

## COMMITTEE MEMORANDUM

TO: Honorable Chair and Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: July 29, 2022

SUBJECT: **DISCUSS EXPLORING DIFFERENT FINANCIAL AND FUNDING MODELS FOR RENOVATING OR BUILDING A NEW BYRON CARLYLE THEATER, INCLUDING THE FOLLOWING OPTIONS:**

**(1) A STAND-ALONE CITY OWNED PROJECT BUILT ENTIRELY BY THE CITY WITH THE CITY'S OWN FUNDS;**

**(2) A PRIVATELY FUNDED LONG -TERM LEASE PROJECT, WITH THE CITY TO CONTROL THE GROUND FLOOR CULTURAL ARTS SPACE; AND**

**(3) A CITY-OWNED PROJECT , DEVELOPED AS A PUBLIC-PRIVATE PARTNERSHIP WITH PROJECT REVENUE BONDS (AND NO SALE OR LEASE OF THE PROPERTY); AND**

**(4) OTHER OPTIONS THAT MAY BE IDENTIFIED, WITH ALL OF THE FOREGOING OPTIONS TO IDENTIFY FUNDING SOURCES AND PUBLIC OR PRIVATE FINANCING ALTERNATIVES.**

### **BACKGROUND**

The Byron Carlyle Theater complex is located at 500 71<sup>st</sup> Street, between Byron Avenue and Carlyle Avenue, where it opened in 1968 as twin cinemas hosting first-run movies. The City purchased the Byron Carlyle Theater (the "Theater") from the WBC Broadcasting Corporation in 2001 and partially renovated it to spur economic development and bolster North Beach arts and culture. In 2014, the City executed a Management Agreement with Living Arts Trust d/b/a O Cinema, who occupied the western portion until 2018. The remaining eastern portion remained uninhabited and in 2019 the Theater was permanently closed.

Since its closure, there have been several discussions held regarding the condition and future of the Byron Carlyle. On September 13, 2021, a citywide survey was issued to better understand the community's desire for the future of the Byron Carlyle. On October 26, 2021, the results were published via LTC 452-2021. According to the results, most respondents (59%) indicated they would prefer to moderately or fully renovate the existing theater and maintain public access and use. Only 29.4% of respondents indicated they would prefer the full renovation no matter the cost to maintain public access and use, while 29.6% of respondents prefer a moderate renovation while maintaining public access and use.

Subsequently, on September 24, 2021, a discussion was held at the Finance and Economic

Resiliency Committee (FERC) regarding funding a conceptual design for the Byron Carlyle Theater. Following the FERC meeting, at the December 8, 2021, Commission meeting, a discussion was held regarding the future steps to help move the Byron Carlyle site forward. Consequently, on January 20, 2022, the Mayor and Commission adopted Resolution No. 2022-32021 directing the Administration to immediately initiate the conceptual design options process for the Byron Carlyle theater renovation, which will be informed by community outreach, survey remits, and input of industry professionals, using the previously allocated funding of up to \$400,000 from the City's FY 2022 budget.

On February 9, 2022, at the request of Commissioner Richardson, the Mayor and City Commission approved referral of item C4-G to the Finance and Economic Resiliency Committee to discuss exploring different financial and funding options for the Byron Carlyle. The options to be considered are:

1. A stand-alone City-owned project built entirely by the City with the City's own funds;
2. A privately funded long-term project with the City to control the ground floor cultural space;
3. A City-owned project, developed as a public-private partnership (P3) with project revenue bonds (and no sale or lease of the property); and
4. Other options that may be identified with all the foregoing options to identify sources and public or private financing alternatives.

## **ANALYSIS**

In May 2021, third-party consultant M.C. Harry & Associates prepared a Conditions Assessment and Recommendations report. The existing building conditions, including recommendations for repairs and improvements to the venue and/or building replacement were provided. This information coupled with information gathered from the community charettes, will be utilized for the complete redevelopment of the Byron Carlyle Theater. The new construction option considers a new ground-up building of the size and programming included in renovation option 2. The existing theater building would be demolished.

Following the direction from the January 20, 2022 Commission meeting, the Administration retained third-party consultant, Shulman, and Associates (the Consultant) to prepare a Conceptual Master Plan report. (**Exhibit B**). On April 27 and 28, 2022, public noticed meetings were held to gather community feedback on the Theater's redevelopment. All groups were adamant about maintaining or creating a significant cultural component that is accessible to the neighborhood and visitors.

The report detailed the engagement of the public in a meaningful way during design process to include the following:

- Propose a thoughtful vision for redevelopment
- Consider historic role of theater in the community and its redevelopment potential
- Proactively engage resiliency issues
- Provide an architectural framework for a civic minded, economically viable, sustainable, and community enriching project

The estimated cost to replace the Byron Carlyle Theater is \$28 to \$30M. The Theater remains unfunded in the capital budget. However, there have been several discussions on how to fund the Bryon Carlyle, including:

- 1) On April 6, 2022, the Mayor and City Commission made a motion that in the case where City-owned properties are sold, fifty percent (50%) would be set aside to fund the Byron Carlyle.
- 2) On July 20, 2022, the Mayor and City Commission made a motion to submit a ballot question for the voters for possible issuance of an Arts and Culture General Obligation Bond, subject to voter referendum.

### **Exhibits**

- A- M.C Harry Associates Conditions Assessment and Recommendations Report**
- B- Shulman and Associates Conceptual Master Plan Report**