



**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

**Date:** December 13, 2005

**To:** Council Member Lisa Goodman, Community Development Cmte

**Prepared by:** Tom Daniel, Phone 612-673-5079

**Presenter in Committee:** Tom Daniel, Manager Economic Development 673-5079

**Approved by:** Chuck Lutz, Deputy Director \_\_\_\_\_

**Subject:** Extension of Management and Operating Agreement with Historic Theatre Group for Hennepin Stages (824 Hennepin Avenue)

**RECOMMENDATION:** Extend the existing Management and Operating Agreement with Historic Theatre Group through December 31, 2006

**Previous Directives:** On February 10, 1995 City Council and MCDA Board approved the acquisition of 824 Hennepin, financing for its renovation and its lease to Hey City Theater Company. On February 3, 2004 the MCDA Board approved an extension of the existing lease to February 2005 at a reduced monthly rent of \$9,375. On July 23, 2004 the City Council approved the termination of Hey City's lease, and authorized staff to enter into a short term Management and Operating Agreement with Historic Theatre Group and issue a Request for Proposals seeking a long term user or purchaser of the building. On December 23, 2004, the City Council accepted the response to the RFP from Historic Theatre Group and extended the Management and Operating Agreement through December 31, 2005.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Revenues will most likely be insufficient to repay original Leveraged Investment Fund (LIF) and CEDF loans, and contract for deed payments will continue to be made from the Fund CBE balance.
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact** (Summarize below)

**Ward:** 5

**Neighborhood Notification:** NA

**City Goals:** Helps to “create environment that maximizes economic development opportunities within Minneapolis by focusing on the City’s physical and human assets,” specifically in maintaining entertainment amenities.

**Comprehensive Plan:** Furthers the achievement of Policies 6.5 and 6.6 under Leisure and Culture:

“...promote the economic and creative vitality of arts activities based in the city...as a unique arts environment that responds to local specialty interest,” and “...continue to support the role of arts in tourism and community pride,” respectively.

**Zoning Code:** In compliance. This property is located in B4S-2 downtown district where theaters are permitted, and is located in the downtown entertainment area identified in Chapter 543 of the zoning code.

**Living Wage/Job Linkage:** NA

**Background/Supporting Information**

In December 2005, the City Council accepted Historic Theatre Group’s (HTG) response to a Request for Proposal (RFP) for Hennepin Stages, 824 Hennepin Avenue. HTG’s proposal was to extend a short-term existing management agreement for one year, through December 31, 2005, with all existing terms and conditions remaining in effect.

Over the past year, HTG has successfully operated the venue. From January through October of this year, over 25,000 patrons have attended 183 performances at the two-stage venue. Monthly net operating income has exceeded projections; however as anticipated, revenues have not been sufficient to repay original Leveraged Investment Fund (LIF) and CEDF loans, and contract for deed payments have continued to be made from the Fund CBE balance.

CPED staff are planning to market the property again in 2006 to find a buyer, lessee, or operator that will enter into an agreement to operate the space as a venue for performance or arts-related activities. In the interim, staff recommends extending the management and operating agreement for one year through December 31, 2006, with all existing terms and conditions remaining in effect.