

Legislation Text

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CC MEETING: July 2, 2024

DATE: June 26, 2024

TO: Erin Rinehart, City Manager

FROM: Josh Giles, Development Program Manager
Ravi Shah, Director of Development Services
Marc Guy, Assistant City Manager

Consider A **Resolution Authorizing The City Manager To Execute A Lease With Farmers Branch Community Theatre, Inc., DBA Firehouse Theatre, For The Use Of City-Owned Property Located At 1003 West Main Street.**

BACKGROUND:

The City owns the building at 1003 West Main Street. At the time of purchase the building was dilapidated and considerably blighted. The City rehabilitated half of the building to become a public restroom facility, which has since closed except for during special events. The building is currently vacant. Firehouse Theatre has proposed opening an educational training studio for children to teach acting, dance and singing. Firehouse Theatre currently operates a theater in Farmers Branch.

The terms of the proposed lease are:

1003 West Main Street:	2,550 sq ft educational training studio
Term:	3-year initial lease term
Extensions	One 3-year extension available
Base Rental Rate:	\$3,510.50/month
Extension Rental Rate:	75% of prevailing market rate
Monthly Property Expenses:	City provides all utilities
Tenant Improvements:	<i>City Contribution:</i> Paint, electrical, basic lighting, HVAC, new main door with keypad lock and assistance with nostalgic neon signage <i>Tenant Contribution:</i> Specialty flooring

All non-branded improvements that are permanently attached to the property will remain with the property, even if the Firehouse Theatre decides to vacate the property in the future. Firehouse Theatre would like to open the facility later this year.

Firehouse Theatre will allow the City to use the current restroom facilities for special events up to twelve (12) times per calendar year at no cost. The City will provide janitorial services after the conclusion of each special event.

FINANCIAL IMPLICATIONS:

The lease rate for the property is \$3,510.50/month (\$16.52/sf annually). The projected revenue from the initial three (3) year term is \$126,378.00, minus City-provided utility costs. The City will benefit from the tenant paying for expenses related to property insurance and the leasehold tax value. If the extension is exercised by the tenant, the total projected revenue would be over \$250,000.00, minus the costs of utilities.

IMPACT ON COMMUNITY SUSTAINABILITY:

Having Firehouse Theatre located at the property would bring a high-energy concept to the Historic Downtown area. Founded in 2011, they would provide a robust educational offering that would provide the children of Carrollton with a first-class educational arts facility and enhance the property. With the possibility of moving all of their facilities to Carrollton in the future, including their performance space, this is an opportunity to begin aligning Firehouse Theatre with Carrollton for years to come.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends City Council approval of a resolution authorizing the City Manager to execute a lease with Firehouse Theatre to use the City-owned property at 1003 West Main Street for an arts educational facility.