



CITY MANAGER'S OFFICE

Special Council Meeting Date: August 13, 2007
Staff Report #: 07-146

Agenda Item #: B-1

REGULAR BUSINESS: **Consideration of a Request to Commit \$500,000 to Support the Restoration and Preservation of the Park Theater Property as a Potentially Historic Building.**

RECOMMENDATION

Council is being asked to consider whether to commit \$500,000 in City funds to support the restoration and preservation of the Park Theater as a Potentially Historic Building as proposed by Mr. Andy Duncan (see Attachment A).

BACKGROUND

The Park Theater began operation in 1947 and operated continuously as a theater until 2002 when it was permanently closed. Given declining use of the Theater over the last few years of its operation, the property owner began exploring alternative uses for the property in 2001 through a series of Planning Commission and City Council study sessions and a community meeting, ultimately submitting an application for conversion of the building to office and retail space in July 2006. As part of the owner's research on possible alternative uses of the building and based on requirements of the California Environmental Quality Act, the owner contracted with Architectural Resources Group to prepare a historic assessment of the Park Theater.

After the closure of the Park Theater, the City received a great deal of public comment from Menlo Park residents and the broader community expressing an interest in retaining the Theater as a cinema and in preserving the historic character of the facility. The City encouraged the owner to preserve the theater. It was suggested by some members of the public as well as by the property owner that the City provide financial assistance toward this end. The matter was discussed by the City Council during a study session on March 2, 2004. The City Council expressed a need for more information regarding possible next steps and related costs. Concerns raised at that time related to limited resources and questions regarding the gift of public funds. The owner ultimately withdrew his application for development of the property. The theater has remained closed and is in a declining state of repair. In addition, the Park Theater marquee has been dismantled.

Andy Duncan has entered into a contract to purchase the Park Theater, with the intent of renovating it as dance studio for the Menlo Park Dance Academy which would relocate from its current location one block south on El Camino Real. Mr. Duncan also proposes restoring the Theater's historic marquee as well as other work to maintain the character-defining exterior and interior features of the building. Mr. Duncan previewed his general intentions for the site at a Council Study Session on January 23, 2007. On July 24, 2007, he submitted use permit and architectural control applications to the City to allow for the change in use and exterior modifications to the building. Mr. Duncan also contracted with Garavaglia Architecture to prepare a historic structure report. The report is based in part on the earlier historic assessment prepared by Architectural Resources Group. Both historic assessments conclude that the Park Theater appears to be eligible for listing on the National and State Registers of Historic Places as a theater that embodies the national trend of small neighborhood theaters in modern styles. Additionally, despite the construction of the concession stand and removal of the marquee sign, the building is intact and retains sufficient integrity to meet eligibility criterion. An excerpt from the historic structure report prepared by Garavaglia Architecture is included as Attachment C. The full text of both historic assessments is available for review upon request.

ANALYSIS

Mr. Duncan has submitted a request to the City for financial assistance in the amount of \$500,000 toward the restoration and preservation of the Park Theater property. Mr. Duncan's request and the budget for renovating and restoring the Park Theater property are included in this report as Attachments A and B. Mr. Duncan states in his letter that the project has become economically unfeasible due to escalating costs associated with the ongoing deterioration of the building and the commitment to restore the building in accordance with the State of California Historic Building Code.

Mr. Duncan is requesting that the City invest in the restoration of the building through either a \$500,000 grant or a no-interest loan in this amount to be repaid upon sale of the property. In exchange for this investment, Mr. Duncan commits to:

- Fully restore the Park Theater per Historic Building Codes
- Renovate the interior of the building in a manner that would accommodate a future cinema use
- Provide the right of first refusal to the City in the event of the future sale of the building

In addition, Mr. Duncan suggests the potential sale or long-term lease of the parking lot for general parking as a possible public benefit.

This matter has been scheduled as a Special Council Meeting in order to allow the Council to provide direction to Mr. Duncan and staff as to whether this is of interest to the City before Mr. Duncan's option to purchase the property expires.

Members of the community have expressed an interest in the preservation of the Park Theater as an important landmark with both historic and aesthetic value to the city. The restoration of the facility would facilitate its designation and preservation as a historic resource. It is a policy decision for the City Council as to whether the City's interest in restoring the property provides sufficient public benefit to justify the investment of public funds.

Additional policy questions for Council's consideration in its discussion of Mr. Duncan's request include:

- The potential role of a restored Park Theater in the broader vision for El Camino Real and downtown Menlo Park
- The question of what precedent the Council might establish and whether it wishes to develop a general policy direction regarding the support of historic resources in Menlo Park
- The existence of competing priorities that might be impacted by the commitment of funds to the Park Theater
- Possible alternative ways the City might help make the restoration and preservation of the Park Theater more economically feasible

IMPACT ON CITY RESOURCES

If the Council approves Mr. Duncan's request, \$500,000 would be appropriated from the City's General Fund Reserve either as a grant or a no-interest loan, depending on Council's direction.

POLICY ISSUES

The City does not currently have a comprehensive policy or significant precedent regarding the City's role and interest in the restoration of historic properties. The Council may wish to consider how its action on the matter at hand might serve to reflect or establish a general policy direction.

ENVIRONMENTAL REVIEW

The actual restoration and renovation of the Park Theater building will be subject to environmental review as part of the application that is pending before the City. The Council discussion and deliberation on whether to allocate funds for the historical restoration is not a project under the California Environmental Quality Act (CEQA). However, any formal contract would be subject to making CEQA findings.

Audrey Seymour, Assistant City Manager
Report Author

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. Letter from Andy Duncan ([attachment](#))
- B. Park Theater Budget Submitted by Andy Duncan ([attachment](#))
- C. Excerpt of Draft Park Theater Historic Structure Report, dated July 17, 2007 (full report available upon request) (Not attached to this report electronically)