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1/24/06

(R-2006-502)
(COR.COPY)

RESOLUTION NUMBER R- 301192
DATE OF FINAL PASSAGE JAN 30 2006

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS WITH RESPECT TO THE RENOVATION PHASE OF THE REHABILITATION OF THE HISTORICAL BALBOA THEATRE.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the redevelopment plan for the Horton Plaza Redevelopment Project Area [Project]; and

WHEREAS, the Centre City Development Corporation [CCDC] is responsible for implementing redevelopment projects in the Project Area; and

WHEREAS, in order to carry out and implement the Redevelopment Plan, the Agency approved the Implementation Plans for the period of July 2004 – June 2009 for the Centre City and Horton Plaza Redevelopment Projects; and

WHEREAS, the Implementation Plans identify the Historic Balboa Theatre as a focus project and one of two structures that are blighted and require rehabilitation; and

WHEREAS, a study conducted by Harrison Price Company with assistance from Theatre Projects in 1986 concluded that there was a need for a first class, professional, mid-sized lyric theater (1,500 seats±), and over the past seventeen years no new or rehabilitated facilities have come on line, and therefore, the need has only grown; and

WHEREAS, the Historic Balboa Theatre is an Agency asset; and

WHEREAS, the Theatre is listed on the National Register of Historic Places and the Agency desires to rehabilitate the Balboa for adaptive reuse as a publicly maintained and operated state-of-the-art, multi-purpose, performing arts center; and

WHEREAS, the renovation phase of construction will prepare the building for occupancy;
and

WHEREAS, the Agency has duly considered all conditions of the proposed payment for the Theatre rehabilitation and believes that the payment by the Agency of all or part of the cost of the Theatre rehabilitation are in the best interest of the City and health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law requirements: NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That it finds and determines that the renovation phase of the rehabilitation of the historical Balboa Theatre for which the Agency proposes to pay is of benefit to the Horton Plaza Redevelopment Project; that the Agency finds and determines that no other reasonable means for financing the Project are available to the community and that the Project will assist in eliminating one or more blighting conditions inside the Project Area, and that the Project is consistent with the Centre City and Horton Plaza Implementation Plans for July 2004 - June 2009, on file in the office of the Secretary to the Agency pursuant to California Health and Safety Code Section 33490, all as described in Attachment 1.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By Carol A. Leone
Carol A. Leone
Deputy City Attorney

CAL:cfq
11/15/05
01/18/06 **COR.COPY**
Or.Dept:CCDC
R-2006-502
MMS#2771
Companion items: RA-2006-51, RA-2006-52, and RA-2006-53

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of JAN 24 2006.

ELIZABETH S. MALAND
City Clerk

By *Manuel E. Ketchum*
Deputy City Clerk

Approved: 1-30-06
(date)

JSL
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

CAL:cfq
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ATTACHMENT NO. 1
FINDINGS

SUBJECT IMPROVEMENTS:

Renovation for the Rehabilitation of the Historic Balboa Theatre (located at Fourth Avenue and E Street) - Horton Plaza Redevelopment Project

The subject improvements for which the Redevelopment Agency of the City of San Diego (Agency) proposes to pay will benefit the Horton Plaza Redevelopment Project or the immediate neighborhood in which the Project area is located in that:

- A. The Balboa Theatre is within the Horton Plaza Redevelopment Project, and adjacent to the Gaslamp Quarter Historic District;
- B. The Balboa Theatre is located adjacent to properties that have been redeveloped and will not likely be redeveloped in the near future;
- C. The Balboa Theatre has suffered several failed attempts of rehabilitation and reuse by the private sector due to a failure to deliver the building program, operation scenario, and financial resources necessary;
- D. The improvements will enhance the Horton Plaza Redevelopment Project, and adjacent Gaslamp Quarter Historic District by eliminating blight and advancing the development of an historic asset;
- E. The Balboa Theatre rehabilitation will advance the Visions and Goals of the Horton Plaza Redevelopment Project by strengthening the Arts District, thereby contributing to the growth of making downtown the dominant regional center for the arts, entertainment, dining and public festivals;
- F. The Balboa Theatre will provide a community facility to cater toward both downtown residents and visitors.
- G. The rehabilitation of the Balboa Theatre will fulfill the requirements of the Historic Preservation Focus Plan and the 2004-2009 Implementation Plans for Centre City and Horton Plaza; and
- H. The renovation is the third phase of construction required for the rehabilitation, and will allow the building to obtain a Certificate of Occupancy and restore it to a fully functioning theatrical assembly use building.

II. NO OTHER REASONABLE MEANS OF FINANCING

There are no other reasonable means available to the community for financing the subject improvements for which the Agency proposes to pay in that:

City of San Diego

- A. The Fiscal Year 2006 Budget for the City of San Diego (City) decreased 3.3%. The increase includes Special Revenue, water and sewer, tax funds, General and revenue funds from other Agencies. Over the last several years, as the City's CIP has grown and revenues have leveled off, the City has developed phase funding to use available cash and minimize the issuance of bond proceeds. This is a means whereby large projects may be budgeted and contracted for in an efficient manner that maximizes the City's use of available funds.
- B. The City's capital improvement budget is funded primarily with water and sewer fees, developer impact fees, grant funds, enterprise fund revenues, Facility Benefit Assessment funds, Gas Tax and Transnet funds. The Fiscal Year 2006 Capital Improvement Program Budget decreased 38.8% from the Fiscal Year 2005 Budget. The Fiscal Year 2006 CIP Budget provides for the sewer upgrade of the City's Metropolitan and Municipal Wastewater System, water projects, Parks and Recreation projects, library projects, transportation projects and special projects. This is mainly attributable to the City temporarily being unable to access the bond market.
- C. Most major tax revenue categories continue to show signs of growth. Moderate growth is anticipated for most Fiscal Year 2006 major revenues. The economic growth rates for major revenue categories are: property tax (7.5%), sales tax (4.5%), Transient Occupancy Tax (5.0%) and franchise fees (7.5%).
- D. The City's Fiscal Year 2006 Capital Improvements Budget (CIP) is embodied in Volumes IV and V of the City's Budget. The Agency's Fiscal Year 2006 Program Budget was adopted on June 20, 2005. The CIP and the Agency's Budget were developed in accordance with City and Council Policy, and each project activity was evaluated and incorporated in the respective budgets. Projects are funded based on need and the availability of appropriate funding sources. The City's CIP Budget totals \$356.9 million, a decrease of \$128.8 million over Fiscal Year 2005.

III. ELIMINATION OF BLIGHTING CONDITIONS

The payment of funds toward the cost of the rehabilitation of the subject project will assist in the elimination of one or more blighting conditions inside the Horton Plaza Redevelopment Project and adjoining Gaslamp Quarter Historic District. The proposed improvements are consistent with the Implementation Plan adopted for the Project pursuant to Health and Safety Code 33490, in that:

- A. The blighted historic structure will become a cultural amenity in the Project Areas, thereby attracting additional investment to the area and improving a blighted property.
- B. The rehabilitation will enrich the downtown neighborhoods through preservation of an historically significant structure.
- D. The rehabilitation will include improvements that provide improved pedestrian access to public and private properties.
- E. The rehabilitation of this property is included in the work program of the Implementation Plan adopted July 20, 2004 pursuant to Health and Safety Code 33490.