

(R-90-2272)

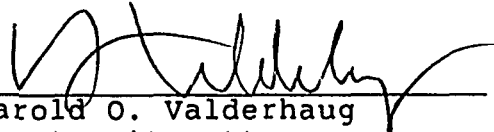
RESOLUTION NUMBER R- 276106

ADOPTED ON JUL 09 1990

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized to enter into exclusive negotiations with the NORTH PARK THEATER FOUNDATION, for a period of one year, for the renovation, use and maintenance of the North Park Theater, as more particularly described in Manager's Report No. 90-269, a copy of which is attached hereto and by this reference incorporated herein, with a modification to condition No. 4 on page 2 of said report to specify that the North Park Business Association, the North Park Community Association, and the Greater North Park Community Planning Committee are specific organizations to be supportive of the Foundation's final plans, and with the addition of a 6th condition to have the City Manager negotiate with the Foundation to discuss development of a procedure to provide the Foundation with reasonable access to the theater during the twelve-month negotiation period.

APPROVED: JOHN W. WITT, City Attorney

By



Harold O. Valderhaug
Deputy City Attorney

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Or.Dept:Prop.
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The City of San Diego

MANAGER'S REPORT

DATE ISSUED: June 8, 1990

REPORT NO. 90-269

ATTENTION: PF&R Committee, Agenda of June 13, 1990

SUBJECT: North Park Theater

SUMMARY

Issue - Should the City Manager be directed to enter into exclusive negotiations with the North Park Theater Foundation to develop an agreement for the renovation, use and maintenance of the North Park Theater, such exclusive negotiations not to exceed a one-year period?

Manager's Recommendation - Direct the City Manager to enter into exclusive negotiations with the North Park Theater Foundation for a period of one year.

Other Recommendations - The North Park Business Association and the North Park Community Association have passed a joint resolution supporting the request of the North Park Theater Foundation for an exclusive negotiating position.

Fiscal Impact: None at this time. However, renovation of the North Park Theater represents a potential liability for the City in excess of \$1 million dollars for the renovation if private financing is not forthcoming.

BACKGROUND

The City purchased the North Park Theater for \$945,000 in CDBG funds in March 1990. The structure has been secured and closed to the public until such time as its numerous code deficiencies, which present health and safety hazards, are addressed. Code deficiencies range from structural problems which render the building unable to withstand seismic tremors, to inadequate electrical, plumbing, mechanical and exit systems. Estimates to bring the building up to code are in excess of \$1 million, not including any renovation which may be necessary to make the building usable for theater, retail and/or community purposes.

In order to ascertain whether any private parties might be interested in taking responsibility for bringing the building up to code, renovating, using and maintaining it, the City issued a Request for Letters of Interest in May 1990. In addition to published notices, 71 requests for letters of

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interest were mailed to potentially interested organizations. Two letters of interest were received, as described below.

1. Ronald J. Gardner, a former "house manager" of the North Park Theater structure during its operation as the California Performing Arts Center, expressed interest in renovating, maintaining and using the structure for a variety of theater and community uses, while maintaining the building's historic character. Additionally, he indicated possible interest in purchasing the property. No sources of financial support were disclosed.
2. The North Park Theater Foundation, represented by Martin Gregg, a former director of the California Performing Arts Center, expressed interest in entering into a one-year "exclusive negotiating position" in order to identify and evaluate alternative improvement/renovation possibilities, develop a plan to implement the selected alternative, negotiate an implementation agreement with the City, and find a theater manager. The letter indicated that during this one-year period, a fundraising campaign would be initiated to raise the necessary monies for renovation.

DISCUSSION

Since neither proposer submitted evidence of current ability to finance this major renovation project, and in light of apparent community support for the efforts of the North Park Theater Foundation, it is recommended that the City Manager be directed to enter into exclusive negotiations with the Foundation to develop an agreement for the renovation, use and maintenance of the North Park Theater (Theater). At the end of this one-year period, or earlier if feasible, authorization would be requested to enter into a contractual agreement with the Foundation, provided the following conditions are met:

1. The Foundation must have developed and submitted architectural/engineering design plans which would bring the Theater up to code.
2. These plans must have been approved by the City's Building Inspection Department and the State Office of Historic Preservation (as a condition of the purchase of the Theater with CDBG funds, the City agreed to submit all plans for renovation of the Theater to the State Office of Historical Preservation for review and approval prior to construction).
3. The Foundation must submit evidence of firm financing for the renovation of the Theater, and a feasible pro forma for subsequent operation and maintenance of the Theater. Evidence of construction financing must be in the form of a lender commitment or cash on hand.
4. The Foundation's final plans for renovation, use and maintenance of the Theater must be supported by the community.

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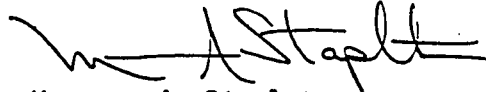
5. The plans must be consistent with any existing redevelopment plans for the North Park area.

During the one-year negotiation period, no occupancy of the Theater (including its retail and office space) will be permitted. The building will be secured and maintenance overseen by the City Property Department and access for purposes of inspection will be controlled by the Property Department.

ALTERNATIVES

1. Do not enter into exclusive negotiations with the North Park Theater Foundation, and seek other sources of financing for the Theater renovation.
2. Attempt to sell the property for the cost of its acquisition and reimburse the CDBG fund.

Respectfully submitted,



Maureen A. Stapleton
Deputy City Manager

SPOTTS:RKK:st(66-1)
6-4-90
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JUL 09 1990

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<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"/>
Linda Bernhardt	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 *Charles G. Abdelnour*, Deputy.

Office of the City Clerk, San Diego, California

Resolution *R-276106* JUL 09 1990
 Number Adopted.....

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