

CG Cinema Proforma Analysis to Lease Patio & Things Space

Proforma Analysis of Replacing Patio & Things with Cinema's Expansion based on the Cinema's current Lease Terms Rent Rate¹

Yrs.	Patio and Things at 240 Aragon					CG Cinema at 240 Aragon					Difference				
	Rate PSF	Base Rent	RE Taxes ²	Parking Revenue	Total	Rate PSF ³	Base Rent	RE Taxes	Parking Revenue	Total	Base Rent	RE Taxes	Parking Revenue*	Total	
	9/1/2020	\$ 36.43	\$ 108,804	\$ 5,085	\$ 113,889						\$ (108,804)	\$ (5,085)	\$ -	\$ (113,889)	
1	9/1/2020 8/31/2021	\$ 37.34	\$ 111,524	\$ 5,161	\$ 116,685		\$ -	\$ -	\$ 73,000	\$ 73,000	\$ (111,524)	\$ (5,161)	\$ 73,000	\$ (43,685)	
2	9/1/2021 8/31/2022	\$ 38.27	\$ 114,312	\$ 5,239	\$ 119,551	\$ 5.34	\$ 15,949	\$ -	\$ 80,300	\$ 96,249	\$ (98,363)	\$ (5,239)	\$ 80,300	\$ (23,302)	
3	9/1/2022 8/31/2023	\$ 39.23	\$ 117,170	\$ 5,317	\$ 122,487	\$ 5.50	\$ 16,428	\$ -	\$ 88,330	\$ 104,758	\$ (100,742)	\$ (5,317)	\$ 88,330	\$ (17,729)	
4	9/1/2023 8/31/2024	\$ 40.21	\$ 120,099	\$ 5,397	\$ 125,496	\$ 5.66	\$ 16,921	\$ -	\$ 97,163	\$ 114,084	\$ (103,179)	\$ (5,397)	\$ 97,163	\$ (11,413)	
5	9/1/2024 8/31/2025	\$ 41.21	\$ 123,102	\$ 5,478	\$ 128,580	\$ 5.83	\$ 17,428	\$ -	\$ 106,879	\$ 124,307	\$ (105,673)	\$ (5,478)	\$ 106,879	\$ (4,272)	
6	9/1/2025 8/31/2026	\$ 42.24	\$ 126,179	\$ 5,560	\$ 131,739	\$ 6.48	\$ 19,356	\$ -	\$ 117,567	\$ 136,923	\$ (106,823)	\$ (5,560)	\$ 117,567	\$ 5,184	
7	9/1/2026 8/31/2027	\$ 43.30	\$ 129,334	\$ 5,644	\$ 134,977	\$ 6.67	\$ 19,937	\$ -	\$ 129,324	\$ 149,261	\$ (109,397)	\$ (5,644)	\$ 129,324	\$ 14,283	
8	9/1/2027 8/31/2028	\$ 44.38	\$ 132,567	\$ 5,728	\$ 138,295	\$ 6.87	\$ 20,535	\$ -	\$ 142,256	\$ 162,791	\$ (112,032)	\$ (5,728)	\$ 142,256	\$ 24,496	
9	9/1/2028 8/31/2029	\$ 45.49	\$ 135,881	\$ 5,814	\$ 141,695	\$ 7.08	\$ 21,151	\$ -	\$ 156,482	\$ 177,633	\$ (114,731)	\$ (5,814)	\$ 156,482	\$ 35,937	
10	9/1/2029 8/31/2030	\$ 46.63	\$ 139,278	\$ 5,901	\$ 145,180	\$ 7.29	\$ 21,785	\$ -	\$ 172,130	\$ 193,915	\$ (117,493)	\$ (5,901)	\$ 172,130	\$ 48,736	
			\$ 1,358,250	\$ 60,325	\$ -	\$ 1,418,575		\$ 169,489	\$ -	\$ 1,163,432	\$ 1,332,921	\$ (1,188,762)	\$ (60,325)	\$ 1,163,432	\$ (85,654)
Rates Used															
	CPI (Base Rent)	2.50%										City Funding for Expansion		\$ (350,000)	
	Parking	10.00%													
	RE Taxes	1.50%													

*The City subsidizes parking for the Cinema by providing a 50% discount to patrons that park at Garage #2. At the start of the expansion, the City would cease providing the parking subsidy.

*Eliminating the 50% discount, would double the yearly parking revenue the City receives from the Cinema's current patrons (\$73,000).

*As a result of the expansion, Cinema patron parking revenue is expected to increase by 10% per year.

¹ Patio & Things' space projected revenue calculations assume increases of: 2.5% CPI for Base Rent, 1.5% in RE Taxes, and 10% in parking patronage.

² Patio & Things provides reimbursement for the City's allocated share of Garage's 2 Real Estate Taxes.

² Once Patio & Things vacates the space, the City will apply for the space to revert back to the tax exempt status that the MDC Property Appraiser grants the Cinema space.

² However, the City will also cease to receive the municipal portion of RE taxes it has historically received from the Patio & Things tenancy.

³ This analysis also assumes that the expansion project will be completed by September 2021 and that the Cinema will begin paying rent at a negotiated rate at that time.

³ The Cinema's Lease rate is set to increase to a higher rate in 2025. Hence, the rent rate increase change in that year.

Conclusion: The City would forego \$85,654 in potential rent revenue (2020-2030) by not renewing its Lease with Patio & Things and allowing the expansion of the Art Cinema into that retail space.

The Cinema is also requesting an additional \$350,000 commitment from the City for the expansion.

This analysis does not take into consideration, however, the economic impact and benefits that would be generated for the Downtown from the additional patrons who would be visiting the Cinema.

The Cinema currently serves 50,000-60,000 annual patrons. The additional 120 to 140 auditorium seats are projected to increase the annual amount of visitors.