101 freeway, has ample parking and the views from virtually anywhere on the property - and certainly the top of the hill - are spectacular. The buildings represent the City of Thousand Oaks first City-constructed City Hall, have a historic designation (City Landmark No. 10) and are culturally significant.
- d. CRPD not only retains HCFA and its administrative offices but also acquires an additional 21,000 sf of community center space (which can be brought “online” for community use faster and cheaper than new construction). These buildings are already designed to be fire-hardened structures and can serve as resiliency centers considering the community needs and how to serve the public during times of need (cooling centers, emergency shelters).
- e. CRPD acquires 61 additional acres of prominent and centrally located land to be utilized as parkland for existing residents as well as future residents as people eventually move into mixed use “housing opportunity areas” on properties such as The Oaks Shopping Center and Janss Marketplace. As new residents move-in, this additional acreage will help CRPD continue to meet the “parks to population” goals set forth in CRPD’s Parks Master Plan and ensure even more people live within a ½ mile walk to a park. Currently, Planning Zone D per the CRPD Master Plan is deficient 53.8 acres of parkland and currently serves a population of 30,409 residents which is expected to grow with the anticipated housing projects. (**See Exhibit D**).
- f. In the coming months and years, CRPD has the opportunity work closely with neighbors, the broader community and any others interested in potential park amenities within the property to enhance public access, community welfare and maintain an additional attractive public park space for the people (as well as plants and animals) of the Conejo Valley.

Should CRPD not acquire the property, CRPD’s current “License Agreement” with the City terminates in September 2027. Ideally, well before that date, CRPD would identify a new location to own or lease (most likely at market rates) approximately 11,000 square feet of administrative/office space and approximately 23,250 sf of community use space including specialized dance floors, black-box theatre space and equipment as well as back of house and set shop all with ample parking to support the demand of a venue that hosts public theatre performances.

The Purchase and Sale Agreement

After considering the opportunities and possibilities of CRPD ownership of Fireworks Hill and the two buildings, the CRPD Board authorized CRPD staff to work with City staff to craft a mutually agreeable Purchase and Sale Agreement (**See Exhibit E**). CRPD and City agreed upon a sales price of \$30.4 million based on independent appraisals of the property.

Salient terms of the Purchase and Sale Agreement include:

Purchase Price: \$30.4 million

Deposit: \$100,000 applied toward purchase price.

Title: ALTA owner's policy in amount of Purchase Price ensuring fee simple title.

Conditions Precedent to Closing:

- City Council & CRPD Board Approval of Development Agreement
- Written Confirmation Transaction complies with Surplus Lands Act

Closing Date: On or before 180 days from effective date of PSA.

City Retains Right of First Refusal to reacquire the site if CRPD ever wishes to dispose of it at SP-17 land use designation value.

The Development Agreement

The purpose of the Development Agreement is to protect CRPD's economic interest in the property. The Development Agreement essentially locks in the land use rights set forth in Specific Plan No. 17 (**See Exhibit F**) for 30 years so that, in event that CRPD requires economic value from the property, it has the right to sell some or all of the property to raise revenue. The City of Thousand Oaks retains a right of first refusal - meaning that if CRPD were to plan to offer some or all of the property for sale, CRPD would first ask the City if they may be interested in re-purchasing some or all of the property.

CRPD to Fund Acquisition Through a Combination of Cash and Financing

CRPD intends to use \$13.4 million from its Capital Facilities and Property Acquisition Reserve Fund (cash). This money has been saved over time for an opportunity such as this. The money is saved for the express purpose of acquiring property and adding recreational facilities. This acquisition will add both land and recreation facilities and offers the opportunity for additional park amenities in a park deficient portion of the community.

Santa Monica Mountains Conservancy Acquisition Grant

On August 18, 2025, the Board of Directors of the Santa Monica Mountains Conservancy voted to award a \$2 million grant to CRPD for the purpose of acquiring this property.

Financing Strategy

CRPD will release a Request for Proposals (RFP) for a municipal advisor in the coming weeks to assist in securing favorable financing for approximately \$15 million (approximately 49% of the purchase price). This financing will enable CRPD to close escrow and obtain ownership of the property and buildings. The municipal advisor will evaluate various debt instruments and market conditions to recommend the most advantageous financing structure for the CRPD.

Debt Servicing: How Does CRPD Plan to Pay Debt?

Depending on the interest rate (3.5%-5.5%) and term (10 years – 30 years), financing \$15 million is likely to cost CRPD between \$1,000,000/year and \$1,500,000/year. CRPD is prepared to manage that additional cost along with the owner operating costs associated with the property (\$400,000/year - \$600,000/year), which will be addressed through the FY 2026-27 budget process.

Additionally, the \$13.4 million being withdrawn from reserves will result in approximately \$450,000 foregone annual interest earnings. However, CRPD has not relied on these interest earnings for operating expenses. Instead, the District has relied on conservative budgeting, intentionally preserving budget capacity to accommodate CRPD's strategic priorities.

As with CRPD's other community centers, there will be an opportunity for new program and rental revenues from 401 W. Hillcrest associated with new operations which will offset some of the expenses.

For many years, CRPD has been methodically and intentionally saving funds for 2 primary purposes: building capital improvement projects in parks and paying down the unfunded accrued liabilities associated with employee pensions and benefits that were unfunded from the Great Recession of 2007-2009. CRPD's most recent actuarial reports indicate CRPD's unfunded accrued liabilities are now fully funded. Funds are invested in an irrevocable trust as well as its "Pensions Stabilization Reserve" to manage those long-term liabilities. Now that those liabilities are fully funded, CRPD is fortunate to have the capacity within its annual budget to absorb the debt service and operating costs associated with this acquisition.

A Financial Reach - with a Safety Net

Much like a couple getting their first home, CRPD will be financially stretching for the first few years to make the acquisition of CRPD's "forever home" a reality. The acquisition will result in new annual budgetary costs of approximately \$1.9 million to \$2.1 million. This includes debt service of up to \$1.5 million per year and operating costs of approximately \$400,000 to \$600,000 per year. CRPD typically maintains \$3 million in annual budget capacity through conservative revenue estimates and prudent expenditure management, providing sufficient room to absorb these new costs. These costs will be managed through the annual budget process, funded through a combination of general fund capacity (utilizing conservative revenue budgeting), interest earnings on reserve funds, and decreased pension obligations. These combined impacts are significant but manageable, especially knowing CRPD has a financial safety net in place.

There are several financial security considerations woven together to ensure a safety net is in place as CRPD acquires and manages this new asset while it continues to meet the needs of the entire parks system in a way that supports the entire community.

1. **Other Reserve Funds.** After this transaction closes, CRPD will still retain nearly \$15,000,000 in reserves for a variety of other purposes.
2. **Assessed Property Valuations.** With new construction of apartment buildings and commercial buildings (ie. AMGEN) underway, assessed valuations of these properties will increase significantly resulting in CRPD receiving more property tax revenues. There are several sizeable projects under construction, some already approved and others in the approval pipeline.
3. **Park Dedication (aka “Quimby Fees”)** For over 50 years, developers of new residential units have had to pay (or donate land) to contribute their proportionate share of the parkland in the Conejo Valley. Developers of new residential units continue to pay their fair share for parkland acquisition and improvement via a Park Dedication Fee (aka a “Quimby Fee”). When new multi-family projects are built near Fireworks Hill, those developers will either donate land or pay a fee to help off set the cost of acquiring and improving what will become a public park available for their new residents.
4. **Accrued Liabilities Associated with Employee Pensions/Benefits are Now Fully Funded.** CRPD methodically and intentionally has been saving funds for 2 primary purposes: building capital improvement projects in parks and paying down the unfunded accrued liabilities associated with employee pensions and benefits that were unfunded from the Great Recession of 2007-2009. CRPD’s most recent actuarial reports indicate CRPD’s unfunded accrued liabilities are now fully funded. This means that if financial markets continue to perform at historical averages, CRPD has annual budget capacity to redirect toward debt service and operational costs associated with this property acquisition.
5. **Development Agreement.** The Development Agreement associated with and attached to this agenda item is part of the safety net. The purpose of the Development Agreement is to lock-in the allowable land uses and zoning as spelled out in Specific Plan No. 17 as they exist today for the next 30 years. Should CRPD need to raise capital or ever get into financial distress the property could be security for the loan on the property or sold at market value (and the City would have right of first refusal).

Future Decisions

CRPD staff will review needs and opportunities for capital improvements, first reviewing any existing deficiencies or maintenance items in the buildings and property. (The HVAC system at 401 W. Hillcrest requires immediate replacement). Additionally, new opportunities for community access and use will be considered by CRPD staff and the Board. As staff does with large park projects, CRPD will engage the community through various forms of outreach such as surveys, workshops, and public meetings and return to board with recommendations for associated approvals

STRATEGIC PLAN COMPLIANCE

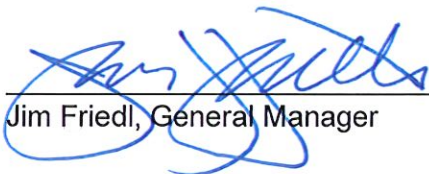
CRPD's Mission Statement: *To enrich the quality of life for our community by providing, conserving and enhancing recreational opportunities, parks and open space.*

- 2.2 Continue improvement of park system consistent with the District's Master Plan
- 2.9 Secure long-term location for CRPD Administrative offices, Hillcrest Center and Hillcrest Center for the Arts [before 2027].
- 4.1 Develop, maintain, and enhance relations with City of Thousand Oaks . . .
- 5.9 Disaster Preparedness . . . Coordinate with City and County of Ventura for emergency shelters.
- 8.1.1 With new facility and park amenity requests, consider whether repurposing or sharing existing facilities may be feasible and could be a more environmentally friendly and cost-effective alternative to a new facility or amenity.

2025 Goals & Objectives

- F. Explore Options for CRPD Administrative Offices and Hillcrest Center for the Arts (Lease expires in Fall 2027).
- L. Work with City to Consider Enhancing Art Opportunities
- M. Secure Additional Parkland in Park-Deficient Areas

Prepared and Respectfully submitted by:



Jim Friedl, General Manager

Attachments:

Exhibit A1: Photo of Fireworks Hill

Exhibit A2: Half Mile Buffer from The Oaks and Janss Marketplace

Exhibit A3: Hillcrest Ownership: APN and Acreage

Exhibit B: Hillcrest Land Use Designation

Exhibit C: Specific Plan Number 17

Exhibit D: CRPD Master Plan Figure 9-D: Community Planning Zone D

Exhibit E: Purchase and Sale Agreement and Joint Escrow Instructions

Exhibit F: Development Agreement ([DAGR] 2025-70004)