

Summary of Proposed Development Agreement
Strand Adventures, LLC
5-20-19

Project Summary

- Renovation and repurposing of the former Strand Theater located at 315 N. 8th Street, within the City's Downtown Historic District.
- Building has been vacant and underutilized for the past 8 years. Previously, it had been assessed at \$467,600 as recently as 2016, however declined to a value of only \$115,200 in 2017. Reuse of the building is a catalytic project along the North 8th Street corridor of the City's downtown district, and is consistent with the purpose of the TIF District.
- End use to be destination indoor adventure park including of rock climbing, toddler area, jungle gym, laser tag, arcade, birthday party rooms, crossfit, ninja warrior course, batting cages, golf.
- Major interior renovation work: Electrical, plumbing, HVAC, Demo
- Approx. \$500,000 in equipment purchases.
- Projected Job Creation: up to 14 FTE's.

Project Investment

- **Total Project Cost:** **\$1,392,165**
- Site acquisition: \$ 70,000
- Hard Construction: \$ 592,000
- Soft Costs: \$ 730,165

Debt & Equity Sources

- Developer Equity: \$ 375,915
- Construction Financing: \$ 537,500
- City RLF: \$ 365,000
- **Total:** **\$1,278,415**

FINANCING GAP: \$ 113,750

Project Evaluation

- TID 19 created 2017; closure 2044

Current & Estimated New Assessed Value:

- Current approximate base value of property: \$115,200
- Estimated assessed value: \$461,140
How determined: Per City Assessor, est. land value \$87,120, structure \$374,020 based on surrounding commercial property current assessments and complete building renovation per building plans.
- **Est. increase in assessed value: \$345,940**

Use of TIF-supported funds: Offset extraordinary demolition and building infrastructure costs of approximately \$165,000

- Demo: \$50,000
- HVAC: \$20,000
- Plumbing: \$15,000
- Electrical: \$80,000

Requested Incentive: \$113,750, Pay-As-You-Go

- \$113,750 = 8% of Total Project Cost; 33% of estimated increase in assessed value; 69% of extraordinary development costs.
- Obligation paid in 18 years (2038)
- Developer reimbursed 95% of actual real property taxes paid
- Reimbursement average of \$6,500/year
- Cumulative Balance of TID at closing, not considering other projects: \$61,002

Recommended Incentive: \$70,000, Pay-As-You-Go

- \$70,000 = 5% of Total Project Cost; 20% of estimated increase in assessed value; 42% of extraordinary development costs.
 - Obligation paid in 11 years (2031)
 - Developer reimbursed 95% of actual real property taxes paid
 - Reimbursement average of \$6,500/year
 - Cumulative Balance of TID at closing, not considering other projects: \$104,752
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