

GRAND JUNCTION CITY COUNCIL
READINESS SESSION

MONDAY, JUNE 3, 2013, 5:00 P.M.
CITY HALL AUDITORIUM
250 N. 5TH STREET

To become the most livable community west of the Rockies by 2025

1. **Avalon Theatre Update:** Presentation to Council regarding the Avalon Theatre Renovation Project. [Attach R-1](#)
2. **Other Business**

CITY COUNCIL STAFF REPORT READINESS SESSION

Attach R-1

Topic: Avalon Theatre Renovation Project

Staff (Name & Title): Debbie Kovalik, ECVS Director; Trent Prall, Engineering Manager; Stuart Taylor, TRCC/Avalon Manager; Daniel Gartner, Chamberlin and Associates; Harry Weiss, Downtown Development Authority Director; Robin Brown, Avalon Theatre Foundation Board

Summary:

Presentation to Council regarding the Avalon Theatre Renovation Project.

Background, Analysis and Options:

A request was made to provide Council with an update/business plan to the Avalon Theatre Renovation project. Staff will present a brief history of the Avalon, renovation planning, existing use, economic benefits and business plan as well as cover the proposed improvements.

The City sent out a RFP in February, 2013 and bid opening was on March 28, 2013 at 2:00 p.m. Three bids were received and FCI Constructors, Inc. came in as the most responsive and lowest bid. Due to a shortage of funds raised by the Avalon Foundation, the City Project Team met with FCI Constructors, Inc., to value engineer the project in order to better represent the funds available. The City Construction Project Team has developed the following three alternatives that are "in range" of potential resources:

As-bid: "Core" project with auditorium improvements, ADA accessibility, concessions, expanded lobby, restrooms and multipurpose room.

Alternative A: Project scope as bid with value engineering. This scope contemplated reductions in level of finish in order to reduce project cost.

Alternative B: Auditorium improvements, no ADA accessibility, "shells" out new space. As funds are raised, portions of addition could be finished and put into service.

Alternative C: Auditorium improvements, additional bathrooms and ADA accessibility.

Board or Committee Recommendation:

NA

Financial Impact/Budget:

The Avalon Project is funded by the City, DDA and private donations raised through the Avalon Theatre Foundation Board as follows:

Project Funding:

City of Grand Junction	\$3.1 million
Downtown Development Authority:	\$3.0 million
Avalon Theatre Foundation Board:	\$1.1 million
<u>Total:</u>	<u>\$7.2 million</u>

Capital expenditures for this project are dependent upon the chosen alternative below:

As Bid:	\$8.6 million
Alternative A:	\$8.2 million
Alternative B:	\$7.6 million
Alternative C:	\$7.1 million

The Avalon business model for the various alternatives is outlined below with a comparison to the model currently used.

	Current	Alternative A	Alternative B & C
Earned Revenues			
Rental Income	\$ 63,467	\$ 106,792	\$ 67,967
Equipment Rental	\$ 9,997	\$ 11,497	\$ 9,997
Concessions	\$ 116,412	\$ 138,574	\$ 119,283
Admission	\$ 59,706	\$ 62,206	\$ 59,706
Misc. Revenue	\$ 21,535	\$ 22,535	\$ 21,535
Total Earned Revenues	\$ 271,117	\$ 341,604	\$ 278,488
Operating Expenses			
Labor	\$ 90,993	\$ 101,154	\$ 95,017
Benefits	\$ 18,086	\$ 18,086	\$ 18,086
Movies & Marketing	\$ 48,202	\$ 48,202	\$ 48,202
Building Operations	\$ 125,296	\$ 143,128	\$ 125,546
Total Operating Expenses	\$ 282,577	\$ 310,571	\$ 286,851
Operating Result (Profit & Loss)	\$ (11,460)	\$ 31,033	\$ (8,363)

According to the American Association of Community Theater, in addition to the direct revenues the facility brings in, the Avalon currently generates \$1.54 million of spending activity in the community. This figure is estimated to grow to \$2.06 million with the completion of the core project.

Legal issues:

NA

Other issues:

NA

Previously presented or discussed:

March 7, 2012 - Council authorizes contract for Architectural Services for the Avalon Theatre Addition and Renovation.

June 20, 2012 – City Council authorizes \$3.0 million (\$1.5 million in 2013, \$1.5 million in 2014) toward the Avalon.

October 17, 2012 – City Council Authorizes WRL to take “core” scope to final design.

January 14, 2013 – Avalon Theatre Update to City Council by Avalon Theatre Foundation Board

April 1, 2013 – Avalon Theatre Update after bids we