

Transportation Committee

Meeting Date: November 28, 2016

For the Metropolitan Council meeting of December 14, 2016

Subject: Woodbury Theater Park-And-Ride Lease

District(s), Member(s): District 12, Harry Melander

Policy/Legal Reference: Council Expenditure Policy 3-3c, Delegation of Procurement and Contract Authority procedure

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
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Division/Department: Metro Transit/Engineering & Facilities

Proposed Action

That the Metropolitan Council (Council) authorize the signing of Woodbury Theater Lease with Cinemasota, Inc. The lease would allow Cinemasota to utilize the Woodbury Theater for the showing of films primarily at night and weekends while also utilizing the parking lot as a park-and-ride during the day. The lease will have an initial term of five years with an option to extend for an additional five years. Included in the lease will also be a termination clause requiring 6 month notification by either party.

Background

- The Woodbury Theater was originally purchased in 2002. A lease agreement with Cinemasota, Inc. was entered into on August 22, 2003, and has been renewed on a continuous basis.
- Park-and-ride usage in 2015 was 488 (89% full) and increased in 2016 to 492 (89% full).
- Tenant shall be responsible and pay 35% of the total parking area maintenance costs per each year
- All Interior portions of the theater will be the tenant's full responsibility, this includes mechanical items such as water heater, and HVAC.
- The initial Five-year term of the lease will be rented at \$4.75 per square foot of rentable building area. There is 32,442 square feet of rentable space, which totals \$154,099.50 per year. Expected total revenues for the initial five year lease term will be \$770,498.
- During the renewal term, also five years, the rent per square foot will increase to \$5.00, which totals \$162,210. Excepted total revenues for the renewal term will be \$811,050. Should the agreement run the full term of five years and the renewal term of five years, revenues received will total \$1,581,548.

Rationale

The execution of the lease in excess of \$770,798 requires Council approval.

Funding

The revenue from this lease will enable this park-and-ride to be a financially self-sustaining location as well as providing a revenue source for other locations.

Known Support / Opposition

There is no known opposition to this project.