

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	October 26, 2009
	Agenda Item No. 30 Roll Call No. <u>09-</u> Communication No. <u>09-740</u> Submitted by: Matt Anderson Economic Development Administrator	

AGENDA HEADING:

Approving economic development agreement with 6000 Aurora, LLC for redevelopment of 6000 Aurora Avenue.

SYNOPSIS:

6000 Aurora Ave, LLC, Kurt Mumm, Member, 1701 48th Street Suite 111, West Des Moines, IA 50266, has purchased the former Silver Cinema building located north of Merle Hay Mall and will undertake a major renovation of the 98,000 square foot building.

The building’s total renovation costs are estimated at \$700,000. This is a unique vacant building in that much of the space is essentially unoccupiable due to the theater build-out. This theater finish is extremely use-specific including sloped floors which must be removed at a cost of \$70,000 prior to leasing the space. This is the primary reason this space has remained vacant for an extended period. Other renovation activities include the removal of the theater walls, which include 3 layers of drywall on each side for soundproofing and in some areas two walls sandwiched together. The HVAC system is extensive and will require substantial work to function properly for a typical office/warehouse or retail/warehouse user. The electrical system includes numerous subpanels specific to the theater finish that will need to be removed or relocated. Theater rooms require a very low level of light; therefore the space will require all new light fixtures.

On August 24, 2009 by roll call 09-1559 the City Council approved preliminary terms of a financial assistance package to help offset these extraordinary costs. The City Council is now asked to approve a final development agreement.

FISCAL IMPACT:

Amount: \$70,000

Funding Source: Grant payment to be funded with the Economic Development Enterprise Account. This account is to be repaid by Merle Hay Urban Renewal TIF funds when available.

ADDITIONAL INFORMATION:

Originally constructed in 1986 as the Pace Membership Warehouse, 6000 Aurora was converted to a discount movie theater in the 1990s and has had substantial vacancy for approximately 10 years. While the property’s land value has remained strong, the assessed value of the property’s improvements has decreased from \$2,375,000 in 2000 to \$170,000 today. Located in a commercial corridor which should

command retail rental rates, the property has been essentially reduced to warehouse rates due to the building's condition. The new owner's investment in the building is designed to reverse this trend.

The City has made a \$5.6 million commitment to the redevelopment of Merle Hay Mall with the goal of generating spin-off redevelopment in this commercial corridor. Other new projects in the Urban Renewal Area include a new medical clinic north of the mall, redevelopment of the vacated Baker's Square site, and redevelopment of the former gas station site on the NE corner of Merle Hay and Douglas.

PREVIOUS COUNCIL ACTION(S):

Date: August 24, 2009

Roll Call Number: 09-1559

Action: Preliminary terms of agreement with 6000 Aurora, LLC for redevelopment of 6000 Aurora Avenue. (Council Communication No. 09-584) Moved by Kiernan to receive, file and approve preliminary terms of agreement set forth in the accompanying Council Communication and to direct the City Manager to proceed with negotiation on a formal agreement with 6000 Aurora, LLC consistent with the terms set forth in the accompanying Council Communication. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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