

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept.: City Manager
Subject: PROPOSED AGREEMENT WITH
ONE MORE PRODUCTIONS FOR GEM
THEATER

From: Kimberly Huy
Dept.: Community Services
Date: February 12, 2008

OBJECTIVE

To request City Council approval of the Agreement between the City of Garden Grove and One More Productions for the Gem Theater.

BACKGROUND

On November 16, 2007, One More Productions (OMP) submitted a proposal for the repair, operation and management of the Gem Theater. OMP is aware of the physical condition of the Theater, and has examined the building several times with both a contractor and City staff. OMP proposed:

- That OMP fund and oversee the repair of the facility to meet International Building Code requirements. Building repairs will be made through private donations and fundraising, however, they are prepared to take a loan for the repairs should their fundraising efforts fail to meet the fiduciary requirements of the theater,
- That OMP be permitted to operate and manage the Gem Theater for a ten (10) year period with the rent being forgiven in-lieu of the improvements, and
- That the City agrees to pay the utilities (not to exceed \$20,000), less telephone and Internet connections. Additionally, the City would be responsible for the primary maintenance of the building.

The City Council directed staff to meet with OMP and develop deal points, which would be included in a formal Agreement. Staff transmitted the deal points to the City Council in a January 16, 2008 memorandum.

DISCUSSION

The attached Agreement is a result of the discussions held between the City and OMP. The primary obligations are contained in the following deal points:

- 1) PROGRAM OBLIGATION. OMP shall ensure programming in the Gem Theater, so as to maximize facility usage with the following minimum requirements:
 - a) Programming shall, in general, be in conformance with OMP's proposal (see Attachment).
 - b) Should OMP fail to meet the obligations under this Section, the City shall have the right to renegotiate or terminate the Agreement without financial compensation to OMP.

PROPOSED DEAL POINTS WITH ONE MORE PRODUCTIONS

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- c) OMP shall produce a minimum of five (5) full theatrical productions per year. Performances must consist of an average of at least nine public shows each.
 - d) Programming shall include annually at least twenty (20) other performances, including live music, comedy, children's theater, interactive theater and dance.
 - e) OMP shall develop a rental fee structure to be approved by City, and shall provide the Gem Theater for public rentals.
- 2) OMP shall provide for the interior maintenance of the Gem Theater, and the City shall provide exterior maintenance and building repairs.
 - 3) OMP shall at all times maintain California non-profit status, and shall adhere to all regulations related to such status.
 - 4) OMP agrees to establish and maintain an accounting system adhering to generally accepted accounting practices, and shall provide an annual financial statement to City.

FISCAL IMPACT

Funding and equipment that One More Productions will provide will offset the fiscal impact to the City. OMP agrees to:

- o Provide funding to complete capital improvements necessary to reopen the Gem Theater,
- o Furnish the facility with lighting and sound equipment, and
- o Provide all interior custodial maintenance.

The City will be responsible for payment of monthly utilities, not to exceed \$20,000 per year, and exterior building maintenance and major building repairs. However, these costs were already being paid with the previous contractor and are contained in the budget.

COMMUNITY VISION IMPLEMENTATION

One of the priority areas identified in the Community Vision was Arts/Culture/Diversity. Reopening the Gem Theater will contribute to enhancing the arts, particularly performing arts, in the community.

RECOMMENDATION

That the City Council:

1. Approve the Agreement with One More Productions for the Gem Theater, and
2. Authorize the City Manager and City Clerk to execute the Agreement.

KIMBERLY HUY
Director

By: Pilar Alcivar McCoy
Recreation and Human Services Manager

Attachment: Agreement between City of Garden Grove and One More Productions