

Date: November 5, 2007

Item Number: _____

Staff Report

October 12, 2007

TO: Historical Resources Management Commission

FROM: Katherine Hess, Community Development Director
Ken Hiatt, Deputy City Manger

SUBJECT: Mishka's Café Project – Dresbach-Hunt-Boyer Mansion Site, 604 Second Street
Final Environmental Impact Report

Recommendation

Staff recommends that the Historical Resources Management Commission take the following actions:

- A. Hold a public meeting;
- B. Recommend that the Redevelopment Agency Board certify that the Final EIR (SCH #2006062052) adequately addresses the impacts of the proposed project and alternatives; and
- C. Recommend that the Redevelopment Agency Board and City of Davis pursue Alternative 3 (Disassemble/Reassemble and Rehabilitate the Tank House and Construct New Two-Story Building) for processing and implementation.

Executive Summary

The City of Davis Redevelopment Agency has prepared a Final Environmental Impact Report (FEIR) to evaluate the potential environmental effects of the proposed Mishka's Café Project located on a portion of the historic Dresbach-Hunt-Boyer Mansion site located at 604 Second Street in downtown Davis. The proposed project requires the approval of a Certificate of Appropriateness, Demolition Permit for a designated City Landmark, Design Review, and Lot Line Adjustment applications, which are not part of the current review. The Proposed Project would demolish the existing tank house structure and residual orange grove at 604 Second Street to accommodate the construction of a new three-story, approximately 5,000 square foot (sf) commercial building between the Varsity Theatre and the Mansion. The new building would include a 1,776 sf ground floor café with outdoor seating, and 3,224 sf of office space on the second and third floors.

This FEIR addresses comments made during the comment period and public hearing held on the Draft EIR. A revised version of the EIR has been incorporated into the final document for ease of reading and tracking changes incorporated in response to comments.

In addition to the Proposed Project, the EIR analyzes the following six alternatives at an equal level of analysis.

Alternative 1: No Project/No Development Alternative

Alternative 2: Disassemble/Reassemble and Rehabilitate the Tank House and Construct New Three-Story Building

Alternative 3: Disassemble/Reassemble and Rehabilitate the Tank House and Construct New Two-Story Building

Alternative 4: Demolish the Tank House and Construct New Two-Story Building

Alternative 5: Disassemble/Reassemble and Rehabilitate the Tank House with Greenhouse-Type Addition Alternative

Alternative 6: Disassemble/Reassemble and Rehabilitate In Situ Alternative

Each of the alternatives would result in significant and unavoidable cultural resources and aesthetics impacts with the exception of the Alternative 1 and Alternative 6. Some of the impacts on cultural resources and aesthetics would be reduced to a less-than-significant level under Alternatives 3 and 5 by relocating the Tank House on-site and by reducing the size of the new building. Given other potential projects in the area, cumulatively the project would not cause significant adverse effect on the potentially identified Downtown Davis Historic District. The EIR did not find that any of the Alternatives would result in removal of the Mansion from the National Register.

Based on the number of significant and unavoidable impacts found to result from the Proposed Project staff is not recommending this project, or Alternative 2 (Rehabilitation and three-story), be pursued. Instead, it is staff's recommendation that Alternative 3 be recommended for processing and implementation. This project would satisfy the project objectives, meet the greatest number of city goals and policies, minimize impacts on cultural resources, preserve the Tank House in a historically appropriate context, and accomplish this with nominal net cost to the City / Redevelopment Agency.

Summary of Key Issues

The following is a summary of the two key issues before the Commission for consideration on this item.

1. Whether or not to recommend to the Redevelopment Agency Board certification of the EIR.
2. Whether or not to recommend to the Redevelopment Agency Board that the Proposed Project or one of the Alternative projects analyzed in the EIR be considered for further review and action.

Staff would like to remind the Commission that certification of an EIR does not imply endorsement of a project or proposal. Rather, certification is made to determine that a document provides the facts and the analysis necessary for an informed decision. Therefore the Commission determination to recommend the EIR by certified should be based on the adequacy of the EIR and not whether the Proposed Project or any of the Alternatives should or should not be approved.

Implementation of any of the project Alternatives would require, at a minimum, applications for Certificate of Appropriateness and Design Review be filed and processed. These applications would be brought before the HRMC for review and recommendation prior to final action or implementation. Additionally for the Proposed Project as well as Alternatives 2-4 to be implemented the City Council / Redevelopment Agency would need to successfully negotiate terms for the disposition and development of the project. Alternative 5 or 6 is selected by the City Council, the City would likely first secure the approvals for the project and then solicit a Request for Proposals for a private operator.

City Council Goals

Past and recent Council actions have included specific goals relative to increasing the use of the Mansion and Tank House plaza, including the current goal within the City's 2007-2008 Strategic Goals and Objectives to "Establish plan to use Hunt Boyer and Tank House plaza for increased activity and synergy downtown".

Redevelopment Agency Plan Goals

The Agency's current 5-Year Implementation Plan includes the following specific goals related to this project:

- Creative implementation of catalyst projects which spur reinvestment on surrounding blocks. ... Future such project could include:
 - Acquisition of the Varsity Theatre and intensification of the use of the facility as an entertainment venue.
 - Reuse of the Hunt Boyer and Tank House properties for private restaurant and/or retail use.
- Continued preservation of historically significant structures.

Project Data & Analysis

Location: 604 Second Streets, Davis, CA 95616

Property Owner: City of Davis

Project Sponsors: Armisi, Inc. City of Davis
Sinisa Novakovic 23 Russell Boulevard
Mishka's Café Davis, CA 95616
Davis, CA 95616

Background

The Proposed Project is located on two parcels that contain the Dresbach-Hunt-Boyer Mansion (Mansion) and Tank House, and residual historic orange grove and grounds (EIR Figure 3.0-1, Parcel Map). Mansion is a Stick-Italianate Victorian listed on the National Register of Historic Places and the California Register of Historic Resources, and the Tank House is a contributing structure to the Mansion.

The Dresbach property occupied nearly a quarter of the block in 1888. The Tank House was constructed between 1874, when the Mansion was built, and 1888, when it appeared on the City's first Sanborn map. Built to provide water to the Mansion and grounds, it was originally located at the rear of the Dresbach-Hunt-Boyer lot behind the house and at some distance from the outhouse (EIR Figure 3.0-2, Original Site Plan). The Tank House remained in this location until 1979 when it was moved to its present location to accommodate the construction of the Mansion Square commercial development directly south.

The Mansion Square project at that time included a proposal for rehabilitating the Mansion and reconstructing the Tank House. The 1978 staff report for Mansion Square noted that the "historical use and character of the site as a whole, will be substantially altered" but moving the tank house and restoring the Mansion was "a good compromise between removal of the building (and all historical significance) and preservation of the entire site as is" (Mansion Square Project Background Documents, Appendix F of EIR). The revised details for rehabilitation of the relocated Tank House, including preservation of the north door and west window, adding a stairway to the south side, and constructing the patio and perimeter fencing, were approved in June 1979. Yellow awnings were added in 1979, and numerous other changes to serve commercial users were made over time.

At the time it was moved, approximately 18 inches were cut off the bottom of the structure to remove dry rot. Modifications were later made, in order to use the building as an office, to add a second floor with an external stairway (which has since been removed), windows, electricity, and air conditioning; it was leased for various commercial purposes until the mid-1990s. The City's Chief Building Official "condemned the tank house structure based on an investigation conducted on May 5, 1998 that showed that it was not structurally sound due to extensive rotting of the support timbers and that the stairs to the second floor were in extreme disrepair" (Memorandum from Lorin Gardner, Chief Building Inspector, June 4, 1998, Appendix G of EIR). The tank house has remained unleased since that time. A structural investigation was conducted in 2000 by Marr Shaffer Miyamoto, Structural Engineers, Inc. This report identified severe dry rot, particularly below the second floor. A more detailed chronology of the Tank House after it was moved in 1979 is summarized in Attachment 2 of this report.

Request for Proposals

The City issued several requests for proposals (RFP) for use and development of the Tank House between 1998 and 2004. While interest was received in response, limitations to the size of the building and complexities of the environmental review process to modify the structure resulted in unsuccessful outcomes.

In 2004 the City acquired the Varsity Theatre with the intent of pursuing a private partner to develop/management the theater. In 2005, a Request for Proposals/Qualifications (RFP/Q) for the development and management of the Varsity Theater was issued. The RFP/Q included the City's interest in seeing proposals that included the commercial space connected to the Theater (Clarence Cooper Insurance) as well as the Mansion and Tank House properties to work in conjunction with the theater and provide viable income to support the operation of the theater. The City's stated goal and objective within the RFP/Q was:

To improve and expand the use of the Varsity Theater in a manner that will enhance Davis' reputation as a destination for the arts and entertainment in the region. The primary objective is to market the Theater to a Developer/Operator who will develop and implement an effective adaptive reuse of the facility for cultural and entertainment events. Uses desired include the screening of films, performing arts, and community events. The commercial space connected to the Theater, as well as the city owned properties immediately adjacent, can also be developed to work in conjunction with the theater and provide a viable income to support the operation of the theater.

The city received four proposals - two for reuse as an independent film theater and two as a multi-use performing arts venue. The City Council selected the proposal submitted by Jon Fenske and Sinisa Novakovic who propose to "use the theater to present high-demand, critically acclaimed independent and foreign films on their first release dates". Their proposal also included interest in developing the Tank House property in a manner that would accommodate Mishka's café on the ground floor with restaurant or office uses above to create more synergy and vibrancy on the block.

Exclusive Negotiation Agreement

At their June 7, 2005 meeting the City Council/Redevelopment Agency Board authorized the City Manger to enter into an exclusive Negotiating Agreement (ENA) between the City of Davis, Davis Redevelopment Agency and Armisi Inc. (Sinisa Novakovic) for development of the Tank House site.

After establishment of the ENA, Armisi Inc. prepared conceptual plans for a new building on the site with approximately 1,800 square feet of café space on the ground floor and 3,200 square feet of office above. These preliminary concept plans were presented to the Historic Resources Management Commission at its July 25th, 2005 meeting. At a subsequent meeting in August the Commission toured the site and reviewed materials submitted for the application for designation of the property to the National Register. The Commission concurred with staff's determination that the proposal's demolition of the Tank House and removal of the Orange Trees would result in a "potentially significant impact" to the environment and that the appropriate environmental review would be an Environmental Impact Report. Commissioners also expressed their interests in the seeing the Tank House rehabilitated and adaptively reused in its current location as opposed to relocation or demolition of the structure.

Preparation of the EIR

At their February 7, 2006 meeting, the City Council directed staff to prepare an Environmental Impact Report (EIR) to assess the potential environmental impacts of removal of the Dresbach-Hunt-Boyer Tank House structure and remnant Orange Tree grove and construction of a new building on the site.

The city prepared an Initial Study and conducted a scoping process in June/July of 2006 to solicit comments on the scope of the EIR and the alternatives proposed to be evaluated. Scoping comments were presented to the City Council on July 25, 2006. At the meeting the Council provided additional comments on the EIR scope including the request to evaluate each of the Alternatives at an equal weight level of analysis.

The Draft EIR (DEIR) was prepared and released on June 11, 2007, with a comment period that ended July 26, 2007. The HRMC held a public hearing to receive and offer comments on the DEIR on July 16, 2007. Comments received on the DEIR and written responses to the comments have been prepared and integrated into the Final EIR.

Brief Project Description

The City of Davis Redevelopment Agency has prepared a Final Environmental Impact Report (FEIR) to evaluate the potential environmental effects of the proposed Mishka's Café Project located on a portion of the historic Dresbach-Hunt-Boyer Mansion site located at 604 Second Street in downtown Davis.

The Mishka's Café Project (Proposed Project) would demolish the existing Tank House structure and remaining orange trees at 604 Second Street to accommodate the construction of a new three-story, approximately 5,000 square foot (sf) commercial building between the Varsity Theatre and the Dresbach-Hunt-Boyer Mansion (Mansion). The mixed-use commercial building would include a 1,776 sf ground floor café with outdoor seating, with 3,224 sf of office space on the second and third floors. The building would directly abut the Varsity Theatre and would be flush with the Second Street sidewalk. A small patio space enclosed with wrought iron fencing would be located on the west side, providing an 11 foot setback from the existing brick pathway for approximately 27 feet until the proposed building widens, reducing the setback from the Mansion's bow window to seven feet at its narrowest point. The building would be 31 feet 6 inches in height for the length of the property, with a 10 foot deep deck on the third floor.

In addition to the Proposed Project, the DEIR analyzes the following six alternatives at an equal level of analysis.

Alternative 1: No Project/No Development Alternative

The No Project/No Development Alternative assumes that the Proposed Project would not occur and there would be no new development of the site. This alternative assumes the Tank House would be left in its present location and in its existing condition. Minimal activities to secure the building and minimize further deterioration, such as sealing the structure in a plastic wrapping, would be provided by the City.

Alternative 2: Disassemble/Reassemble and Rehabilitate the Tank House and Construct New Three-Story Building

Alternative 2 would construct a three-story building identical to the Proposed Project. Rather than demolishing the Tank House, Alternative 2 would disassemble, reassemble, and rehabilitate the Tank House on the west side of the Mansion near the corner of E and Second streets. The Tank House could be reused either for public use such as a visitor/community information kiosk or as a small private retail shop (i.e. flower or produce stand), or as a support use/function to the primary uses in the Mansion. The walkways and landscape areas around the Tank House would be improved to complement the Tank House use, provide public seating areas, and enhance the entrance to the Mansion Square complex to the south.

Alternative 3: Disassemble/Reassemble and Rehabilitate the Tank House and Construct New Two-Story Building

Alternative 3 would construct a new approximately 2,920 sf two-story building between the Varsity Theater and the Mansion, remove the remaining orange trees, and disassemble, reassemble, and rehabilitate the Tank House on the west side of the Mansion for potential public use as a visitor information kiosk or private commercial use. The relocation and rehabilitation would be as described above in Alternative 2. The new commercial building would include a 1,670 sf ground floor café and a 1,250 sf second floor office with a 420 sf roof deck. The second floor would be stepped back to maintain full visibility of the Varsity's neon marquee.

Alternative 4: Demolish the Tank House and Construct New Two-Story Building

Alternative 4 would construct a new approximately 2,920 sf two-story building identical to that described in Alternative 3, above. However, Alternative 4 assumes demolition of the Tank House.

Alternative 5: Disassemble/Reassemble and Rehabilitate the Tank House with Greenhouse-Type Addition Alternative

Alternative 5 would construct a 739 sf, wood frame greenhouse-type addition to the Tank House, and disassemble the Tank House and relocate and reassemble/rehabilitate it approximately 9 feet west and 4 feet north of its current location, abutting the existing brick walkway at approximately 6 feet, 9.5 inches from the Mansion's bow window. The Tank House would be used as an operational "kitchen" for a café, connecting through an enclosed passage through a new opening on the eastern wall to the greenhouse addition along the Varsity wall to provide additional seating, a unisex restroom, and storage. Five out of ten orange trees would be removed.

Alternative 6: Disassemble/Reassemble and Rehabilitate In Situ Alternative

Alternative 6 would disassemble/reassemble and rehabilitate the Tank House in its present location for commercial or public use. Reuse options under this alternative could include a visitor/public information kiosk run by the City or other non-profit entity. Other possibilities include trying to attract a private business to operate a small retail or café use out of the rehabilitated Tank House. Under either public or commercial reuse options for this alternative, the brick patio and orange tree grove would be maintained and enhanced as an outdoor seating space.

Environmental Impacts.

The EIR found that the Proposed Project (PP) would result in significant and unavoidable impacts related to land use/aesthetics and cultural/historic resources. Specifically the PP was found to be inconsistent with the Design Guidelines, would impact Landmark Trees, alter/remove contributing elements to a landmark structure/property, and result in the loss of cultural resources and historic setting. However, the significant impacts of the PP would not result in removal of the Mansion from the National Register. Mitigation measures are proposed that would reduce several of the impacts, but not to a less-than-significant level. Other impacts could not be mitigated without redesign of the project.

Six equal weight alternatives are also analyzed in the EIR. The following is a summary comparison of the Alternatives to the mitigated PP (Table 2.0-1 of the EIR).

**TABLE 2.0-1
 COMPARISON OF ALTERNATIVES TO THE MITIGATED PROPOSED PROJECT**

Significant Impacts	PP	A1	A2	A3	A4	A5	A6
Impact 5.1-1: Consistency with adopted plans and policies	No	No	No	Yes	No	Yes	Yes
Impact 5.1-2: Impacts on the Downtown Core Commercial Area visual context	LS	LS	LS	LS	LS	LS	LS
Impact 5.1-3: Inconsistency with design guidelines and incompatibility of materials and design with the immediate context	SU	LS	SU	LS	LS	RE	LS
Impact 5.1-4: Impact on Landmark Trees and Trees of Significance	SU	LS	SU	SU	SU	RE	LS
Impact 5.2-1: Loss or degradation of known or undiscovered prehistoric and historic resources	LS	LS	LS	LS	LS	LS	LS
Impact 5.2-2: Alteration, removal, or destruction of historic resources	SU	LS	LS	LS	SU	RE	LS
Impact 5.2-3: Loss or alteration of the historic setting of a National Register Property	SU	LS	SU	SU	SU	LS	LS
Impact 5.2-4: Cumulative loss of cultural resources	SU	LS	RE	RE	SU	RE	LS
Impact 5.2-5: Cumulative impact on preliminarily identified historic district	LS	LS	LS	LS	LS	LS	LS

Notes: SU= Significant and Unavoidable, LS= Less-than-significant, RE = Level of significance is reduced compared to the Proposed Project, but remains significant and unavoidable.
 Source: Gail Ervin Consulting, 2007

Alternative 1 would not result in any significant impacts. However as the Tank House and site would remain sealed off and unused, it would fail to meet most adopted goals and policies for the Downtown Core.

Alternative 2 would result in significant and unavoidable impacts in both land use/aesthetics and cultural/historic resource categories due to the loss of the orange trees and remaining open space. As with the PP, the new three-story building was found to be inconsistent with adopted plans and policies and impact the immediate visual context as it would not “harmoniously intermingle” with the two adjacent landmark structures.

Alternative 3 reduces some of the significant impacts to a less-than-significant level by relocating the Tank House on-site and reducing the size/redesigning the new building to two-stories. However, the loss of the orange trees and a portion of the remaining setting remain significant unavoidable impacts. Alternative 3 was found to be consistent with adopted goals and policies. While it would result in a loss to the setting of the Mansion, the new building harmoniously intermingles with the surrounding historic architectural context and the Tank House would be rehabilitated consistent with Secretary Standards.

Alternatives 4 would result in the same level of impacts as the PP with the exception that impacts on the immediate context would be reduced to a less-than-significant level with the reduction in the size and redesign of the new building to two-stories. This Alternative would not be consistent with adopted plans and policies due to combined demolition of the Tank House and the loss of historic setting at the Mansion.

Alternative 5 was found to be consistent with adopted goals and policies and reduce all of the impacts on land use/aesthetics and culture / historic resources found in the PP. However, with the exception of impacts on the loss or alteration of historic setting which would be reduce to less-than-significant, the level of remaining impacts were found to remain significant and unavoidable. Impacts on the landmark trees would remain as 5 of the 10 orange trees would be removed. Alternative 5 would not meet the Secretary's Standards and would not comply with many of the Design Guidelines. The materials and design would be incompatible with the Tank House and the adjacent Landmark buildings and it would result in a significant impact on the immediate context.

Alternative 6 would not result in any significant impacts and would be consistent with adopted goals and policies.

Cumulatively, implementation of the proposed project or any of the alternatives, would not cause significant adverse effect on the potentially identified Downtown Davis Historic District. The EIR did not find that any of the Alternatives would result in removal of the Mansion from the National Register.

Public Comments on DEIR

The city received nineteen (19) written comment letters on the DEIR. Additionally, public and HRMC comments were received on the DEIR at the public hearing as recorded in the minutes of their July 16th, 2007 meeting. The city also received a formal disclosure from the Governor's Office of Planning and Research State Clearinghouse (SCH) confirming that the SCH circulated the Draft EIR to selected state agencies for review and no state agencies commented on the Draft EIR.

Written responses to all comments received on the EIR have been prepared and incorporated into the Final EIR. In reviewing the comments, several recurring comments can be found.

1. *Clarification of consistency with city's adopted plans and policies used to evaluate the alternatives.*

Commenters indicated a desire to have a table outlining the various goals, policies, and standards and how they applied to the alternatives. In response, Table 5.1-1 was added to the EIR identifying each applicable city goal, policy, or purpose and whether each alternative meets, does not meet, or partially meets the intent of that goal, policy, or purpose.

2. *Relocation of the Tank House to west side of Mansion inappropriate and that the DEIR underestimated the impacts.*

The relocation of the Tank House to the west side of the Mansion is cited by several commenters as not appropriate for this type of structure. Comments maintain that tank houses are usually at the rear or side of the property and detached. It is also implied that they are not located close to other buildings, particularly a residence.

However, in the California Central Valley, studies show that there are a number of Tank Houses that are built adjacent to the family residence, or even incorporated into the house itself (Pioneer America, Domestic Tankhouses of Rural California, 1996 - Revised EIR Appendix F). There appears to be a precedent for sometimes locating them close to a residence, but not necessarily at the very front – and not in front of a prominent character-defining window as proposed in Alternative 5.

The California Register regulations provide that a building can be moved if it would otherwise be demolished. The environmental baseline for assessment is the site as it occurs at the time the Notice of Preparation (NOP) is circulated. The large open lot on which the Mansion once resided is no longer in existence. The Mansion and its contributing elements exist in the context of “grandfathered in” former residential parcel surrounded by later urban commercial development. Within this constrained situation, the west side location is the only remaining feasible site for relocation that would retain the eligibility of the Tank House as a contributing element within the National Register property, and avoid its demolition under the Proposed Project.

Relocation provides a feasible mitigation for the Proposed Project, and the Tank House would be relocated and rehabilitated to its historic appearance under Alternatives 2 and 3. The new west side location would affect the setting and the feeling of the house by altering the relationship of the Tank House and the Mansion. However, the relocation would not affect the integrity of the Mansion's materials, workmanship, design, and/or association with the Dresbach-Hunt-Boyer ownership or historic significance. As noted on DEIR page 4.0-7, the west façade of the Mansion has a large unfenestrated wall of approximately 18 feet; locating the Tank House adjacent to this blank wall would not block any salient architectural features, nor block views from the window. As identified on page 9 of the Tank House Condition Assessment and Alternative Location Study (Revised EIR Appendix C), the Tank House would be located 3 feet from the west Mansion wall, and set back 16 inches from the front

corner to feature the quoins on the Mansion corner, keeping it as far back as possible from the window down the wall.

Although the Tank House continues to contribute to the historic Dresbach property, its present location is not historic. While it may currently be in an aesthetically preferable location, this location does not have historic value or authenticity. Preserving the Tank House in situ does not protect its original location integrity, and its relocation would not further alter its integrity of location.

3. Justification for fiscal and economic benefits. Need for Varsity financial support.

Need for the EIR to include analysis to substantiating the fiscal and economic benefits of the alternatives was cited by several commenters. Related, were comments requesting evidence that the Varsity Theatre is in need of financial support to remain viable.

Economic considerations are addressed in the DEIR only in reference to compliance with the project objectives and City and Redevelopment economic goals and policies. An economic impact assessment is not included, nor required by CEQA. The economic goals are general goals related to commercial vitality or feasibility of the Proposed Project or an alternative. Economic statements were made comparatively based on experience, common assumptions in the planning and redevelopment field (i.e., more foot traffic results in higher commercial activity for local businesses), and City economic development policies.

It was assumed that the Proposed Project and each of the alternatives, with exception of Alternative 1, would yield some positive indirect fiscal benefits. Rehabilitation and/or new development on the site would enhance the downtown, making it a more desirable place and attracting more people that would in turn likely patronize local businesses. Increasing business activity is assumed to result in increased business and tax revenue to the City.

To quantify the direct fiscal benefits, a summary table was prepared comparing the estimated direct fiscal impacts of the Proposed Project and 6 Alternatives (see Attachment 3). The table details the approximate land purchase/lease price, estimated construction costs, net return, and estimate of ongoing revenue/expenditure for each. This is not required in a CEQA document but has been provided at the request of the community, this information has not been added to the Revised EIR. However, this information is herein a part of the administrative record that will be reviewed by the decision makers when they consider the project application.

4. Substantiation for basis of Alternative 5's inconsistency with the Secretary's Standards.

Several commenters requested further explanation for the determination that the greenhouse addition to the Tank House (Alternative 5) would be inconsistent with the Secretary of Interior Standards resulting in a significant impact.

As noted on page DEIR 5.2-26, "Alternative 5 would cause the alteration of the Tank House in a manner inconsistent with the *Secretary's Standards*. This alternative would add a substantial and visually prominent addition to what is a rather small historic structure. While the transparency of a greenhouse-type structure might lessen the visual impact, it nonetheless violates the *Secretary's Standards* that additions should be smaller than the historic building and largely confined to the rear – or at least not impinge on the primary façade."

Both Carol Roland of Roland Nawi Preservation Consultants and Paula Boghosian of Historic Environment Consultants considered the public comments, reassessed Alternative 5, and confirmed their original determination. They elaborated on the DEIR discussion as follows:

In addition to the proposed greenhouse-type structure being larger than the historic structure, Alternative 5 would have the following impacts on the Tank House:

- It would create a new opening into the building, although this is a potentially reversible alteration.
- It would construct a structure of very different materials and character in the space between the Varsity Theatre and the Mansion.
- It would move the Tank House to within approximately 6'9" of the Dresbach Mansion, directly in front of the lower story angled bay window on the east side of the house, a prominent character-defining window, resulting in a close view of the blank wall of the Tank House from the Mansion. The location next to the window and the proximity would further impact the setting.
- It would physically and visually connect the Tank House to the Varsity Theatre with which it has no historical relationship. The physical and visual connection of the Tank House to the Varsity Theatre will obscure its historical affiliation to the Mansion. The physical connection of a contributing National Register property to a new structure not historically or physically associated with the property does not comply with the Secretary of the Interior's Guidelines for the Treatment of Historic Buildings.
- Although the Tank House in its moved location has been deemed to continue to contribute to the National Register property, its connection to another building would further compromise its integrity and obscure its relationship to the Dresbach Mansion.
- The Tank House would not be rehabilitated to its historic appearance under this alternative.
- The Tank House is smaller than the proposed new structure to which it will be attached.
- There would be some loss of aspects of its current setting in terms of trees, street image, and space around the building.

In addition, Alternative 5 would have the following impact on the Varsity Theatre:

- It would create the appearance of an attached addition to the historic building.
- The physical and visual connection of the Varsity Theatre and the Tank House unites two historic buildings which have no historical relationship and creates a false sense of history.

Public Outreach

A public meeting notice was sent to property owners and tenants within 500 feet of the site and a notice published in the Davis Enterprise indicated the date of the HRMC's review of this item on November 5 and the City Council's action scheduled for their November 27, 2007 meeting. Project reports and the FEIR is posted to the city's web page.

Conclusion

As pointed out during the DEIR comment phase, historic preservation and economic vitality are not mutually exclusive or competing objectives. To the contrary, when carefully considered and creatively applied, they can serve to complement each other. The Mishka's Café Project EIR thoroughly evaluates the proposed project as well as a range of alternative projects that would satisfy these objectives to varying degrees. The proposed project emphasizes economic vitality for example while Alternative 6 would provide the greatest level of historic preservation. Considering each of these objectives equally, staff believes that Alternative 3 should be pursued as it would meet the project objectives, satisfy the greatest number of city goals and policies, minimize impacts on cultural resources, preserve the Tank House in a historically appropriate context, and accomplish this with nominal net cost to the City / Redevelopment Agency. In summary, staff recommends that the Commission recommend the Redevelopment Agency Board certify the Final EIR as adequate and pursue Alternative 3 for processing and implementation.

Attachments

- 1) Final EIR (Copies included in Commission packets only. Disk and loan copies of the FEIR are available at the Community Development Department. The document is also available on the City's webpage at www.cityofdavis.org/)
- 2) Tank House Chronology (1979 – 2005)
- 3) Comparison of Direct Fiscal Impacts

ATTACHMENT 2

TANK HOUSE CHRONOLOGY (1979 – 2005)

DATE	ACTIVITY
1979	<p>Tank House was moved from its original location in 1979 prior to development of Mansion Square project. Bricks discovered in process of moving the Tank House were unearthed and relayed as a patio around the Tank House. City approved moving stairs to second floor of the Tank House to the south side of the structure. Also approved was a 3'6" high fence around the brick patio.</p> <p>Initial occupant of Tank House in the new location was a wine shop. "Davis Wine Company"</p>
1982	<p>In an attempt to add "indoor" seating space for commercial tenants of the tank house, a proposal was submitted to construct a 450 sf. solarium greenhouse on front half of patio detached from the tank house but against the Varsity west wall. Proposal was approved by Design Review Commission but denied by City's Historical Resources Management Commission. (Note: OHP found it not to be a threat to National Listing Status for Mansion)</p> <p>Tank House then converted to a chocolate shop "Chocolate Lady"</p>
1984	Ice cream store opened - "Patrick J's Creamery"
1984 to 1992	Uses undetermined.
1990-91	City leases Varsity Theatre and performs improvements to convert the theater to a multi-use entertainment and performing arts venue.
1992	Tank House and patio leased to café - "Café Cinema"
1995	City acquires Mansion property and converts Mansion to city offices.
1996	Café Cinema closes and City Council directs staff to issue RFP for new tenant.
August 1997	City Issues RFP for interested parties for lease of Tank House which will "enhance the downtown and complement the surrounding activities and businesses. This usage should include: pedestrian oriented services and extended operating hours including evenings and weekends."
January 1998	One proposal received for the operation of a seasonal, outdoor café.
May 1998	Building official investigates Tank House structure and determines it to be structurally unsound due to extensive rotting of the support timbers. Structure condemned.
September 1998	<p>City Council authorizes release of RFP for development and leasing of the Tank House site. Acceptable proposals were to include "A) rehabilitating the former tank house for retail or café purposes, or B) building a new structure (which would complement the historic architectural style) to be used for commercial retail or a café".</p> <p>Of three proposals received, proposal by Chuck Roe to reconstruct the tank house and build an addition to accommodate a ground floor café with second story residential unit was selected. Proposal offered \$144 / mo. in ground lease for 49 years.</p>
2000	<p>City hires structural engineering firm (Miyamoto International) to conduct structural investigation of Tank House. Report concludes structure and immediate surrounding unsafe to occupy. Report proposes immediate remedies and methods for stabilizing structure.</p> <p>Citing uncertainty with requirement to prepare an EIR and desire by commission and Council subcommittee to see the proposed new project reduced in size, Mr. Roe withdraws proposal.</p>
September 2004	City of Davis acquires Varsity Theatre
November 16, 2004	<p>Council directs staff to issue an RFP/Q for the development and management of the Theatre. Included in the RFP/Q was option for proposers to indicate interest in the development/use of the Mansion and Tank House properties. The City's stated goal and objective within the RFP/Q was:</p> <p><i>"to improve and expand the use of the Varsity Theatre in a manner that will enhance Davis' reputation as a destination for the arts and entertainment in the region. The</i></p>

ATTACHMENT 2

	<p><i>primary objective is to market the Theatre to a Developer/Operator who will develop and implement an effective adaptive reuse of the facility for cultural and entertainment events. Uses desired include the screening of films, performing arts, and community events. The commercial space connected to the Theatre, as well as the city owned properties immediately adjacent, can also be developed to work in conjunction with the theater and provide a viable income to support the operation of the theater."</i></p>
<p>February 2005</p>	<p>RFP/Q released in February and closed on March 31, 2005. The city received four proposals - two for reuse as an independent film theater and two as a multi-use performing arts venue. The City Council selected the proposal submitted by Jon Fenske and Sinisia Novakovic who propose to "use the theater to present high-demand, critically acclaimed independent and foreign films on their first release dates...While movies would be the mainstay of the cinema, it would be also available for rental during open hours to various shows, community uses, and the Davis Film Festival.... The theatre will be available for the community uses at a cost similar to that currently charged by the city of Davis... The current Clarence Cooper Insurance space would be converted into a combination of a concession stand and small café with both inside and outside seating areas." Their proposal also included interest in developing the Tank House property in a manner that would accommodate Mishka's Café on the ground floor with restaurant or office uses above.</p>
<p>June 7, 2005</p>	<p>At their June 7, 2005 meeting, the City Council/Redevelopment Agency Board authorized the City Manger to enter into an exclusive Negotiating Agreement (ENA) between the City of Davis, Davis Redevelopment Agency and Jon Fenske/Sinisa Novakovic for the reuse of the Varsity Theatre.</p> <p>Furthermore Council/Board authorized the City Manager to enter into an ENA between the City of Davis, Davis Redevelopment Agency and Armisi Inc. (Sinisia Novakovic) for development of the Tank House property.</p>

Comparison of Estimated Direct Fiscal Impacts to City / Redevelopment Agency				
Project	Initial Capital Outlay	Initial Revenue Off-Set	Net Initial Return / (Cost)	Ongoing Revenue / (Expenditure)
Proposed Project (3-story / demo)	Lead Abatement / Tank House Demo (\$30,000) <u>Site Prep. / Utilities (\$10,000)</u> Est. Total (\$40,000)	Land Sale \$260,000 ⁽¹⁾ Impact Fees \$50,000 Const. Tax \$13,000 <u>Parking In-lieu \$52,000</u> Est. Total \$375,000	\$335,000	\$4,000 / yr (property and sales tax)
Alternative 1 (No Project)	Structural Shoring (7,500) <u>Weather Protection (3,000)</u> Est. Total (10,500)	\$0	(\$10,500)	(\$2,000/yr) (maintenance)
Alternative 2 (3-story / relocate)	Arch. / Engineering (\$20,000) Lead Abatement (\$45,000) Tank Hse. Recons. (\$180,000) Landscape Remodel (\$40,000) <u>Site Preparation (\$10,000)</u> Est. Total (\$295,000)	Land Sale \$260,000 ⁽¹⁾ Impact Fees \$50,000 Const. Tax \$13,000 <u>Parking In-lieu \$52,000</u> Est. Total \$375,000	\$80,000	\$4,000 / yr (property and sales tax)
Alternative 3 (2-story / relocate)	Arch. / Engineering (\$20,000) Lead Abatement (\$45,000) Tank Hse. Recons. (\$180,000) Landscape Remodel (\$40,000) <u>Site Preparation (\$10,000)</u> Est. Total (\$295,000)	Land Sale \$200,000 ⁽²⁾ Impact Fees \$29,000 Const. Tax \$7,500 <u>Parking In-lieu \$38,000</u> Est. Total \$274,500	(\$20,500)	\$3,000 / yr (property and sales tax)
Alternative 4 (2-story / demo)	Lead Abatement / Tank House Demo (\$30,000) <u>Site Prep. / Utilities (\$10,000)</u> Est. Total (\$40,000)	Land Sale \$200,000 ⁽²⁾ Impact Fees \$29,000 Const. Tax \$7,500 <u>Parking In-lieu \$38,000</u> Est. Total \$274,500	\$234,500	\$3,000 / yr (property and sales tax)
Alternative 5 (relocate / rehab & addition)	Arch. / Engineering (\$30,000) Lead Abatement (\$45,000) Tank Hse. Rehab / Glass Addition (\$335,000) Landscape / Patio (\$30,000) <u>Parking In-lieu \$12,000</u> Est. Total (\$452,000)	<u>Parking In-lieu \$12,000</u> Est. Total \$12,000	(\$440,000)	\$31,600 / yr ⁽³⁾ (lease revenue, property and sales tax)
Alternative 6 (Rehab / reuse)	Arch. Engineering (\$20,000) Lead Abatement (\$45,000) Tank Hse. Recons. (\$180,000) Patio Landsc./Light. (\$75,000) <u>Site Preparation (\$5,000)</u> Est. Total (\$325,000)	\$0	(\$325,000)	Public Use (\$15,000/yr) Private Use - Break Even

Footnotes:

- (1) Based on Fair Market Appraisal of property prepared for the City of Davis. Final value would be subject to review of final project proforma and negotiated terms of ENA.
- (2) Estimate of residual land value based on fair market appraisal of property prepared for the City of Davis and discounted for the reduction allowable building size. Final value subject to review of final project proforma and negotiated terms of ENA.
- (3) Assumes City/Agency constructs improvements and leases to private business at \$3.00/sf NNN discounted 15% for vacancy factor and management.

General Notes

1. All lead abatement estimates based on bid by certified abatement contractor.
2. Impact Fees, Construction Tax, and parking in-lieu based on rates in effect at the time of this estimate.