

Memorandum 11-149 Pier One Theatre Lease

Memorandum ID: 11-149

Memorandum Status: Backup

MEMORANDUM 11-149

TO: Mayor Hornaday and Homer City Council
FROM: Walt Wrede
DATE: November 19, 2011
SUBJECT: Pier One Theatre Lease Application
Introduction

The City lease with the Pier One Theatre is set to expire on December 9, 2011. The Theatre leases the building and a small portion of land immediately adjacent to it for parking. The term of the current lease is five years and the rent is \$1.00 per year. The Theatre is responsible for maintenance and repair and pays for all utilities. The building is not plumbed and the theatre patrons use the City restroom next to the Nick Dudiak Fishing Lagoon.

The Pier One Theatre submitted an application for a new lease with the same term and rent as the lease currently in place. No significant capital improvements or new uses use of the facility are proposed. The Theatre basically wants to continue on as they have in the past. The application was determined to be complete and responsive by the City staff and the Lease Committee took this application under consideration at a special meeting on November 10, 2011. The staff report and the meeting minutes are attached for your information.

Committee Findings:

The Committee reviewed the application using the proposal evaluation criteria contained in Section 6.2 (B) of the Property Management Policies and Procedures (Lease Policies). The Committee also reviewed the proposal pursuant to the requirements contained in Section 11.2 (F) (exceptions to the competitive bidding process) and Section 7.2 (A) (4) (leases for less than fair market rent).

After review and discussion, the Committee approved motions recommending that the City Council award a new five year lease at a rent of one dollar per year to the Pier One Theatre pending review by Planning and the State Fire Marshall and that doing so without a competitive bidding process and at less than fair market value was justified and in the public interest for the reasons stated in the staff report. Those reasons are:

Section 11.2 (F) (competitive bidding process.) The Committee found that a new lease for the Pier One Theatre without a competitive bidding process was justified because:

- Pier One Theatre has been an excellent tenant and has performed well under the lease
- Pier One has made improvements to the building and has been responsive to requests by the State Fire Marshall
- The use is compatible with adjacent land uses
- The use is consistent with the Spit Comprehensive Plan, the Comprehensive Economic Development Strategy, and Resolution 98-36(A).
- There are significant economic, social, cultural, and educational benefits which derive from this use.
- The lease term is short and the City can terminate with 90 days notice
- There are few if any alternative uses of the building
- The City has yet to develop a long term plan for that property and therefore is not ready to issue an RFP.

Section 7.2 (A) (4) (fair market rent). The Committee found that leasing the building and land to Pier One Theatre at less than fair market rent was justified and in the public interest for the following reasons:

- History / tradition. The City has leased this building for \$1.00 per year for decades. The Council has consistently determined that it was in the public interest to do so.
- The building was an old harbor building that was ready for destruction. The Theatre salvaged it and modified and improved it. The City has almost no investment in this building.
- The Theatre has a very limited budget and assets and would find it difficult to pay rent.
- The economic, social, cultural, and education benefits derived from the Theatre's activities are substantial.

RECOMMENDATION: Approve a new five year lease at \$1.00 per year subject to Planning and Fire Marshall review.

Related Resolutions **Memorandum - Related Resolutions:** [Resolution 11-104\(A\) Approving a New Lease for Pier One Theatre](#)

Memorandum 11-149 Pier One Theatre Lease

Published on City of Homer Alaska Official Website (<http://www.cityofhomer-ak.gov>)

Source URL (retrieved on 2014-12-20 21:53):

<http://www.cityofhomer-ak.gov/memorandum/memorandum-11-149-pier-one-theatre-lease>