

STAFF REPORT



ITEM NO. **11**
CITY OF OCEANSIDE

DATE: October 11, 2006

TO: Honorable Mayor and City Council

FROM: Economic Development and Redevelopment Department

SUBJECT: ADOPTION OF A RESOLUTION TO FORGIVE THE FIFTH AND FINAL \$60,000 INSTALLMENT OF THE \$300,000 FIVE-YEAR FORGIVABLE LOAN MADE BY THE CITY TO POINSETTIA CENTER FOR THE ARTS IN 2001 TO PURCHASE THE STAR THEATER AND PROVIDE COMMUNITY THEATER ACTIVITIES FOR THE BENEFIT OF THE CITIZENS OF OCEANSIDE

SYNOPSIS

In 2001 the City Council loaned \$300,000 to the Poinsettia Center for the Arts to purchase the Star Theater and provide a family-oriented community performing arts venue. The Loan Agreement provided that the loan would be forgiven over a five-year period provided established performance standards are met, which include public benefit. Based on their achievements, staff recommends that the fifth and final, one-fifth installment of the loan be forgiven in accordance with the Loan Agreement, reducing the balance to zero.

BACKGROUND

In order to expand cultural and recreational opportunities in the community, in April 2001, the City Council agreed to provide \$300,000 in financial assistance to the Poinsettia Center for the Arts (Poinsettia) to acquire the Star Theater property at 402-410 North Coast Highway. In return, Poinsettia agreed to provide a variety of music and theater classes and live performances as well as meet other annual performance standards documented within the Loan Agreement. If the standards were met and the project continued to provide public benefit, the loan was to be forgiven over a five-year period.

In April 2002, Poinsettia provided an annual report describing their accomplishments in providing singing, acting, and dancing to children, live theater opportunities for children, youth and adults, and establishing a user relationship with the Oceanside Unified School District (OUSD) for the cost of maintenance and utilities. The City Council adopted a resolution in May 2002 forgiving the first one-fifth installment of the loan, reducing the balance to \$240,000.

In April 2003, the second annual report was received from Poinsettia outlining their activities in live theater for children, youth and adults to participate in singing, acting and dancing, and providing a venue for OUSD to use for performances and events. In June 2003 the City Council adopted a resolution forgiving the second one-fifth installment of the loan, reducing the balance to \$180,000.

In December 2004, the City Council adopted a resolution forgiving the third one-fifth installment of the loan, reducing the balance to \$120,000. The performance standards accomplished during this time included the continuation of classes in singing, acting and dancing; bringing the Performing Arts in the Classroom to seven elementary schools; performing a total of 9 plays or musical productions through the adult and children's theater groups and continuing to establish a relationship with the OUSD.

On January 18, 2006, the fourth one-fifth installment of the loan was forgiven by adoption of a resolution by the City Council. Poinsettia continued to meet its goals and performance standards.

ANALYSIS

Poinsettia has recently submitted its fifth and final annual report for review in accordance with the established performance standards.

The accomplishments for the fifth and final year are as follows:

- The Star Theater Academy continues to offer weekly acting classes for stage, film and television directed by Al Valleta.
- The Star Theater Company (adult theater) offers two productions a year. This summer they produced "Our Town". The musical "Annie" will be presented in December.
- Coast Kids Theater produced the musical "Bye Bye Birdie". The production of "Oliver" will be presented in the fall and will enable eighty local children the opportunity to perform on stage in a full scale production.
- A theater workshop for children was held on August 12, 2006. In this workshop the children learned how to present a song for audition and were provided with a headshot photograph and a C.D. of the song they used in the audition.
- Poinsettia has applied for and is in the process of participating in the Commercial Façade Program with Economic Development and Redevelopment to rejuvenate the outside with new paint, awnings, windows and lighting. They will also have a new tenant, Lone Star BBQ, which will be opening soon. Lone Star BBQ has also applied for and will be participating in the Commercial Façade Program.
- The electrical wiring in the lobby has been upgraded.

Future plans include completing the front of the stage; adding a sprinkler system over the stage area; installing a lighting and power grid; and installing a new curtain system using curtains that have been donated by the Spreckels Theatre in San Diego.

Poinsettia continues to seek donations to enhance the theater programs and improve the buildings. Donations received to date for 2006 total \$55,000. The annual fund raising Gala will be held on October 28, 2006.

Poinsettia Center for the Arts has continued to be a very important cultural asset to the community. Staff recommends that the City Council adopt the attached resolution to document the forgiveness of \$60,000, which is the fifth and final one-fifth of the total loan amount.

FISCAL IMPACT

The \$300,000 loan is carried as a General Fund receivable. If the Council approves the forgiveness for this year, \$60,000 will be expensed in the current year, as budgeted and the loan will be forgiven.

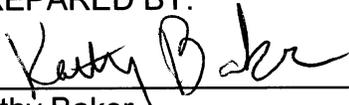
CITY ATTORNEY ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the Council adopt the attached resolution to forgive the fifth and final \$60,000 installment of the \$300,000 forgivable loan made by the City to Poinsettia Center for the Arts.

PREPARED BY:



Kathy Baker
Redevelopment Manager

SUBMITTED BY:

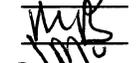


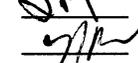
Barry E. Martin
Interim City Manager

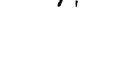
REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager
Mike Blessing, Deputy City Manager
Jane McVey, Economic Development & Redevelopment Director
Nita McKay, Financial Services Director









ATTACHMENTS

- 1. Resolution
- 2. Poinsettia Theater for the Arts Annual Report

1 RESOLUTION NO. _____

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE APPROVING AND AUTHORIZING THE FORGIVENESS
4 OF THE FIFTH AND FINAL ONE-FIFTH INSTALLMENT OF THE
5 \$300,000 FORGIVEABLE LOAN MADE BY THE CITY TO
6 POINSETTIA CENTER FOR THE ARTS TO PURCHASE THE STAR
7 THEATER AND PROVIDE COMMUNITY THEATER ACTIVITIES FOR
8 THE BENEFIT OF THE CITIZENS OF OCEANSIDE

9 WHEREAS, the City of Oceanside (the "City") is engaged in activities necessary to
10 provide public benefit and cultural activities to the citizens of Oceanside;

11 WHEREAS, the City entered into a Loan Agreement for a loan in the amount of \$300,000
12 on April 18, 2001 with the Poinsettia Theater for the Arts ("Poinsettia") to acquire property and
13 provide a community theater and cultural arts venue for the citizens of Oceanside;

14 WHEREAS, the City loan provided to Poinsettia is to be forgiven over a five-year period at
15 \$60,000 per year if certain established performance standards are met and the project provided
16 public benefit;

17 WHEREAS, on April 8, 2002, Poinsettia submitted an annual report to the City
18 documenting Poinsettia's achievement of the performance standards set for Year 1;

19 WHEREAS, on May 15, 2002, the City Council found that Poinsettia had met the
20 performance standards and provided significant benefit to the public and forgave the first
21 \$60,000 installment of the five-year loan;

22 WHEREAS, on April 17, 2003, Poinsettia submitted the second annual report to the City
23 documenting Poinsettia's achievement of the performance standards for Year 2;

24 WHEREAS, on June 4, 2003, the City Council found that Poinsettia had met the
25 performance standards and provided significant benefit to the public and forgave the second
26 \$60,000 installment of the five-year loan;
27
28

1 WHEREAS, on September 2, 2004 , the City Council found that Poinsettia had met the
2 performance standards and provided significant benefit to the public and forgave the third
3 \$60,000 installment of the five-year loan; and
4

5 WHEREAS, on December 14, 2005, Poinsettia submitted the fourth annual report to the
6 City documenting Poinsettia's achievement of the performance standards for Year 4 and forgave
7 the fourth \$60,000 installment of the five-year loan; and
8

9 WHEREAS, on September 13, 2006, Poinsettia submitted the fifth and final annual report
10 to the City documenting Poinsettia's achievement of the performance standards for Year 5
11

12 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

13 1. That Poinsettia has met the performance standards of the Loan Agreement and
14 provided significant benefit to the public.
15

16 2. That the forgiveness of \$60,000, the fifth and final one-fifth installment of the
17 \$300,000 loan made to the Poinsettia Theater for the Arts on April 18, 2001, is hereby approved.
18

19 PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this
20 _____ day of _____ 2006, by the following vote:
21

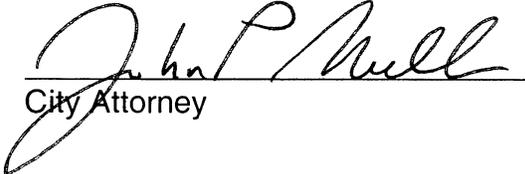
22 AYES:
23 NAYS:
24 ABSENT:
25 ABSTAIN:
26

27 _____
28 Mayor

ATTEST:

APPROVED AS TO FORM:

City Clerk



City Attorney