

City of El Cajon Agenda Report

MEETING: 8/12/14

ITEM NO: 4.3



TO: Mayor Wells, Mayor Pro Tem Kendrick
Councilmembers Ambrose, Bales, McClellan
FROM: Douglas Williford, City Manager

SUBJECT: Status of East County Performing Arts Center and Response to Request for Proposals

RECOMMENDATION: That the City Council direct staff to pursue a draft final agreement with the Rock Church for the purposes of establishing a partial lease of the facility and to lease adjacent land for the purposes of constructing a new building for the Rock Church that would be, in part, available for use by the City.

BACKGROUND:

The City Council has established a clear policy that the City will renovate and re-open the East County Performing Arts Center (ECPAC) as soon as practicable. The City Council's most recent action, taken at its meeting of June 10, 2014, was to hire the architectural firm of Mosher Drew to prepare construction plans for the renovation of the facility. Mosher Drew is expected to be done with these plans within several months, at which point staff will recommend to the City Council that the plans be put out to bid for construction. It is expected that work should be completed on ECPAC so that it may re-open during the second half of 2015, but we will have a more definitive date when construction bids are received in the future.

In addition, the City has consistently been open to the possibility of creating either a partnership or a major tenant use agreement in order to facilitate the sustained operation of ECPAC. Last year, at the City Council's direction, the City met and held discussions with the Grossmont Union High School District as to such a partnership, although those discussions ended without an agreement. At its meeting of April 8, 2014, the City Council directed staff to prepare and release a Request for Proposal for the purpose of identifying possible major tenants or long-term use relationships for ECPAC. This action was taken by the City Council subsequent to having received an unsolicited proposal from the Rock Church earlier in the year. This Proposal (attached) was issued in May and closed on June 16, 2014.

The City received numerous inquiries regarding the Proposal; however, only one response was received in addition to the Rock Church's earlier proposal. This new proposal was from Christian Youth Theater (CYT) of El Cajon. CYT was the last manager of ECPAC up until the facility's closing at the end of 2009.

The Rock Church initially made a proposal to the City in January 2014. Subsequent to that, City staff requested that they submit an improved proposal, which is outlined below. Staff contacted CYT after their original proposal was received and offered them the same opportunity to improve upon their proposal. CYT indicated to staff that they would stay with their original proposal, which is also outlined below. CYT's transmittal letter has already been provided to the City Council.

DISCUSSION

Following is a summary of the key provisions of the two proposals:

Christian Youth Theater

- Use of the facility approximately 120 days per year.
- Will pay the City \$70,000 annual rent (\$583\day based on 120 day usage.)
- Use is for both adult and youth musical theater productions, including class sessions, staging and auditions dates.
- Verbal clarification determined that their proposed schedule and number of days usage may be flexible, depending on circumstances.

Rock Church

- Use of the facility approximately 132 days per year.
- Will pay the City \$216,000 annual rent (\$1,636\day based on 132 day usage.)
- Use is for church and church-related activities.
- Five year option with 2% increase in rent per year.
- Land lease of approximately 13,000 sq. ft. parcel immediately south of ECPAC (between facility and Main Street) to construct a two-story 20,000 sq. ft. office \ classroom \ meeting space building for primary use by the church. All costs of building construction and maintenance are the responsibility of Rock Church.
- Pay City \$4,000 per month for land lease (triple net.)
- 35 year land lease, after which City would take ownership of building at no cost.
- Rooftop will be designed as a quality "event" space and made available to the City unlimited times per year at no cost for the purposes of City direct use or City rental for private events. Useable by the Rock Church all other times.
- Building to have catering quality kitchen available on reserve basis for rooftop event use.
- Building to have "VIP\Reception Room" (approximately 20 person occupancy) for use by City \ ECPAC needs on reserve basis.

From a business and community benefit perspective, it is clear that the Rock Church proposal presents the greatest financial, usability and facility opportunities for the City and the community at large. While only a small portion of the community may utilize the Rock Church itself, a far larger portion of the community will utilize the performing arts center once it is re-opened for entertainment purposes.

In staff's view, the Rock Church proposal is so significant as to create an unprecedented positive impact upon the surrounding business community, as well as facilitate the sustained financial stability of ECPAC for the benefit of the entire community. A reasonable estimate of attracting new people to downtown El Cajon based on Rock Church usage and two private booked users per week would be 11,000 - 12,000 people per week or 572,000 - 624,000 people per year. Staff considers this to be a conservative estimate given that this estimate does not take into account that December and other holiday times of the year have traditionally attracted greater use of the facility and, therefore, even more visitors to downtown.

There is no other action or development proposal that has ever come before the City that would generate more new business for downtown El Cajon and surrounding areas than this proposal.

As a part of their proposal, approximately 75% of all Fridays and Saturdays will be left available for booking by entertainment \ performing arts \ conference engagements, along with most week nights throughout the year. This would enable the facility to be used in its traditional role as a performing arts and event center for the entirety of the community's enjoyment, fully apart from the Rock Church's private use of the facility as a church.

It is, therefore, staff's opinion that the City should pursue an agreement with the Rock Church as a tenant to ensure the following City goals:

1. Establish financial stability for the long term operation and maintenance of the facility as a performing arts center.
2. Ensure substantial availability throughout the year for entertainment\performing arts\conference uses, as managed by the City of El Cajon or its contractors.
3. Ensure substantial year round use of the facility that will attract an unprecedented number of people to downtown El Cajon.
4. Create opportunities for a new City programmed entertainment venue on rooftop of proposed new building.

CONCLUSION

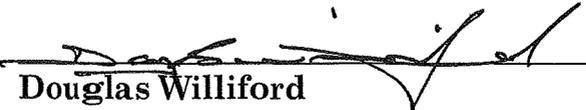
A decision by the City Council to direct staff to pursue a draft final agreement with the Rock Church does not represent a final conclusion by the City Council to accept or agree with the Rock Church's current proposal. Rather, it is a conclusion that the City will enter into exclusive negotiations at this point with the Rock Church regarding their tenancy in ECPAC. Additional negotiations will need to occur between the City and the Rock Church to reach a draft final agreement and both parties will still retain the right to cease any further negotiations and no longer pursue such an agreement.

If the City Council decides to pursue this direction with the Rock Church, CYT can still apply for ECPAC usage as any other tenant or event promoter could do, based on expected available dates and the City Council's goals in presenting a variety of entertainment for the community.

FISCAL IMPACT:

No fiscal impact to engage in negotiations with the Rock Church. Depending upon final agreement, all costs to the City to maintain the facility based on Rock Church's usage are expected to be covered by monthly rental fees. Potential land lease monthly fees would represent additional revenue to the City.

PREPARED BY:


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CITY MANAGER