

RESOLUTION NO. 2020- 38

RESOLUTION OF THE SAN BERNARDINO COUNTYWIDE OVERSIGHT BOARD APPROVING CHANGES BY THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY TO THE CITY OF SAN BERNARDINO TO THE LONG-RANGE PROPERTY MANAGEMENT PLAN PROPERTY DISPOSITION DESIGNATIONS FOR THE REAL PROPERTY LOCATED AT 562 WEST 4TH STREET IN THE CITY OF SAN BERNARDINO (APNS 0134-131-10-000 AND 0134-131-30-0000) AND 780 NORTH "E" STREET IN THE CITY OF SAN BERNARDINO (APN 0140-273-21-0000) FROM FUTURE DEVELOPMENT USE TO GOVERNMENT USE

On Monday, September 14, 2020 on motion of San Bernardino Countywide Oversight Board Member DeNava, duly seconded by San Bernardino Countywide Oversight Board Member Ang and carried, the following resolution is adopted by the San Bernardino Countywide Oversight Board, State of California.

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of San Bernardino (Successor Agency) must dispose of assets and properties of the former redevelopment agency as directed by the San Bernardino Countywide Oversight Board pursuant to California Health and Safety Code (HSC) Section 34177(e); and

WHEREAS, the San Bernardino Countywide Oversight Board (CWOB) must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to HSC Section 34181(a); and

WHEREAS, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (DOF) approves the Successor Agency's Long-Range Property Management Plan (LRPMP) pursuant to HSC Section 34191.3; and

WHEREAS, on December 28, 2015, the Successor Agency's Oversight Board adopted Resolution No. SBOB/2015-09, approving the Successor Agency's LRPMP; and

WHEREAS, on December 31, 2015, DOF issued a Determination Letter approving the Successor Agency's LRPMP; and

WHEREAS, upon receiving DOF approval of the LRPMP, the LRPMP shall govern and supersede all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to HSC Section 34191.3; and

WHEREAS, the LRPMP includes 230 parcels of land grouped into forty-six (46) separate sites, eighteen (18) of which are designated for disposition as government use sites, seven (7) of which are designated for disposition as future development use sites, and twenty-one (21) of which are designated for disposition to be sold; and

WHEREAS, in its May 17, 2016 letter, DOF directed the Successor Agency to transfer its seven (7) future development use sites to the City and on August 16, 2016, the Successor Agency transferred its seven (7) future development use sites to the City via quitclaim deed; and

WHEREAS, the City is the owner of that certain real property identified within the LRPMP as: (i) Site No. 21; (ii) ten (10) parcels of land consisting of approximately 6.30 acres; (iii) designated for disposition as future development use; and (iv) more fully described in Exhibit "A" attached hereto, which is an excerpt from the LRPMP; and

WHEREAS, in 2019, Staff realized that significant property disposition designation errors were made by designating three (3) of the ten (10) parcels within Site No. 21 for future development use and not for government use; and

WHEREAS, within Site No. 21, the three (3) parcels are identified as: (i) 562 West 4th Street San Bernardino (APNs 0134-131-10-0000 and 0134-131-30-0000), commonly known as the California Theatre of the Performing Arts ("California Theatre"), which was constructed in 1928, is listed on the National Register of Historic Places (No. 09001116), generates no income, was operated by the former Redevelopment Agency ("former RDA") and the City, and used by the City for 90+ years as a public venue for the performing arts; and (ii) 780 North "E" Street, San Bernardino (APN 0140-273-21-0000), commonly known as the Sturges Center for the Fine Arts ("Sturges Center"), which was constructed in 1925, is listed as a California Historical Resource (No. P608), was previously owned by the San Bernardino High School District in 1983 prior to the former RDA taking ownership to operate it as a theater, is zoned Public Facility in the City's General Plan to provide for the continuation of existing and the development of new schools, government administration, police, fire libraries, social services, and other public facilities, is located in the middle of the San Bernardino City Unified School District's ("SBCUSD") main campus, and generates no income (collectively, the "Properties"); and

WHEREAS, in July 2020, DOF was contacted by Staff to discuss the property disposition designation errors of the Properties and to seek a recommendation on how to address these errors and the process whereby the Successor Agency could correct the property disposition designation errors for the Properties from future development use to government use; and

WHEREAS, in July 2020, DOF responded in a conversation with Staff that the LRPMP is a "plan," "plans" can change over time, and with CWOB approval, the Successor Agency could change the property disposition designations for the Properties from future development use to government use; and

WHEREAS, based on the foregoing, the Successor Agency recognizes the significance of the property disposition designation errors for the Properties and, pursuant to HSC § 34181 (a) (1), desires the CWOB approve the change in property disposition designations for the Properties from future development use to government use in order to transfer the Sturges Center to the SBCUSD and to allow the City to continue to maintain the California Theatre as a government asset of the City since the Properties were never meant to be sold for development; and

WHEREAS, the effectiveness of the change in property disposition designations from future development use to government use for the Properties is subject to the approval of the CWOB and review by DOF; and

WHEREAS, all other LRPMP property disposition designations are correctly identified in the LRPMP; and

WHEREAS, pursuant to HSC Section 34181(f), all actions taken pursuant to HSC Section 34181(a), shall be approved by resolution of the Oversight Board at a public meeting after at least 10 days' notice to the public of the specific proposed actions; and

WHEREAS, public notice was published in a newspaper of general circulation on September 1, 2020 and on September 9, 2020, with the CWOB agenda posted for public review consistent with the provisions of HSC Section 34181(f) on September 10, 2020; and

WHEREAS, the CWOB has determined that the approval of the changes in property disposition designations for the Properties is consistent with HSC Section 34181(a) (1) and the

obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with HSC Section 34177(h).

NOW, THEREFORE, the San Bernardino Countywide Oversight Board hereby resolves, determines and orders as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The changes by the Successor Agency to the Redevelopment Agency of the City of San Bernardino to the Long-Range Property Management Plan property disposition designations for the real property located At 562 West 4th Street In the City of San Bernardino (APNs 0134-131-10-0000 and 0134-131-30-0000) and 780 North "E" Street in the City of San Bernardino (APN 0140-273-21-0000) from future development use to government use is hereby approved.

Section 3. This resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the San Bernardino Countywide Oversight Board, State of California, by the following vote:

AYES: OVERSIGHT BOARD MEMBER: Frederick Ang, Richard DeNava, Cindy Saks, Lawrence Strong, Acquanetta Warren, David Wert

NOES: OVERSIGHT BOARD MEMBER: None

ABSENT: OVERSIGHT BOARD MEMBER: Kenneth Miller

* * * * *

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO) ss.

I, **LYNNA MONELL**, Secretary to the San Bernardino Countywide Oversight Board, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Countywide Oversight Board, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of September 14, 2020. #1 LA

LYNNA MONELL
Secretary to the San Bernardino Countywide
Oversight Board

By _____





Site No. 21: Theater Square

Address: 780 N. "E" Street	562 W. 4 th Street	450 N. "E" Street	
APNs: 0140-273-21	0134-131-10	0134-121-25	0134-131-35
	0134-131-30	0134-121-27	0134-131-36
		0134-131-28	0134-131-37
		0134-131-29	





Site No. 21: Theater Square

A. Permissible Use (HSC § 34191.5 (c) (2)):

Site No. 21 is Theater Square and is proposed to be transferred to the City of San Bernardino for future development pursuant to HSC § 34191.5 (c) (2).

B. Acquisition of Property (HSC § 34191.5 (c) (1) (A) and § 34191.5 (c) (1) (B)):

Property records indicate that Theater Square was acquired by the Agency several separate transactions and carries a total Book Value of \$13,774,149. The following table details the property records:

<i>Acquisition Details of Theater Square</i>				
<i>APN</i>	<i>Acquisition Date</i>	<i>Book Value</i>	<i>Original APNs as Acquired by Agency</i>	<i>Historical Background</i>
0134-121-27	March 2001	\$11,964,000	0134-121-24	Parcel created per 2011-Lot Line Adjustment (Parcel Map 15038)
0134-131-35			0134-131-25	
0134-121-25	1993 - 1998	\$70,875	0134-121-25	Parcel Map 15038
0134-131-29		\$477,055	0134-131-29	Parcel Map 15038
0134-131-28		\$160,000	0134-131-28	APN 0134-131-37 created per 2011-Lot Line Adjustment (Parcel Map 15038)
0134-131-37			0134-131-27	
0134-131-36			\$770,582	
0134-131-10	August 1994	\$301,004	---	---
0134-131-30	February 1975	\$0	0134-131-01	APN 0134-131-01 was subdivided in 1998 with recordation of PM 15038; APN 0134-131-30 was created as a remainder portion of APN 0134-131-01
0140-273-21	June 1992	\$30,633	---	---

Theater Square was acquired by the Agency in order to meet the revitalization goals of the City and the Agency to alleviate the existence and spread of physical and economic blight by assembling land and preparing property for future development. The estimated current value (the “ECV”) of Theater Square is approximately \$14,500,000.

C. Site Information (HSC § 34191.5 (c) (1) (C)):

Theater Square consists of three (3) venues: the Regal Cinema (the “Cinema”), the California Theatre for the Performing Arts (the California Theatre”), and the Sturges Center for the Fine Arts (the Sturges Center”). In total, Theater Square contains ten (10) parcels as shown above, totaling 6.30 acres.

The following table describes the improvements located on Theater Square:



Site No. 21: Theater Square

<i>Theater Square Property Improvements</i>					
<i>APN</i>	<i>Address</i>	<i>Current (c) or Former (f) Use</i>	<i>Type of Structure / Improvement</i>	<i>Year Constructed</i>	<i>Square Footage</i>
0134-121-25	The Cinema 450 N. "E" Street	Access Road (c)	Concrete Pavers / Landscaping	2012	64,033
0134-121-27		20-Plex Theater (c)	2-Story Masonry / 20-screen auditoriums / 4,000 seats	1998 Renovated in 2012	79,563
0134-131-29		Parking Lot (c)	Asphalt / Landscaping	1998	20,695
0134-131-35		Access Road / Parking / Plaza (c)		2012	27,366
0134-131-28		Theater Square Plaza (c)	Grass / Landscaping	2012	10,434
0134-131-36					10,556
0134-131-37					8,138
0134-131-10	California Theatre 562 W. 4 th Street	California Theatre (c)	Multi-story / Concrete	1925	32,842
0134-131-30		Alley access to the California Theatre (c)	Concrete pavers / drainage appurtenances / landscaping	2012	900
0140-273-21	Sturges Center 780 N. "E" Street	Sturges Center (c)	2-Story concrete structure	1925	21,484

The Cinema (10-screen Multi-Plex currently leased to and operated by Regal Cinemas) and the California Theatre (a community theatre which is an historic building that has been successfully preserved over the years through non-profit organizations and the Agency) are zoned Commercial Regional-Downtown (CR-2) in the City’s General Plan. The purpose of the CR-2 zone is to permit a diversity of regional-serving uses in the Downtown area including local, county, and state government/administrative uses, professional offices, cultural/historical and entertainment uses, convention facilities, hotels/motels, financial establishments, restaurants, supporting retail and services, educational institutions, public open spaces, and residential and senior housing.

The Sturges Center (a performing arts park for the City and the School District) is zoned Public Facility (PF) in the City’s General Plan. The purpose of PF zone is to provide for the continuation of existing and development of new schools, government administrative, police, fire, libraries, social service, and other public facilities.

Theater Square is located within the City’s “E” Street Strategic Area. “E” Street is a significant north-south roadway located in the central portion of the City. “E” Street connects Downtown to Baseline, Highland, and to the 30 freeway on the northern end, and Hospitality Lane to the south. “E” Street currently has the greatest number of transit trips in the Omnitrans system, which makes it an ideal candidate for development.



Site No. 21: Theater Square

D. Estimated Current Value (HSC § 34191.5 (c) (1) (D)):

The ECV for Theater Square was determined by the Agency in January 2015, using a combination of a comparable sales analysis conducted through the National Data Collective, a December 2011 Summary Appraisal Report for the California Theatre, and a December 2011 Summary Appraisal Report for the Sturges Center. The following table describes the ECV for each venue of Theater Square:

<i>ECV Determination for Theater Square</i>				
<i>Venue</i>	<i>Date of ECV</i>	<i>ECV Basis</i>	<i>Assumptions</i>	<i>ECV</i>
The Cinema and related parcels	January 2015	National Data Collective	Local factors were not taken into consideration	\$8,900,000
California Theatre	December 2011	Summary Appraisal Report – Smothers Appraisal, James Smothers, MAI	Local factors were not taken into consideration;	\$4,100,000
Sturges Center	December 2011		Structural improvements are seismically sound	\$1,970,000
TOTAL ECV for Theater Square				\$14,500,000

The ECV was determined to be approximately \$14,500,000.

Local factors were not taken into consideration in determining the ECV of this site. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a rough estimate planning number and should not be relied upon as a basis for actual value. The real value of the property cannot be determined without an appraisal.

E. Site Revenues (HSC § 34191.5 (c) (1) (E)):

The Cinema

APNs 0314-121-25, -27

0134-131-28, -29, -35, -36, -37

On January 4, 2012, Regal Cinemas (the “Tenant”) entered into a Lease with the San Bernardino Economic Development Corporation (the “Landlord”) to lease the newly renovated 14-Screen Theater located in Theater Square. The basic terms of the Lease are as follows: (i) the Lessee/Tenant is given 5 Options to terminated Lease after the first 10 years of operation: Option 1 commences on July 1, 2022 and expires on June 30, 2027 and each of the subsequent 4 Options are offered in 5-year increments, with Option 5 expiring on June 30, 2046; (ii) the annual base rent for the Theater is \$850,000 (with increases in the annual rent commencing on July 1, 2022); (iii) the Landlord is responsible to meet certain milestone dates to develop four (4) auditoriums that were set-aside for restaurant/retail development or the annual rent is reduced to Special Rent (15%) of gross revenues in excess of the minimum annual base rent; (iv) the Landlord is responsible for the maintenance of the common areas, parking areas, and structural elements of the building, including, but not limited to, roof and structural components of the Theater, including roof and roofing (including roof membrane); exterior walls, including painting and exterior lights on the Theater (except the Building Signs and lights that are part of the Building Signs); the site for the Theater, and all related site amenities; the HVAC system serving the Theater, including all HVAC units located on the ground or the Theater's roof and all duct work and thermostats that are a part of the HVAC system; all plumbing and utility (including gas, electrical, water, sanitary sewer and



Site No. 21: Theater Square

storm drainage) lines, conduits and facilities serving the Theater other than minor maintenance and repair which is Tenant's responsibility pursuant to the Lease; any vertical transpiration serving the Theater; and all other maintenance and repairs except such maintenance and repairs for which Tenant is expressly responsible pursuant to the Lease; and (v) the Tenant is responsible for maintaining the interior, non-structural elements of the Theater, including general cleaning within the Theater and maintaining the cleanliness, glass and doors of the Theater storefront; Tenant's Equipment; Building Signs, including the lighting for such signs lights that are part of the Building Signs; and minor maintenance and repair of plumbing (such as clearing stoppages in pipes that originate inside the Theater and can be cleared from within the Theater, and repair and replacement of faucets within the Theater) and utility (such as repair and replacement of light fixtures, bulbs and ballasts within the Theater) pipes and lines located within the interior surface of the walls, ceilings and floors of the Theater (but not between the interior and exterior walls, ceilings and floors), and paying for operating expenses, property taxes (including possessory interest taxes and special assessment, if any), insurance, and utilities, including but not limited to, water, sewer, electricity, and natural gas.

Due to lack of resources, the Successor Agency has not been able to fulfill all of the landlord's obligations noted above. Pursuant to the lease, the Tenant has caused such obligations to be fulfilled and has offset the value of such expenses against the payments due the Landlord. Therefore, the Successor Agency is not currently receiving its leased annual rate of \$850,000, but rather \$0.00 from this property.

California Theatre

APNs 0134-131-10, -30

No site revenues are generated from the California Theatre.

Sturges Center

APN 0140-273-21

No site revenues are generated from the Sturges Center.

F. History of Environmental Contamination (HSC § 34191.5 (c) (1) (F)):

There is no known history of environmental contamination.^{27, 28, 29}

G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC § 34191.5 (c) (1) (G)):

There is no potential for Transit Oriented Development (TOD), however, Theater Square is located within a ½-mile radius of the Downtown San Bernardino TOD Area. The TOD is centered at the 12-acre San Bernardino Intermodal Transit Center (Transit Center). The Transit Center will integrate local and regional transportation systems including the west terminus station for the Redlands Corridor transit service, Metrolink, sbX E Street Bus Rapid Transit (BRT), and local Omnitrans buses. Bicycles and pedestrians will access the station via planned and proposed city bike and pedestrian pathways. The Transit Center will be a major regional transit hub and in the

²⁷ <http://geotracker.waterboards.ca.gov/map/?CMD=runreport&myaddress=450n+e+st+san+bernardino>

²⁸ <http://geotracker.waterboards.ca.gov/map/?CMD=runreport&myaddress=780+N+E+Street+San+Bernardino>

²⁹ <http://geotracker.waterboards.ca.gov/map/?CMD=runreport&myaddress=562+w+4th+street+san+bernardino>



Site No. 21: Theater Square

future, the Transit Center could include inter-regional transportation systems such as California High Speed Rail and transit connections to the San Bernardino International Airport. Within a ½-mile radius, the TOD Area surrounding the Transit Center encompasses a major portion of Downtown San Bernardino.

The transfer of the Theater Square for future development to the City of San Bernardino advances the planning objectives of the Successor Agency and the City in accordance with the City's General Plan, 2009-Downtown Core Vision & Action Plan, and the Agency's Five-Year Implementation Plan 2009/2010 through 2013/2014 in order to:

1. Complete development of Phases 1 and 1A of the old CinemaStar building into the new Theater Cinema and I-max complex with adjacent retail/restaurant;
2. Develop retail directly south of the Regal Cinema;
3. Reinforce the California Theatre, Cinema Project, and the retail block on 4th Street between "F" and "G" Streets, including building component study, seismic evaluation, exterior improvements, and District security system;
4. Develop a comprehensive night time theater district centered around the California Theatre and the Regal Cinema;
5. Seek and attract uses that foster a high level of evening activity (e.g., theaters and restaurants);
6. Capture appropriate demand that meets the community's needs and takes full advantage of emerging development and economic opportunities;
7. Maintain and enhance the City's quality of life i.e. Regal Multi-Plex Theater at Fourth and "E" Streets;
8. Enhance, maintain, and develop entertainment facilities within the City;
9. Develop combined urban street retail that will leverage and complement the existing retail uses;
10. Promote development that is compact, and pedestrian-friendly;
11. Facilitate the development of outdoor dining in the downtown area;
12. Provide opportunities for private investment in the City;
13. Focus on creating distinct, discernible "places" of varied sizes, functions, and complexity;
14. Evaluate the feasibility for the development of a regional center for the arts; and



Site No. 21: Theater Square

15. Recycle and/or develop underutilized parcels to eliminate blight and accommodate higher and better economic uses while enhancing the City's financial resources.

H. History of Previous Development Proposals and Activity (HSC § 34191.5 (c) (1) (H)):

The Cinema

APNs 0314-121-25, -27

0134-131-28, -29, -35, -36, -37

Seven of the ten Theater Square Property parcels (the Cinema and related parcels) were acquired by the Agency in between 1993 and 1998, with two (2) of the seven (7) eventually being transferred to MDA-San Bernardino Associates, LC ("MDA") via a December 29, 1998, recorded Disposition and Development Agreement (the "DDA") for the development, construction, and financing of a multi-screen theater complex and related common area improvements. Pursuant to the DDA, MDA was required to purchase the land for the theater and the common area, while the Agency would retain title to the parking lot areas and the development parcels in front to the theater. The DDA also required the Agency to provide a loan (the "Agency Loan") to MDA, not to exceed \$7,000,000. The funds for the Agency Loan came from a HUD Section 108 Loan that the Agency obtained in 1998. In addition to the Agency Loan, and contingent upon receipt of the HUD Section 108 Loan proceeds, the Agency provided an additional loan in the amount of \$1,324,575, secured by a promissory note, as the Agency's contribution. The theater opened in December 2000, with CinemaStar as its operator.

In 2001, with the downturn in the cinema industry, the Agency purchased the theater building (the "20-Plex") (located at 450 N. "E" Street) from MDA, together with the existing tenant lease with CinemaStar Luxury Theaters, Inc. ("CinemaStar"), for \$11,964,000. On September 28, 2008, CinemaStar ceased operations.

On November 7, 2008, the Agency filed an unlawful detainer action with the Superior Court of California which held CinemaStar to be in default of the terms of their lease, declared the lease to be terminated and granted possession of the 20-Plex to the Agency as of December 1, 2008.

On December 15, 2008, the Mayor and Common Council of the City of San Bernardino (the "Council") consented to the disposition of the 20-Plex to Maya North America ("Maya") and the Community Development Commission of the City of San Bernardino (the "Commission") approved the sale of the 20-Plex and authorized the Agency to execute the 2008 Disposition and Development Agreement (the "2008-DDA") by and between the Agency and Maya.

On February 2, 2009, the Council authorized the submittal of a U.S. Department of Housing and Urban Development ("HUD") Section 108 Loan Guarantee Application (the "HUD Loan Application") for the re-finance and rehabilitation of the 20-Plex Project. The HUD Loan Application was submitted to HUD and the Agency received HUD's approval on September 25, 2009.

On May 18, 2009, the Commission approved Amendment No. 1 to the 2008-DDA extending the close of escrow deadline from July 1, 2009 to October 30, 2009, due to unforeseen delays in the



Site No. 21: Theater Square

Agency obtaining legal possession of the building and its contents, HUD's review and approval of the HUD Loan Application, and Maya securing its financing as stated and outlined in the 2008-DDA. Maya's continued difficulty with securing financing for the re-opening of the 20-Plex lead to the termination of the 2008-DDA on April 15, 2010. As a result of the termination of the 2008-DDA, there was no developer for the 20-Plex and the HUD Loan could not move forward.

Between the months of May and September of 2010, the Agency received 8 proposals for development of the 20-Plex. The Agency vetted each proposal and upon approval by the Commission in closed session, the Agency determined to negotiate with Regal Entertainment Group ("Regal") and on November 30, 2010, Regal and the Agency executed a Letter of Understanding and negotiations commenced on the leasing of the fourteen (14) of the 20 theaters in the Cinema.

As the renovation of Theater Square was being planned, developed, and constructed, the terms of the Regal Cinema Lease were being negotiated. The development plan for Theater Square included the development of the front six (6) screen auditoriums (not being used by Regal Cinema) into four restaurant/retail establishment (to be either sold or leased by the Agency), along a public gathering plaza for outside events. Prior to the dissolution of redevelopment in the State, the Agency had signed an Exclusive Right to Negotiate Agreement with a developer who brought the Agency three (3) letters of intent from restaurants for three (3) of the six (6) fronting auditoriums. Once the dissolution occurred, the developer backed out and funding was lost. Although there is no current development activity, indications of interest in the Property continue to be received from the development community.

In addition to the future development of the front six (6) screen auditoriums (not being used by Regal Cinema as noted above), the three (3) parcels to the south of the Regal Theater were planned for future restaurants and retail, with the westerly parcel's development planned for a restaurant/retail building to be constructed as an engineered buttress against the east wall of the California Theatre which will be connected to the Theatre's roof to serve as structural reinforcement for the Theatre, thereby providing structural support to act against the lateral forces arising from the Theatre's roof structure which lacks adequate bracing to withstand an earthquake.

California Theatre

APNs 0134-131-10, -30

The California Theatre (two of the ten Theater Square parcels), located at 562 W. 4th Street, is a 32,843 sf performing arts facility which was originally constructed in 1928. The California Theatre has a long and rich history and for years was owned and operated by the San Bernardino Civic Light Opera Association (the "CLO"), which staged many musicals and rented the Theatre to other, primarily local, performing arts groups. The CLO was negatively impacted by recessionary conditions which afflicted the organization for many years. In 1994, the CLO approached the Agency with a proposal to sell the California Theatre in order to raise the much-needed capital to continue utilizing the Theatre for performances. The Agency purchased the California Theatre in 1994, and, shortly thereafter, hired a production company to maintain and operate the Theatre.



Site No. 21: Theater Square

On February 11, 1999, the Agency entered into an Agreement (“Agreement”) with Theatrical Arts International (“TAI”) for operation and management of the California Theatre. Currently, the Successor Agency remains responsible for the maintenance of the California Theatre and utilities. TAI is responsible for operating and production costs. The Successor Agency receives no revenue from TAI productions.

Sturges Center

APN 0140-273-21

The Sturges Center (one of the ten Theater Square parcels) was originally known as the Sturges Auditorium in 1925 and was part of Sturges Junior High School. The school closed in 1974, and the City issued a request for proposals to develop and maintain the auditorium. The San Bernardino City Unified School District (“SBCUSD”) retained ownership of the school property and sold the auditorium to the Agency. In 1985, the Agency sold the Sturges Auditorium to the Sturges Center for the Fine Arts, a non-profit corporation, and the auditorium’s name was then changed to Sturges Center for the Fine Arts. In 1992, the Agency became the owner of the Sturges Center.

The Sturges Center provides good linkages to public transportation and consumer services and has a parking agreement with the SBCUSD (the Sturges Center property does not contain parking). In 1997, the Agency, the SBCUSD, and STURGES, a non-profit corporation, executed an agreement furthering the efforts to preserve the Sturges Center for the use and enjoyment of the residents of the City and the surrounding areas. The Sturges Center houses the San Bernardino Art Association Gallery, the San Bernardino Valley Concert Association, and the Office of the Center Manager.

On February 11, 1999, the Agency entered into an Agreement with TAI for operation and management of the Sturges Center. Currently, the Successor Agency remains responsible for the maintenance of the Sturges Center and utilities. TAI is responsible for operating and production costs. The Successor Agency receives no revenue from TAI productions.

The Sturges Center property contains specific deed restrictions in that be “...dedicated in perpetuity to the preservation and encouragement of fine arts for the Cultural Arts Community, and shall be used for no purpose inconsistent with this provision,”³⁰ and therefore there is no history of development proposals.

I. Disposition of Property:

The City’s policies and procedures for property disposition, located in Exhibit “A” Section II, will guide the disposition of the Property.

The ECV of Theater Square is approximately \$14,500,000.

The following process was used in determining the ECV of Theater Square:

Date of estimated current value – December 2011, January 2015

³⁰ Grant Deed to the Redevelopment Agency of the City of San Bernardino, dated June 2, 1992, recorded in the County of San Bernardino, Document No. 92-230113



Site No. 21: Theater Square

Value Basis – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service and Summary Appraisal Reports dated December 2011, prepared by Smothers Appraisal, James Smothers, MAI. The ECV is approximately \$14,500,000.

Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary greatly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.

J. Implementation of the Long-Range Property Management Plan:

Theater Square will be transferred to the City of San Bernardino for future development subsequent to securing an HSC § 34180 (f) (1) compensation agreement (the “Compensation Agreement”) with the affected taxing entities, or as may otherwise may be provided by the HSC.