City of Culver City, California

Redevelopment Agency Agenda Item Report

Meeting Date: September 18, 2006	Item Number: C4
AGENDA ITEM: Receive and File an Update Regarding Pacific Theatres Performance for Fiscal Year 2005-2006.	
Contact Person/Dept.: Elaine Gerety Warner	Phone Number: (310) 253-5777
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [] Consent Item: [X]	Attachments: [X]
Public Notification: Master Notification List (9/12/06)	
Department Approval: Susan Evans (09/06/06)	Exec. Director Approval: Jerry Fulwood (09/13/06)
City Controller Approval: Marlee Chang (09/13/06)	

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency receive and file an update regarding Pacific Theatres Performance for Fiscal Year 2005-2006

BACKGROUND:

In March 2006, staff brought forward an update regarding performance for the first half of Fiscal Year 2005/2006. Per the agreement with OliverMcMillan, the Agency does not receive the cash flow report until approximately two months after the actual performance month. On August 7, staff received the report for June 2006.

In keeping with the same format as the previous update, an annual summary report highlighting the performance for Fiscal Year 2005-2006 (Exhibit A) as well as the monthly cash flow for the year (Exhibit B) have been attached. This report highlights the total revenues received vs. the projections included in the financial analysis that was used by the Agency to determine whether to proceed with the project. The financial analysis included projections of attendance, ticket revenues, concession revenues, operating costs and repayment of the Agency contributions to the theatres' construction costs ("Agency Loans").

In considering this data, it is important to understand that the Agency loan repayment schedules included in the DDA (Exhibit C) are materially different from the repayment projections provided in the financial analysis. Specifically, the financial analysis recognized that the theatres' revenues would be low during the initial stabilization period, and that these revenues would increase over time. Comparatively, the repayment schedules in the DDA are based on fixed monthly payments, and any shortfalls are carried over and paid as theatre revenue is produced. This structure was adopted to preclude a situation where the Agency would be required to share cash flows with OM prior to receiving sufficient revenue to fully amortize the Agency Loans.

DISCUSSION:

The current operating results indicate that the theatres' annual performance is on-track and has exceeded the financial projections that were prepared before the theatres were constructed. As of June 30, 2006 the Agency has received a total of $978,057 in revenues, which has exceeded the projection by $409,985. With the Agency completing its third year in operation, staff has requested that an updated projection for future theatre performance be developed. This projection will require significant market study and cooperation with the Pacific Theaters and will include the potential impact from two new theater developments in the vicinity.

FISCAL ANALYSIS

No activity associated with this item.

ATTACHMENTS:

Exhibit A – Annual Performance Comparisons – Revenues: Actual vs. Projected
Exhibit B – 2005-2006 Quarterly Cash Flow
Exhibit C – Overview of DDA Deal Points

MOTION:

That the Culver City Redevelopment Agency:

Receive and file an update regarding Pacific Theatres Performance for Fiscal Year 2005-2006.