



GOLDEN URBAN RENEWAL AUTHORITY

Memorandum

To: GURA Board of Commissioners
From: Mark Heller, Executive Director
Date: August 6, 2009
RE: Meeting Memo for August 10, 2009 Meeting

This memo will assist in the discussion of the following agenda items:

V4a. Redevelopment Options for Lots 2 and 4

This agenda item will allow further discussion of this matter if desired.

V4b. Walking Tour of GURA North

This agenda item will allow further discussion of the preceding walking tour.

V4c. Hurricane Fish House

The proposal for the owner of Grappa to open a new restaurant in Gateway Station continues to evolve. We have confirmed that there is sufficient parking available from the PUD process that approved the redevelopment project initially. Mr. Couturier continues to negotiate with NexCore and to seek financing. The Golden Civic Foundation is also continuing its review of the proposal. Mr. Couturier has amended his request for GURA's support to approximately \$120,000 over four years. However, as was discussed at the July 27 meeting, I recommend that GURA wait at least until we have evaluated the preliminary property tax assessment (due in late August) and possibly to the end of the 3rd Quarter before considering or approving such support. The preliminary property tax assessment certification will give a reliable indication of what GURA's property tax increment revenue will be next year and going forward since it will include for the first the time the full valuations for Gateway Station and Millstone.

V4d. Golden Gem Cinema Concept

For the past several months, staff has been researching the feasibility of a weekend, community-based cinema that would be located in the Foss Auditorium in the American Mountaineering Center. The cinema would show "2nd run" movies and would not compete with cineplexes or arthouses such as malls, Landmark Theaters, or Starz. Rather, the films would be selected from studio archives and made available at a very low price of around \$7 including snacks. The new "Golden Gem Cinema"

would show a wide range of movies and give the community an exciting experience that cannot be found anywhere else.

Partners

The American Mountaineering Center (AMC) is operated jointly by the American Alpine Club, the Colorado Mountain Club, and Outward Bound. All three organizations support the Golden Gem Cinema concept, although critical decisions remain on exact hours of availability and rent. One complicating factor is that use of the Foss Auditorium by organizations other than the three owners will require payment of property tax. Since the building has always been tax exempt, this cost can only be estimated until an appraisal is ordered and the County is consulted.

Foothills Art Center is also supportive of this concept, and has already included outreach for the Golden Gem Cinema in materials for the DocuWest Film Festival.

Community Effort

The Golden Gem Cinema would be operated by a volunteer corps responsible for all aspects of the cinema, except cleaning the space (which would be maintained by the building owners for a fee). Organizing such a group will be the most difficult and least predictable aspect of this effort. Even if the business case is solid and all issues are resolved satisfactorily regarding using Foss Auditorium, further effort and/or funding by GURA, the AMC, and others hinges on the community embracing the idea very strongly. GURA staff has been in contact with GREAT, which organized film festivals in the recent past and which originated the Movies and Music in the Park. However, it does not appear that GREAT is in a position to carry this torch. A new group of citizens needs to step forward, and they must be extremely creative, knowledgeable about film and business, and willing to commit to the project for years.

Outreach

Two meetings have been scheduled to invite the community to discuss the concept and to solicit volunteers. The Foothills Art Center has agreed to promote the concept during the DocuWest Film Festival. The back cover of the DocuWest program brochure is a solicitation for volunteers, and DocuWest staffers will discuss the concept in a brief talk before each film segment. Since the DocuWest Festival is August 6-9, we have scheduled a meeting on August 13 to maintain whatever momentum and interest is generated by outreach during the Festival. We will also publish a story in the September Informer to announce another meeting on September 17. Both meetings will start at 7pm in the Foss Auditorium.

Admission Projections

The attached spreadsheets show preliminary admissions and sales projections for the Golden Gem Cinema. To compile our data, we used national admissions figures from the Motion Picture Association of America and also population figures from Demographics Now and Census 2000 projections. National admissions figures were then converted to figures applicable for Golden and surrounding zip codes. We assumed ticket and snack prices combined would be \$7.00 and ran some annual projections at different visitor levels.

We arrived at these figures by taking the total number of expected visitors from each zip code and multiplying that number by the number of movies per year they would see (1, 3, or 12) and the price of the ticket (\$7). Apparently there is a large segment of individuals that do see movies at least once

per month. The MPAA defines this segment as “frequent moviegoers.” A number of different scenarios were run:

1. **Worst Case Scenario** \$57,730 – This scenario will occur if all the moviegoers from the 80401 and 80403 zip codes paid for one ticket during the year.

2. **Conservative Scenario** \$236,262 – This scenario will occur if moviegoers from the closer-in parts of the study area attended anywhere from 1 to 3 movies a year.

3. **Best Case Scenario** \$345,945 – This scenario will occur if all of the moviegoers from the surrounding area would attend 3 movies a year.

The price of the ticket is an early estimate and will likely change. New projections can easily be run for different or multiple admission prices. Based on these preliminary figures, it appears that there is a strong likelihood of success, provided the community can organize to form a sustained and exciting effort.

Equipment

The auditorium at the AMC allows for a fairly easy retrofit of a digital movie theater. New equipment will be necessary and would include the following; projector, screen, amplifier, and speaker system. Because of expense, projection room size limitations, and the need for a trained projectionist, we are proposing using a digital/DVD projections system rather than 35mm film. Traditional 35mm film requires a large projection room, often times with 2 projectors and room for a number of reels of film on stand by. The training necessary to make one a skilled projectionist can be avoided by making the switch to DVD. While Blu-Ray is also an option, the extensive back catalogue of DVDs, the higher price of Blu-Ray, and the fact that DVD is a proven medium all make Blu-Ray a risky choice for the theater. GURA obtained an early sales quote from American Cinema Equipment, Inc for all the necessary supplies amounting to \$31,608. ACE has informed GURA that they have “pallets” of used equipment that may be an option for us, lowering the final costs substantially. If this effort progresses to the point where purchasing equipment becomes necessary, GURA could consider funding all or a portion of this equipment.

Movie Distribution

Obtaining movies for a cinema is not as simple as going to Blockbuster. Movie rights must be obtained from an authorized distributor such as Swank. Prices are generally \$250-\$400/day or sometimes charge a percentage of the ticket sales, whichever is greater. Many movie distributors are very restrictive regarding advertising. Swank Distributors prohibits advertising on marquees, print, or radio, but they offer less expensive rates. The silver lining here is that Internet was not mentioned allowing the most powerful medium to be fully utilized. Working directly with studios is a difficult and time-consuming process, but movies can be advertised without constraints. Deciding how to approach this issue will be a high priority for the community group.

VII(1). NexCore Property Tax Assessment Appeal

NexCore has appealed the \$410,000 assessment of one of the office condos that it still owns. NexCore’s position is that the assessment is far out of line with the assessments for the three other office condos which are all valued less by hundreds of thousands of dollars. The County generally has good reasons for its assessments, however, a mistake is always possible. The County is evaluating the appeal and will decide the appeal in the coming weeks. There is no procedure by which GURA could officially participate in the appeal or the decision.

VIII. Staff Report

- **Golden Liquor and Ace High façades:** Staff continues to meet with the owners of these buildings in an attempt to further the façade renovations.
- **Chamber Back Yard BBQ:** Scheduled for after work on 8/21. Tickets are \$25.
- **Transit Update:** The committee met on 8/3 to review a series of route alternatives and to compare systems from Castle Rock and Boulder. Steve Taylor and Mark Heller attended for GURA. The consultant will prepare alternatives for further review by the general public after preliminary outreach to specific communities.
- **Pavers:** The pavers surrounding the arch will need to be replaced since they were not appropriate substitutions for the pavers that were originally specified.