

(R-90-800)

RESOLUTION NUMBER R- 274756

ADOPTED ON NOV 20 1989

WHEREAS, the City Council has previously authorized the City Manager to proceed with activities towards acquisition and preservation of the North Park Theater; and

WHEREAS, concurrently the City is proceeding with steps towards the potential establishment of a redevelopment project and a redevelopment plan in the North Park commercial area; and

WHEREAS, "A Study of Blight in the North Park Commercial Area" has been prepared for the City of San Diego by Fahey/Watts Architects, a copy of which document is on file in the office of the City Clerk as Document No. RR-274756-1; and

WHEREAS, said "Study of Blight" identifies numerous properties in the North Park Commercial Area as being deteriorated and/or vacant and in need of rehabilitation; and

WHEREAS, one of the properties identified in the "Study of Blight" is the North Park Theater; and

WHEREAS, the City, by separate studies, has determined that the North Park Theater is deteriorated and has structural deficiencies which may render the building unsafe in its present condition; and

WHEREAS, the City Manager has recommended that the City proceed with acquisition of the North Park Theater so that it may ultimately be rehabilitated and maintained as an historic structure, as more specifically described in that Manager's

report attached hereto and by this reference incorporated herein;
NOW, THEREFORE

BE IT RESOLVED, by the City Council that the document entitled "A Study of Blight in the North Park Commercial Area" prepared by Fahey/Watts Architects, is hereby accepted and the North Park Theater is hereby determined to be blighted and to constitute a blighting influence on the properties in the vicinity of the North Park Theater.

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to execute a Programmatic Agreement with the CALIFORNIA STATE HISTORIC PRESERVATION OFFICER which provides that:

1. The City shall consult with the State Historic Preservation Officer concerning any proposed reuse and/or rehabilitation of the Klicka/North Park Theater Building.
2. The City shall require that any proposed reuse and/or rehabilitation complies with the Secretary of the Interior's Standards for Rehabilitation.
3. The City shall also consult with the State Historic Preservation Officer concerning any proposed public improvements on or directly adjacent to the Klicka/North Park Theater Building,


a copy of which Programmatic Agreement is on file in the office of the City Clerk as Document No. RR-274756-2

BE IT FURTHER RESOLVED, that the expenditure of an amount not to exceed \$905,000 from the 1988 Community Development Block Grant Program, Fund 18524, Department 5663, Organization 6304,

for acquisition of the North Park Theater subject to final HUD release of funds.

BE IT FURTHER RESOLVED, that the City Manager is hereby directed to identify a potential source or sources of \$210,000 in additional funds for Phase 1 repairs needed for the North Park Theater and to bring a proposed resolution back to the City Council authorizing the expenditure of such funds.

APPROVED: JOHN W. WITT, City Attorney

By 
Harold O. Valderhaug
Deputy City Attorney

HOV:ps
11/15/89
Or.Dept:Prop.
Aud.Cert:9000486
R-90-800
Form=r.none

DATE ISSUED:

REPORT NO.

ATTENTION: City Council, Agenda of

SUBJECT: Acquisition of North Park Theater

REFERENCE: City Manager's Report 89-253 dated May 25, 1989; City
Manager's Report 89-53 dated February 3, 1989

SUMMARY

Issue - Should the City Council: 1) accept a study of blight of the North Park Commercial area as prepared by Fahey/Watts Architects and declare the North Park study area to be blighted as defined under California law and federal regulation; 2) authorize execution of an agreement with the California State Historic Preservation Officer governing use and rehabilitation of the North Park Theater; and 3) authorize expenditure of \$905,000 from the 1988 Community Development Block Grant Program for acquisition of the North Park Theater, subject to final HUD release of funds; and 4) direct staff to identify \$210,000 in additional funds for Phase 1 repairs to the structure?

Manager's Recommendation - Proceed as outlined above in order to acquire the North Park Theater.

Other Recommendations - None.

Fiscal Impact - \$905,000 with this action. An additional \$319,355 will be required for Phase 1 repairs.

BACKGROUND

City Council has allocated \$1.1 million in 1988 CDBG funds for acquisition of the North Park Theater located at 29th Street and University Avenue in order to preserve the structure and explore its potential for reuse as a performing arts facility. Staff has proceeded with a structural survey, economic feasibility study and appraisal of the property. The structural survey revealed certain structural deficiencies which render the building unsafe in its present condition, necessitating that the building be immediately vacated. The economic feasibility study revealed that a performing arts facility would not be self-supporting at that location. The appraisal placed a value of \$895,000 on the property.

R- 274756

In July 1989, City Council directed staff to enter into negotiations with the property owner for purposes of acquiring the property. An offer for \$895,000 was made in August 1989 subject to various contingencies including: 1) approval by HUD of an environmental assessment as required by CDBG regulations; 2) repair of the structure (using CDBG funds) prior to transfer to the City; and 3) City Council approval.

In September 1989, the owner of the property, Horizon Christian Fellowship, accepted the offer of \$895,000, but counteroffered on the terms. Horizon asked that the City take responsibility for repairs to the structure after the property is transferred to the City. Staff has reviewed the counteroffer and recommends acceptance. The cost of repairs will be the same whether completed before or after City acquisition of the property.

1. Declaration of Slum and Blight

All CDBG projects must fulfill one of three stated national needs: 1) benefit to low and moderate income people; 2) prevention or elimination of slum and blight; or 3) meeting an emergency need. Acquisition of the North Park Theater would qualify as an eligible CDBG project under Item 2 (prevention or elimination of slum and blight). In order to qualify under this criterion, the City Council must make a finding that the area in which the North Park Theater is located contains blight as defined under California law and federal regulations. A 1988 study conducted by Fahey/Watts Architects found that the area shown on Attachment 1 did in fact meet the criteria for blight set forth in California law and federal regulations. This study forms the basis for the finding of blight under which this project can qualify for CDBG funds.

2. Agreement with the State Historic Preservation Office

Because of the potentially historic nature of the structure, the State Historic Preservation Officer (SHPO) must make a determination as to whether the property is eligible for the National Register of Historic Places. HUD will not release funds for the project until that determination is made. Since review by SHPO is a lengthy process and the owners are anxious to complete the transaction, SHPO has recommended that the attached agreement be executed. This agreement will expedite SHPO's review of the project, thereby enabling HUD release of funds and City acquisition of the property. The agreement states that the City and SHPO have determined that the North Park Theater is eligible for listing on the National Register of Historic Places and that the City will consult with SHPO concerning any proposed reuse and/or rehabilitation of the structure and any proposed public improvements adjacent to the structure; and will require compliance with the Secretary of Interior's Standards for Rehabilitation.

3. Acquisition Subject to Final HUD Approval of Environmental Assessment

The City may not spend CDBG funds for acquisition of any site prior to final HUD release of the funds. This action is dependent on a determination by HUD that the City is correct in its determination that this project is exempt from environmental assessment requirements under CEQA and NEPA guidelines. Since HUD cannot make that determination until action is taken by SHPO, it is recommended that the City Council authorize the City Manager to acquire the property contingent on final HUD release of funds. Acquisition of the property will not commence until such time as final HUD approval clearance is received.

4. Identification of \$210,000 in Additional Funds for Phase 1 Repairs

As previously stated, structural deficiencies were found in the building which render it unsafe in its present condition. The Building Inspection Department has recommended that the most pressing of these deficiencies be corrected immediately (Phase 1 repairs). It should be noted that the Phase 1 repairs will not address all structural deficiencies and code violations, but only those presenting an immediate safety hazard. (Not included, for example, are such items as sump pump installation and asbestos removal.)

The preliminary estimate for Phase 1 repairs (including repair of a cracked beam and installation of a roof bracing system) is \$319,355. (This is an estimate only and does not include the cost of City review and inspection charges.)

Total funds allocated for the project are \$1.1 million. Previous expenditures for plans and studies are \$85,083 and acquisition cost is \$905,000. After acquisition, insufficient funds will remain in the account to complete necessary Phase 1 repairs, although sufficient funds remain to begin design work on the repairs.

Available Funds \$1,100,000

Estimated Costs:

Previous Expenditures	\$ 85,083
Land and Improvements	895,000
Escrow and Title Insurance	10,000
Phase 1 Repairs (est.)	<u>319,355</u>

Total \$1,309,438

Balance (\$209,438)

It is recommended that staff be directed, upon acquisition of the building, to proceed immediately to begin design work on the Phase 1 repairs and to identify additional funds in the amount of \$210,000 for completion of Phase 1 repairs.

ALTERNATIVES

1. Declare the area blighted in order to qualify the project for CDBG funding, but do not expedite acquisition by 1) approving execution of an agreement with SHPO; or 2) authorizing acquisition of North Park Theater contingent on HUD funding release.
2. Do not proceed with acquisition of North Park Theater at this time.

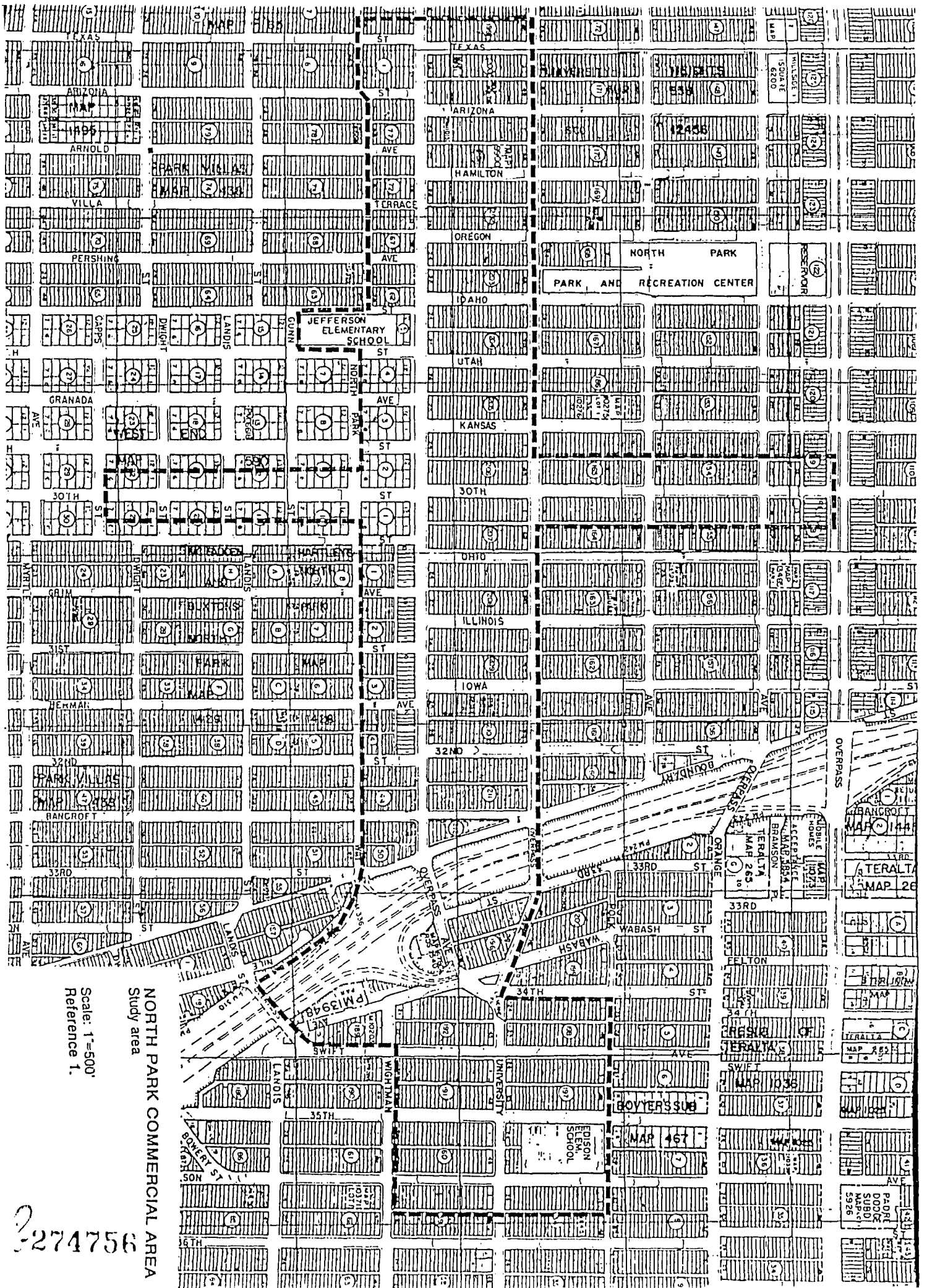
Respectfully submitted,

Maureen A. Stapleton
Deputy City Manager

SPOTTS:RKK:st(66-3)
11-14-89
Dept:Prop:MR:825

Attachments:

1. North Park Commercial Area Map



Scale: 1"=500'
 Reference 1.
 NORTH PARK COMMERCIAL AREA
 Study area

274756

The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER

CERTIFICATE OF UNALLOTTED BALANCE

AC 9000486

ORIGINATING
DEPT. NO.:

070

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount \$ _____ Fund _____

Purpose _____

Date _____, 19____

By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said moneys now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed \$ 905,000.00

Vendor California State Historic Preservation Officer

Purpose Authorizing the expenditure of funds for acquisition of North Park Theater.

Date November 14, 1989

By: Rhonda Roney
 AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/EQUIP	FACILITY	AMOUNT
1		18524	5663	6304	4279	000001				\$905,000.00
TOTAL AMOUNT										\$905,000.00

FUND OVERRIDE

AC-381 (REV 3-88)

NOV 20 1989

R- 274756

AC 9000486

409

NOV 20 1989

Passed and adopted by the Council of The City of San Diego on....., by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gloria McColl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Wes Pratt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksmma	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By *Jena Martin*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number *R-274756* Adopted NOV 20 1989

2510

RECEIVED
89 NOV 15 PM 3:44
CITY CLERKS OFFICE
SAN DIEGO, CA

San Diego, California

San Diego, California

San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California
San Diego, California

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

San Diego, California

San Diego, California