



★ ROCHESTER ★ AVON ★ RECREATION ★ AUTHORITY ★

July 7<sup>th</sup> 2016,

Rochester Hills City Council  
1000 Rochester Hills Drive  
Rochester Hills, MI 48309

Re: Request for purchase & property development

Dear Rochester Hills City Council,

In May of 2012 The Rochester Avon Recreation Authority presented & requested to this City Council seeking approval to use part of RARA's fund balance to relocate its Administrative and service headquarters to a new venue. After City Council concurrence RARA was able to acquire a 36,000 square foot building and build out for recreational purposes. Since that time RARA's programs are growing by leaps and bounds due in large part to its new headquarters. Complete with Main offices, 4 large dance rooms, multi court turf fieldhouse, gymnastics wing, indoor playscape, party / classroom & equipment storage.

As of September, 2015 RARA's 36,000 sf headquarters is 100% built out. Knowing full well this time would come, RARA has been keeping an open dialogue with the owner of the building located directly west at 480 E Second Street who is the same owner of the building our Authority acquired in 2012.

The 480 building mirrors the same physical characteristics as 500 E Second, allowing RARA to again further create recreational opportunities through adaptive building reuse.

Over the last 4 years RARA has envisioned this building one day becoming available. The RARA Board & Administrative staff looked at the logistics of this building and what recreational opportunities could be offered in the space based on recreational trends & participant surveys.

In January of 2016, RARA was notified the current tenant that was leasing the building likely would not be renewing. After receiving this information the wheels were set in motion to acquire 480 E Second.

The RARA Board & Administration actively negotiated terms & conditions that have been agreed upon in a letter of intent with the property owner. A recent appraisal on the property and the building supports the purchase price. A phase I & II environmental analysis have been performed on the property and the property has been given a clean report. The current land contract would be modified to include the neighboring building in cooperation with both City attorneys.

This building being approximately 23,000 sf, combined with the existing headquarters will put RARA at 58,000 sf of space to offer a multitude of recreational opportunities to our residents. Almost 6 times larger than the 10,000 sf building RARA had been leasing for the last 20 years prior to 2012.

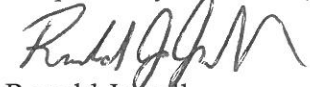
Also provided in the information submitted is an annual budget projection for the 480 E Second property. This is a rare expansion opportunity for RARA to invest in its future at its new location. The RARA Board along with program Administration feels this building acquisition meets our long term programming goals as a place to expand an already impressive list of recreational opportunities for the citizens RARA proudly serves.

On behalf of the Rochester Avon Recreation Authority RARA respectfully asks this City Council for a motion to allow RARA to use a portion of its unrestricted fund balance for the purchase and development of the building and property located at 480 E Second Street in Rochester.

RARA has shown through increased participation and revenue trends along with a highly successful millage renewal campaign in 2015 that RARA is very much part of this community's fabric, adding additional opportunities for recreation to an already extensive lineup is fiscally responsible and recognized by our community.

Your favorable consideration of this request is greatly appreciated.

Respectfully submitted,



Ronald Jewell  
Executive Director  
Rochester Avon Recreation Authority



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# 480 E Second Phase II

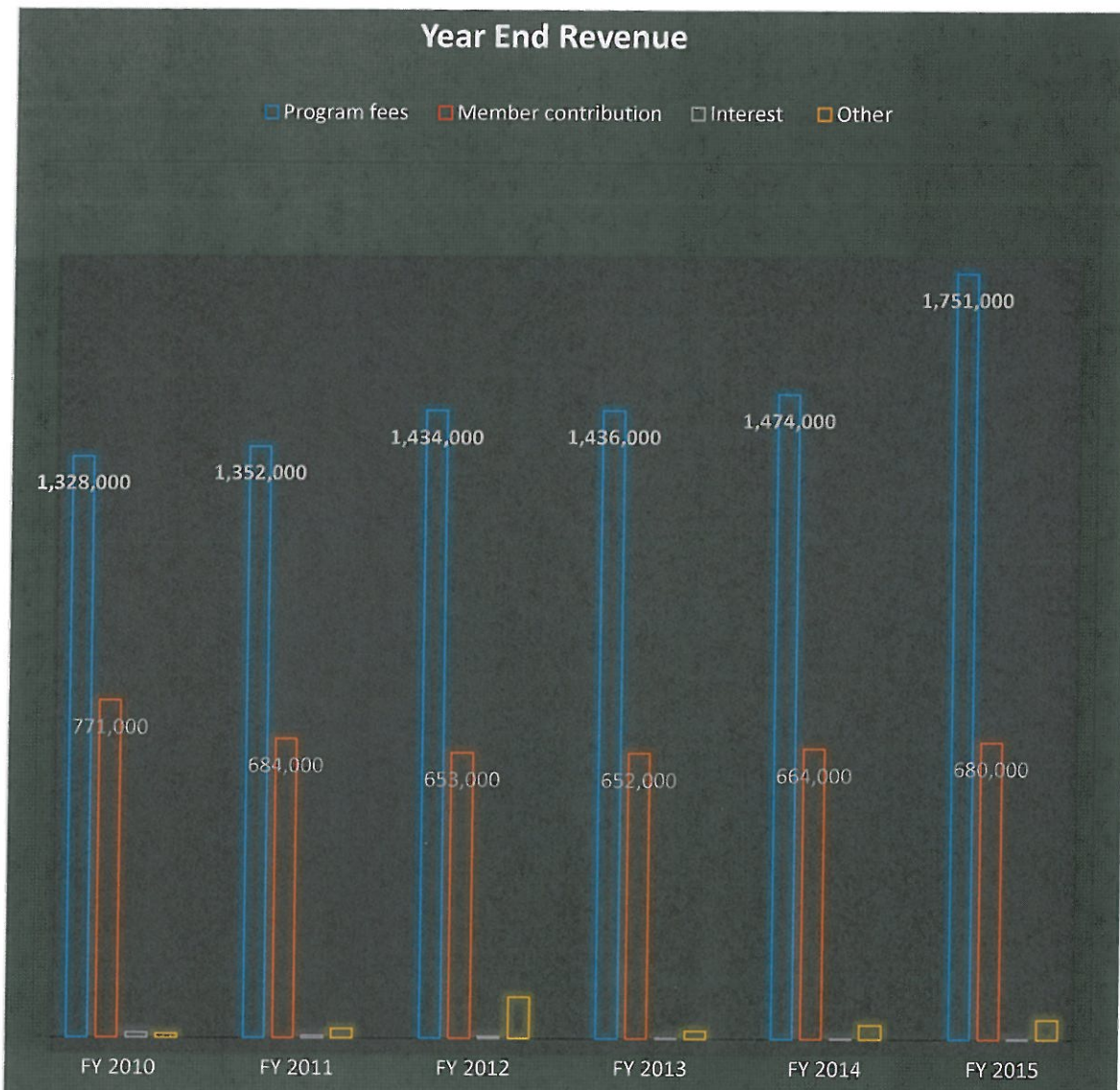


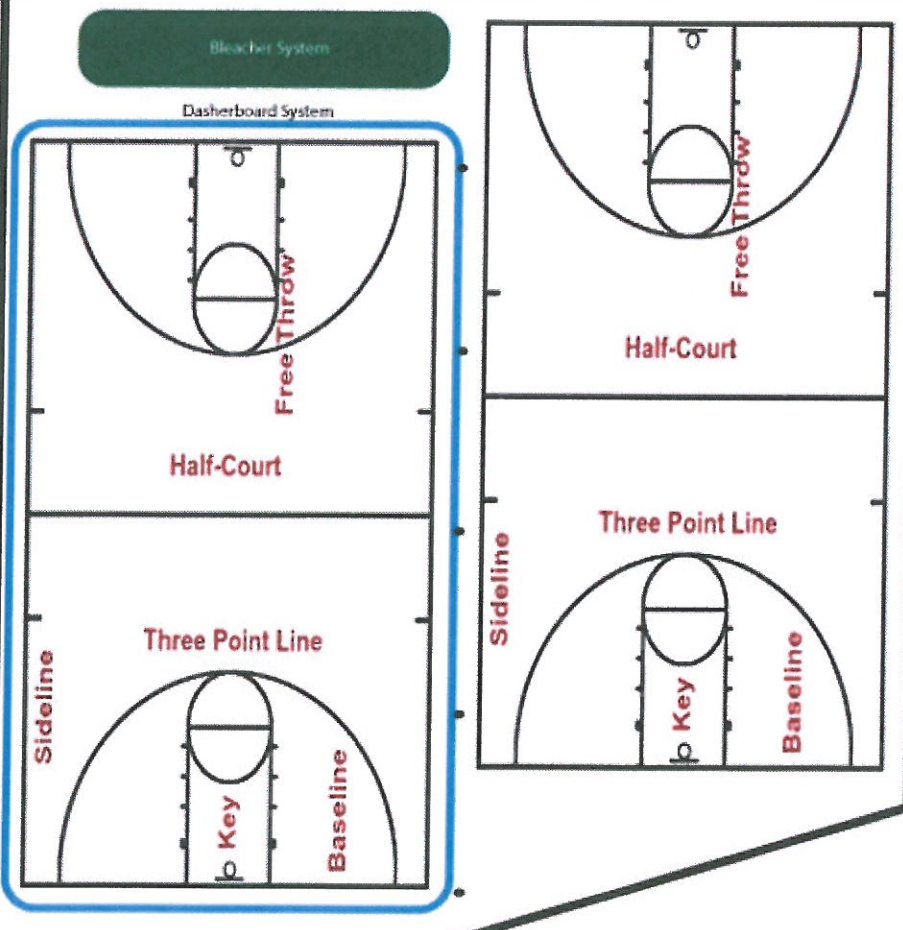
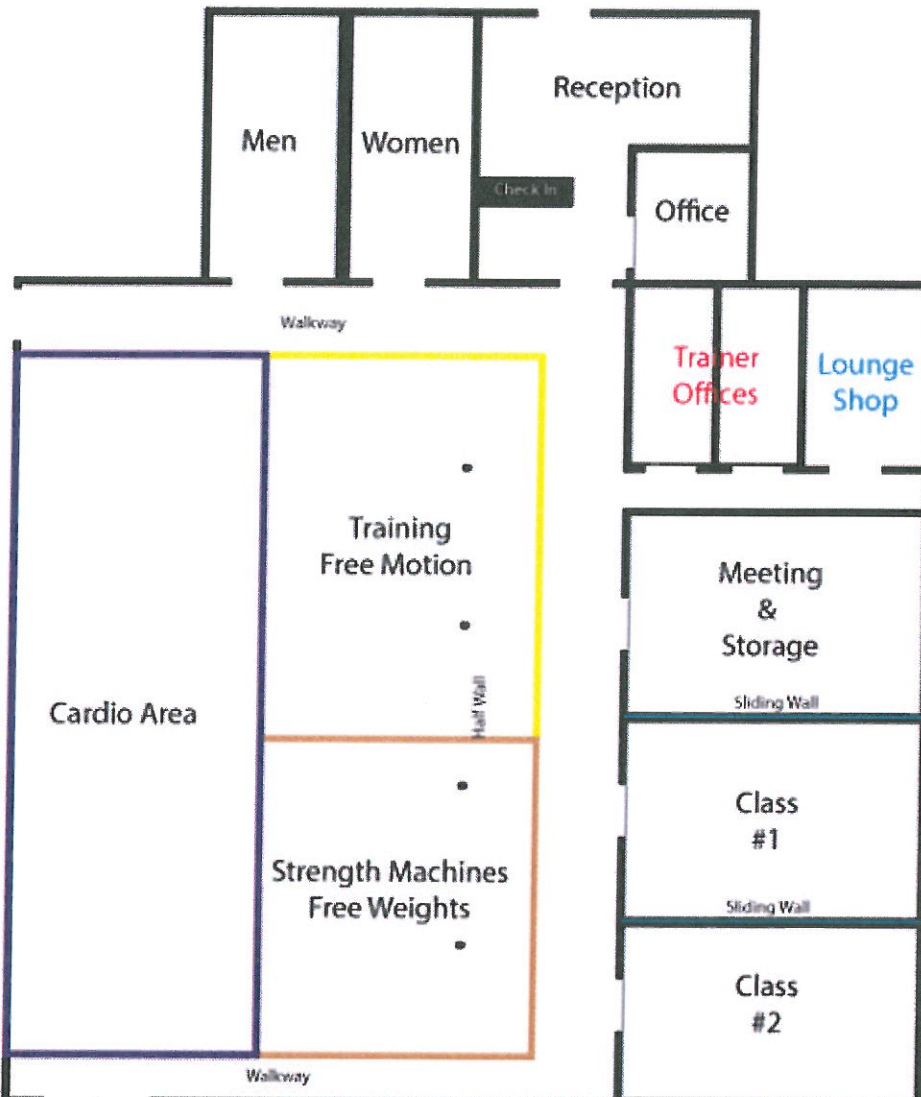


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Enhancing Lives

Enriching Community







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<b>Building Expansion Revenues</b>		
Court Rentals	\$55/hr * 40 hrs/wk * 48 wk/yr * 2 Courts	\$ 211,200
Fitness Membership	\$30/mo * 12 mo/yr * 400 people	\$ 144,000
Fitness Day Pass	\$5/day * 5 passes/day * 336 days/yr	\$ 8,400
Personal Trainer Rent	\$250/mo * 12 mo/yr * 4 trainers	\$ 12,000
Family Membership	\$55/mo * 12 mo/yr * 50 families	\$ 33,000
<b>Building Expansion Annual Revenue Estimate</b>		<b>\$ 408,600</b>

<b>Building Expansion Expenditures</b>	
Building Mortgage	\$ 75,173
Lawn & Snow	\$ 2,020
Trash	\$ -
Liability Insurance	\$ 6,800
Utilities	\$ 17,400
Custodial Services	\$ 40,000
P/T Staff: Customer Service Staff	\$ 50,000
Custodial Supplies	\$ 1,960
Building Supplies	\$ 1,000
Fitness Equipment Lease / Rink System	\$ 75,828
Lump Sum Mortgage Payment	\$ 100,000
<b>Building Expansion Annual Expenditure Estimate</b>	<b>\$ 370,181</b>

New Building Annual Revenue Estimate	\$ 408,600
New Building Annual Expenditure Estimate	\$ 370,181
<b>Building Expansion Annual Revenue - Expenditure</b>	<b>\$ 38,419</b>