

Financing the Alameda Theatre: What We Asked For; What We Got Ron and Jasmine Schaeffer - 1 Oct 2005

The City of Alameda as the "Community Improvement Commission" and Real estate development company, "Alameda Entertainment Associates, Limited Partners" have engaged in a deal to develop properties bordering, and including the Historic, Art Deco, Alameda Theatre. They began working together exclusively on February 15th, 2002.

The City's stated goal was a community improvement project, to eliminate blight, and reuse an important historic resource- The Alameda Theatre. This was to be done to the greater benefit of the social, economic, environmental, and psychological well being of the citizens of the city.

The goals sound great. However, to most Alamedans, this means only one thing. They will get to see movies, in the newly restored Historic Alameda Theatre.

So, why is there a controversy, and how come there is a rising chorus of citizens, against this deal?

Opposition to this project began when the Multiplex deal was announced. The scope, financing, and design, fell far short of the community vision, and benefits promised to Alameda citizens.

What did the citizens actually ask for?

The vision, articulated by so many at the beginning of the development process, was the desire for a true public civic center. However, the number one priority, central to any plan, was to fully restore the Alameda Theatre, for movies and as a civic arts center.

The intended result would bring film entertainment, and special events to the center of our community, and would be a true public amenity, anchoring a new entertainment district, with the cross-purpose of enhancing and benefiting existing Park Street businesses.

With this in mind, what did the developers present?

1. A new building, adjacent to the theater, with no real architectural similarity, containing retail stores, and a 7 screen Multiplex.
2. No actual restoration of the Historic Alameda Theatre.
3. Refurbishing of some areas, useful to the Multiplex complex. Restoration is confined to the Historic Alameda Theatre shell, and parts of the lobby.
4. An architectural design, publicly described as "butt ugly" by councilman Doug deHaan.
5. An inadequate solution to the parking problems that the project will generate.

The garage capacity, at a cost of \$27,500 per space, is not exactly the answer to our parking dreams. The garage has space for 352.

Does this matter?

Maybe, to local business, as the increase in traffic to the new Multiplex, may actually cost them customers.

- Do the math, 352 new spaces, 1526 to 1750 new movie seats.
- Does the area need more parking? Sure.
- Are there alternatives to such a tall out-of-place building in Alameda? Yes, by using, or building several smaller lots, within a few block radius of the Historic Alameda Theatre.

When the Mayor ran for office she strongly pushed added public transit. Why isn't an emphasis on better public transportation a viable alternative to the currently planned parking structure?

If the Theatre is supposed to be the centerpiece of a grand civic development, you would never know it by these plans. This is certainly not a historic restoration, or meaningful public use of the facility.

What's really going on here?

The real deal is the Multiplex next door, with its accompanying tall, low capacity garage.

The Megaplex plan, uses the Historic Alameda Theatre, falsely accused of being a blighted property, to qualify the whole project, for public redevelopment dollars. In short, they get to build a large commercial project with our redevelopment tax dollars, without actually restoring the theatre.

Plain and simple, this is a real estate deal. It has investors, and shares like any other investment property, be it a house, strip mall, or gas station. The complex can be bought or sold in the same way. One feature of this deal: It provides a buy-out clause in five years. At that point, the City can terminate its interest and influence, and sell it off as just another property.

The catch here is, the taxpayers of Alameda and the State of California, are providing a financial safety net for the real estate investors.

In the end, the Alameda Theatre, gem of the city, will still not be restored to its deserved glory, nor will it be the cornerstone of a true civic center.

So, how did we end up with a Megaplex when all we wanted was a cool movie theater and a real community-oriented Civic Center?

As always, it's the money. The developers claim their plan is the only sound business model that will make the project self-sustaining.

In the words of the Developer, the primary justification for a Megaplex is economics of scale. They need more screens than can go in the Alameda Theatre building, to make a profit, and continue to provide an entertainment service.

Something smells here! And it is not low tide in the estuary, or in the theatre basement.

There are plenty of existing successful theatres operating right now in California. Included, are both small town movie theatres, and large box Megaplexes.

So the funny smell is a smoke screen.

The key to this development is not a profitable free enterprise, business plan. The grease that enables this deal, and makes the whole plan possible is subsidized public financing. Not economics of scale.

So, show me the money.

The city government has said over and over again, the money is not from the general fund, and will not affect the current budget or city services.

Well, yes, for the moment this is true... but there is a catch.

The catch, or catches in this case:

- Every property owner, in the Park St. redevelopment district, pays the money back. Check the map at City Hall, to see if you qualify.
- From the moment bonds that are issued, the amount of your money that goes to the City general fund from your property tax is frozen. This stays in affect for 30 years or until the bonds are repaid. So, the first catch is, as property taxes rise over time, all additional dollars collected will be diverted from the general fund, (money that pays for things like, schools, street repair, police, fire protection, social services etc.) to repay the bonds.
- The long-term catch is, as costs and need increase, there will be no new money available to the city, due to these bond repayments.
- The historic result is cuts, not funding for city services.

A case in point is the Coliseum redevelopment district in Oakland. The city services are years behind need and demand, due to a similar bond measure, used to build the coliseum sports complex in 1966.

Give me the money. Well, not me, but the developers.

The cost of this project is: \$22,770,000. With interest: \$44,820,000.

The developers are putting in approximately \$5 million dollars. They will also pay almost \$6 million dollars in rent over the next 20 years, a rent that is significantly lower than that charged for similar historic theaters in the Bay Area. Over this time, the City expects to lose about 17 Million dollars, not including interest.

In addition the developers get to keep all rent from the retail businesses, in both buildings to subsidize their rent.

Take a closer look. This is clearly a public subsidy to a private business using redevelopment dollars.

So, let's call this what it is, a publicly-subsidized project.

This begs the question, why not modify the plan and actually get what the city and citizens wanted all along? Restoration of the Historic Alameda Theatre, for movies, and as part of a real civic center.

The price tag could end up considerably smaller, and we'd be watching movies in much less time, without giving our tax dollars away to a developer.

Ron and Jasmine Schaeffer, 1 October 2005