

**CITY OF PITTSBURG**  
**Joint Redevelopment Agency/City Council Minutes**  
**October 26, 2001**

Mayor Quesada called the meeting to order at 4:03 p.m. He advised that the Council will meet in Closed Session. There being no one to speak from the public concerning closed session matters, he adjourned to Closed Session at 4:04 p.m.

**MEMBERS PRESENT:** Aiello, Beals-Rogers, Lewis (arrived at 4:12 p.m.), Rios, Quesada

**MEMBERS ABSENT:** None

**STAFF PRESENT:** City Manager, Willis Casey  
Assistant City Attorney, Russ Townsend  
Director of Economic Development, Garrett Evans  
Director of Finance, Jim Holmes  
Director of Leisure Services, Paul Flores

Mayor Quesada reconvened the meeting at 5:33 p.m. There was nothing to report from the Closed Session agenda. Roll call was taken again.

**MEMBERS PRESENT:** Aiello, Beals-Rogers, Lewis, Quesada

**MEMBERS ABSENT:** Rios

**PLEDGE OF ALLEGIANCE**

**Tom LaFleur** led the Pledge of Allegiance.

**CITIZENS REMARKS**

**Anna Sanders**, a representative of the Art and Culture Commission of Contra Costa County - District V, presented a video tape of the California State of the Arts for the Council/Agency to review.

**MEMBERS REMARKS**

There were no members remarks.

**CONSIDERATION**

1. **MINUTE ORDER** Approval and Authorization of the Execution of an Option Agreement with Pacific Community Services, Inc. (APCSI@) to Grant the Right of Exclusive Negotiations to Culminate in a Lease Agreement or Disposition and Development Agreement for the California Theatre (351 Railroad Avenue, APN: 085 108 004)

the Agency acquired the California Theatre located at 351 Railroad Avenue. The subject property is approximately 12,500 square feet. On October 30, 1995, the City Council authorized emergency repairs to the California Theatre pursuant to Public Contract Code Section 20168. The repairs were necessary to prevent further deterioration of the building and preserve a contributing building to the New York Landing Historic District. Prior to and since Agency acquisition in 1971 the theater has remained vacant and underutilized. Pacific Community Services, Inc. has requested site control of the theatre in order to pursue a renovation into a performing arts facility. PCSI has presented the Agency with a potential grant opportunity for \$350,000, is for stabilization and retrofitting of the California Theatre. The potential grant would come from the California Urban Recreation and Cultural Center=s Museums and Facilities for Wildlife Education or Environmental Education Grant (URCC) Program. For purposes of the grant, PCSI must have land tenure via a lease or disposition for 20 years. Upon award of the Grant, PCSI will seek necessary funding for additional renovation work necessary to open the performing arts center. PCSI intends to seek funding from many sources to better assure the success of the project. The success of these financing means is substantially enhanced by site control of the property. Contingent upon the receipt of the URCC grant, site control will be granted at a cost not to exceed \$1 per year and City development fees waived in accordance with the Enterprise Zone Fee Waiver. PCSI will be responsible for any and all other Agency fees due to renovation costs.

The above findings are depending on the successful negotiation of either a long term lease or Disposition and Development Agreement. The Agency has done an initial review with respect to the proposed Agreement and has determined that the project is categorically exempt from the requirements pursuant to the California Environmental Quality Act (CEQA) under Class 1, Existing Facilities, Section 15301 of the State CEQA Guidelines. The Agency Secretary is directed to file a Notice of Exemption with the Office of the Contra Costa County Records pursuant to the provisions of CEQA.

Staff recommendation is to approve the Option Agreement and direct and authorize the Executive Director to execute the agreement.

Mr. Evans stated that staff has been talking with PCSI for some time and they submitted their formal request in mid-September. There were some follow up questions, which were addressed.

**Frank Gordon**, President of PCSI, Inc. stated on January 16, 2001 a proposal was presented to the City Council as a vision for a Cultural Arts Center for the downtown area. Partnerships were talked about at that time, and discussion was made regarding adding language to the General Plan. He stated grants were available to help with the renovation, and this is the first step in this vision. He also stated Senator Torlakson has sponsored PCSI for the grant. PCSI hopes to receive the grant and work with the City as a partner in developing the Cultural Arts Center, not just the California Theatre for the Performing Arts, but also utilization of the buildings that PCSI owns and possibly the National Building, should it become available. PCSI feels that not only for a cultural aspect, but also for the economic development of the downtown this is an important step. He stated they would like the opportunity to apply for the grant.

**Tom LaFleur**, Executive Director of PSCI, Inc. presented the Contra Costa Cultural Plan which lists hundreds of resources within the county. He stated the City spent some money in stabilizing and bringing the facade back to life. He stated there has been extensive damage from the roof leaking. The building was intact and operable originally, until the leaks occurred. PCSI wants

to stabilize the structure itself with seismic retrofitting. In 1994 there was a bid of \$330,000 to implement a seismic stabilization plan that would encase the building in steel. PCSI=s architects found the masonry to be in decent condition. Their structural engineers found the most economical way of stabilizing would be a gunnite coating either inside or outside (a lightweight concrete shell). The bid in 1994 was \$330,000; PCSI=s architect states the actual cost would be \$384,000, plus \$57,000 in fees and engineering for a preliminary estimate of \$442,000 to do seismic stabilization on the building, or about ten percent of the entire project. He stated it would run about \$3.5 million to completely restore the building. He stated grants will continue to be sought to rehab the building. Mr. LaFleur stated that to make it function well, it is important to have a tie between the National Building, which PCSI owns and that this connection would create a realistic rehabilitation of the theatre. The theatre was originally designed as a vaudeville and silent movie theater. The intention is to restore the theatre as closely as possibly to the way it was in 1930's.

Vice-Chair Aiello asked if PCSI has reviewed the proposed option lease and asked if the language was acceptable to PCSI.

Mr. LaFleur stated there is one typo; the dollar amount should be \$350,000. Also, the lease focuses only on the state grant, and it is their intention to apply for a series of grants and would prefer site control in some form to make those applications.

Vice-Chair Aiello asked if site control for one year would allow the opportunity for the State grant.

Mr. LaFleur stated that would be workable; however, the problem is if they have a one year option and they subscribe 20% of the money, those 20% may feel they will not have a project if there is no commitment of the other 80%. He feels there should be a provision that if there is satisfactory progress in terms of finding funds that the option would continue to run.

Vice-Chair Aiello asked about the possibility of a joint powers authority between the City and PCSI, where we would act as a partnership in moving the process forward. Also, within that joint powers authority, PCSI would maintain project control. The formation of a joint powers authority is not on tonight=s agenda and cannot be moved forward on, and we can only approve the agreement at this time. He asked if PCSI would be interested in forming an authority of this nature. Vice-Chair Aiello affirmed we need a cultural performing arts theater in the downtown. He called for scheduling a meeting with members of the Board of Directors of PCSI and, with the approval of the Mayor and Council, Council Member Beals and himself to move forward in a partnership.

Mr. LaFleur stated PCSI would enthusiastically join with the City on this basis.

**Vice-Chair Aiello moved to accept the contract and set a meeting within the next week with PCSI, and Vice-Chair Aiello and Beals, if acceptable to the Mayor.**

Chair Quesada stated he is concerned that this is the first time the Members have heard about the prospect of a joint powers authority. Chair Quesada stated he would like to vote on the matter at hand and discuss any other options as brought out by Vice-Chair Aiello, on November 5, 2001.

Member Beals-Rogers asked for clarification as to whether approving the contract would give PCSI one year or 20 years of possession.

Chair Quesada stated PCSI would have exclusive rights for one year, to be re-negotiated at the end of that time.

Member Beals-Rogers stated downtown is a priority for her and she feels the California Theatre is a cultural anchor for the downtown area. She supports the concept of such a facility in the area. She is, however, concerned about the amount of money that will need to be further pursued, and the \$3.5 million that would be pursued in grants. She feels the two to five year time frame raises a lot of questions as to grant-raising to cover this amount. Member Beals-Rogers stated she is pleased to know PCSI would be interested in a partnership as she feels it is not a matter of who is going to move the project, but that the project is being moved.

**Member Beals-Rogers seconded Vice-Chair Aiello=s motion.**

Member Lewis asked for clarification in the wording of the contract. He stated he feels the California Theatre is the heart and soul of the historical downtown district. He stated he was the sole vote for the project at the last goal setting session. He is in favor of the City finishing the renovation of the building. He stated he is concerned about having the building tied up for 20 years. He reads that PCSI would have a one year exclusive and if they got the State grant for \$350,000, they would have control of the building for 20 years.

Assistant City Attorney Townsend stated that was correct, that PCSI would have the opportunity to lease the building then for 20 years or in fact purchase it, at a price to be set by an appraisal.

Council Member Lewis states he is on the record for a long time as being in favor of the renovation of the California Theatre, and Vice-Chair Aiello=s idea of a joint powers authority and moving together in a partnership is good, but the City should retain control of the building. He stated he would be in favor of setting aside money from Redevelopment refunding funds that will be coming available shortly. He stated he does not necessarily feel that the California Theatre should be the location of a performing arts center. Several years ago, there was a plan to partner with the School District on renovating the Creative Arts Building, which was in fact built in 1959 for the purpose of being a community arts center. Because of changes in the School Board management, that plan fell by the wayside. The Creative Arts Building is a much more spacious facility than the California Theatre. At this time, he is not willing to give up control of the building for 20 years. He would prefer to see the City do the renovations and then form a partnership with PCSI in order to move to the next stage. Many things that need to be done at the California Theatre (i.e. ADA compliant bathrooms, roof repair, etc.) are things that would still need to be done regardless of who owns the building and what it is used for.

In response to Member Lewis, Vice-Chair Aiello explained that under a JPA, add the option to lease or purchase, PCSI would assign the option to the JPA for the life of the joint powers agreement so the City would not be relinquishing control, and it would be a partnership where the community and the City work together to make the facility what it should be, which is the center of attraction in the downtown. PCSI would still submit the grant application. If a joint powers authority were formed, the City, as a good will gesture because PCSI has done this work, would reimburse them \$18,000 for the costs they have had to date. Vice-Chair Aiello feels the project can be done and does not feel the 20 year stipulation is a sticking point. He feels there is a good, solid relationship to move forward on. He stated the community wants to see action; they

want to see a cultural theater and to argue about a contract over who has control is not the way to let the community have what they deserve - a cultural arts theater. He stated he will not have that get in the way, and still supports moving forward on the motion he has made and support setting up a joint powers authority to have all that information brought back on November 5 with the work from Mr. LaFleur and the board so that we can move the project forward.

Member Beals asked if the grant is moved forward and a joint powers authority is formed, how would that affect the grant amount? She is concerned there would be a conflict if PCSI obtained the grant and then entered into a partnership with the City.

Mr. LaFleur stated there would be no conflict. He stated this was a State grant through the Department of Parks and Recreation and it allows for PCSI to assign the grant back to the City. What the 20 years is about is that for 20 years that \$350,000 says the building would be used for public use and public cultural recreation use, but the City can take over. He stated the 20 years is a requirement of the grant that it be used for park and recreation.

Member Lewis stated he is comfortable with having PCSI as a partner, and asked that the joint powers authority be created first, then move forward with a lease agreement.

Attorney Townsend commented that if the present agreement were approved, it would be a complete act and would not provide for a joint powers authority to be formed. He stated if there is concern about a joint powers authority it should be pursued prior to the approval of this contract. A joint powers authority would be operating already having this contract entered. If you want to change the situation, you want to do it prior to entering into any agreement.

Vice-Chair Aiello stated the reason the joint powers authority was not formed beforehand, is that there is a time frame in which the grant would be lost if the process were delayed. He trusts PCSI to come to the table and reach an agreement that provides for a joint powers authority to make this partnership work. Vice-Chair Aiello then called for the vote.

**VOTE: 3-1 (Lewis no; Rios absent)**

Mr. Gordon thanked the Agency for the opportunity to apply for the grant and stated he would like to go on record that within 60 to 90 days there will be enough issues worked out to go forward with this project as a partner.

Member Lewis took the opportunity to remind the Agency Members that under the new rules and regulations that the Council operates under, any committee assignment must be done

with a consensus, with each member having the opportunity to submit whether or not they would like to serve on the committee, that those proposals must be reviewed by the Mayor and Vice-Mayor and then a majority of the Council must vote to approve those committee assignments. He hopes those procedures will be followed in choosing a committee for the joint powers authority for the California Theatre.

Chair Quesada stated that was one of the reasons he wants to bring this matter forward on November 5, to be voted on at that time.

**ADJOURNMENT**

There being no further business to come before the Redevelopment Agency/City Council, the meeting was adjourned at 6:17 p.m. to November 5, 2001.

Respectfully submitted,

Lillian J. Pride,  
Secretary