

MCCONNELL CENTER EXECUTIVE SUMMARY

July 25, 2012

The purpose of this Executive Summary is to provide an important update to the Dover City Council and the Citizens of Dover on the current status of the McConnell Center.

The McConnell Center operations for the recently completed FY2012 budget year have shown a steady improvement in the balance of revenues and expenses. This has been demonstrated in the preliminary end of year financial reports, where the expenses are \$72,204 less than what was budgeted, and the revenues are \$7,791 higher than what was budgeted, which represents an encouraging \$79,995 net positive balance. This balance will stay within the McConnell Center Special Revenue Fund to reduce the operational debt that has accumulated since the building opened in 2007.

The current occupancy rate of the building with the recently approved tenant contracts is 95% of capacity. The only remaining spaces to lease are the four unfinished rooms on the second floor in the rear of the building. The City has engaged the services of Grubb and Ellis Realtors to market the vacant space in the building, which has helped bring a number of potential tenants to visit. Realtor Mr. David Choate from Grubb and Ellis has reported that there will be continued difficulty filling these four unfinished spaces in their current unfinished condition. The McConnell Center Advisory Board has discussed this concern, and has voted to recommend that the City move forward with some level of finishing and improvements to those four units.

The City Council had previously approved an allocation in the FY 2013 Capital Improvements Program (CIP) to fit out those spaces, based on potential forthcoming tenant agreements. However, the dilemma has been that we cannot get hope to enter into feasible negotiations to utilize these funds in accordance with this method, as the units are utterly far from any semblance of completion in their current unfinished state. A draft resolution (R-2012.08.08: Appropriation and Commitment for McConnell Center Fit-Out Project) was coordinated by the undersigned with the City Manager on July 24, 2012. It is anticipated that it will be ready for presentation to the City Council on August 8, 2012, with referral to Public Hearing on August 22, 2012. It will require a Super Majority vote of the City Council to approve the CIP stipulated \$200,000 to complete the fitting out of these aforementioned four remaining unfinished units.

To summarize, Dover is experiencing a positive budget trend for the McConnell Center, and interest from potential tenants is high. It is highly encouraged that any way that the City Council can move the completion of this four unit fit-out project ahead will produce immediate dividends. Once these four vacant units are improved and leased, the McConnell Center budget will realize close to \$40,000 more per year in revenues, and thereby avoid having to rely on the City to continue to subsidize its budget to make up for these vacancies. Once these four units are leased, they will lower the operating costs carried by the City, and allow for the maximum potential benefit of the building to occur.

The McConnell Center is a tremendous asset to the City of Dover, and will perform at its most effective level when fully occupied. There will be more information forthcoming on this matter in the next few weeks, and I will look forward to discussing this further with the City Council and our Community.

Councilor Mike Crago
McConnell Center Advisory Board