



CITY COUNCIL AGENDA STATEMENT



April 16, 2019

File ID: 19-0069

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE REAL PROPERTY PURCHASE AND SALE AGREEMENT FOR 224 THIRD AVENUE BY AND BETWEEN THE CITY OF CHULA VISTA AND TECTURE RED, LLC.

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In February 2015, the City Council authorized the purchase of the 0.14-acre parcel at 224 Third Avenue, directly north of the Vogue Theater, for a purchase price of \$260,000 dollars. The City's acquisition of the subject parcel was an open-market opportunity purchase made with the intent of holding the property for future use as an economic incentive to encourage redevelopment of the adjacent Vogue Theater property. The parcel's current use is a vacant lot.

Since the acquisition of the property four years ago, serious interest has been expressed in revitalizing The Vogue Theater by the design and build studio, Tecture. Under the direction of Slade Fischer, Tecture is proposing a vision for The Vogue of a single-screen theater with the flexibility of hosting concerts, meetings and events that would serve as an evolved dining, drinking and entertainment venue. With such a use, the developer would require the adjacent parking lot to utilize as an outdoor gathering, movie viewing and event space serviced by a diverse sampling of food and drink vendors. In reviewing the incorporation of this lot with the proposed project, it is apparent that significant preparation work and site clearance of the 0.14-acre lot will be necessary. The site must be completely cleared of existing improvements, including the asphalt surface. Additionally, utilities, including water, sewer and electricity, will need to be brought on-site. Staff has estimated that these costs will equate to approximately \$50,000 to \$60,000 dollars. These costs do not include the cost that will be needed to receive design review approval and prepare construction plans. Accounting for some degree of appreciation over the last four years, a purchase price of \$210,000 dollars for this site was determined and is considered fair market value. Details of the proposed purchase and sale agreement are outlined in staff's report.

ENVIRONMENTAL REVIEW

The proposed Project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the Project qualifies for an exemption pursuant to State CEQA Guidelines Section 15183 (Projects Consistent with a Community Plan or Zoning); Section 15332 (In-Fill

Development Projects); and Section 15061(b)(3), because the proposed project would not result in a significant effect on the environment, create a cumulative impact, damage a scenic highway, or cause a substantial adverse change in the significance of a historical resource. Thus, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

In February 2015, the City Council authorized the purchase of the vacant 0.14-acre parcel at 224 Third Avenue, directly north of the Vogue Theater, for a purchase price of \$260,000. The City's acquisition of the subject parcel was an open-market opportunity purchase made with the intent of holding the property for future use as an economic incentive to encourage redevelopment of the adjacent Vogue Theater property.

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The Vision and Use

Tecture's mission for the proposed project is to embrace and celebrate the existing culture of Chula Vista and Third Avenue while providing an entertainment venue that stimulates the region and cultivates South San Diego's creative scene. The Vogue Theater has been a symbol of Third Avenue for over 70 years and has historical and sentimental significance to the community. The theater's location on Third Avenue offers enormous potential to further improve the business district by offering a family-friendly entertainment option to complement the existing eateries and retail stores. The proposed remodel is anticipated to be a catalyst to encourage further revitalization on Third Avenue.

Tecture's vision for The Vogue is to preserve the theater's historic attributes while providing an entertainment alternative to the single-screen theater model. The space is designed as an all-ages and family friendly venue for an estimated 500-1,000 seats. The venue would offer on-site alcohol and food sales to support the theater's operation. Tecture's intent is to support and compliment the local craft beer tasting rooms and local dining establishments to ensure there is non-direct competition.

A draft preliminary concept design (**Attachment 4**) proposes an approximate total of 6,189 square feet of interior and exterior improvements. The project proposal includes the addition and remodel of: the box office, a single-screen and entertainment space, downstairs main floor bar, upstairs marquee bar, mezzanine seating, and multi-function spaces. The exterior remodel and proposed build-out onto the 0.14-acre parcel include an outdoor game area, communal seating, a lounge for live music and movie viewing, fixed food service area, green rooms, storage rooms, an outdoor screen surrounded by communal tables and a food/mobile truck access point.

Should the sale of the property at 224 Third Avenue be approved and all requirements and conditions specified within the property purchase and sale agreement complied with prior to the close of escrow, Tecture will formally submit Tenant Improvement Plans and work through the development review process with the Development Services Department.

The Property Purchase and Sale Agreement

The Real Property Manager and the City's legal counsel have drafted a Real Property Purchase and Sale Agreement. For Tecture to acquire the property and move forward with their vision for The Vogue, a variety of requirements and conditions must be complied with prior to the close of escrow for the property. The property purchase and sale agreement is for a total sale price of \$210,000. The city's agreement to sell the property is contingent upon the adoption of a Resolution by the City Council authorizing the sale and the completion by the parties of the conditions prior to the close of escrow. Prior to the close of escrow, Buyer shall have applied for, and been issued, all necessary permits and shall have provided City with evidence that it has secured adequate financing to complete the project. An overview of the requirements and conditions for the close of escrow and acquisition of the property is outlined in Attachment 2 of staff's report.

About Tecture

Tecture is a design and fabrication studio of designers, craftsmen, artists and builders who pride themselves on bringing alluring and functional concepts to life. Tecture has experience in taking a project from the initial idea and concept through the design and construction process to completion. The studio offers a wide breadth of services including concept design, interior design, exterior design, space planning, custom furnishings, fabrication, project management, construction administration and general contracting in the retail, commercial, residential and service industries. Their portfolio of featured design-build projects in San Diego County includes Nolita Hall, Kettner Exchange, George's at the Cove, Firehouse American Eatery, Bivouac Ciderworks and more. Slade Fischer is currently serving the City of Chula Vista on the Third Avenue Village Association 2019 Board of Directors.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found that Mayor Mary Casillas Salas has real property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified member. Staff is not independently

aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is an anticipated impact of \$210,000 as one-time revenue to the City's General Fund from the property's sale. Additionally, the sale will convert the once government-owned tax-exempt property into a taxable parcel resulting in future property tax revenue.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the City's General Fund as the sale of the property will result in one-time revenue. However, as the project is completed and the vision is realized, there is expected to be a positive ongoing fiscal impact to the businesses on Third Avenue and the local tax base through an increase in sales tax revenue.

ATTACHMENTS

1. Real Property Purchase and Sale Agreement for 224 Third Avenue
2. Subject Parcel Location Exhibits
3. Vogue Theater Preliminary Concept Design by Tecture

*Staff Contacts: Rick Ryals, Real Property Manager
Miranda Evans, Economic Development Specialist*