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June 8, 2024

Mr. Steve Pastorik, AICP
Community Development Director West Valley City
3600 South Constitution Blvd. Room 220
West Valley City, UT 84119

Subject: Redwood Drive-In Site, 3688/3700 S Redwood Road. West Valley City, UT 84119

Dear Mr. Pastorik:

The purpose of this letter is to explain the decision to sell the Redwood Drive-In Theatre property, located at 3688/3700 S Redwood Road. Presently, the owners operate a drive-in theatre and swap meet business on the property.

The property owners have operated drive-in theatre and swap meet businesses in the Salt Lake valley and the Orem and Provo areas for over 65 years. At one time, they operated eight drive-in theatres and three indoor theatres. With the exception of the Redwood, all of those operations have been discontinued or sold for redevelopment many years ago.

The original, predecessor company to DeAnza Land and Leisure Corp. was formed in 1948. The original business model, which remains unchanged, was to acquire land in outlying areas, develop the land into drive-in theatres and operate the drive-in theatre business until such time as the land sufficiently increased in value so that the drive-in theatre business no longer provided an acceptable rate of return. At that time, the property would be sold and the sale proceeds reinvested in other projects. Over the life of the company, it has operated nearly fifty drive-in theatres. Now, only four drive-in theatres remain. All of them are under performing and being marketed for sale.

The company is family owned, and the family members are aging and no longer wish to operate management intensive properties. The original founder, who managed the company for over



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sixty years, has died, and none of his descendants are active in the business. This forces the company to employ personnel to manage its drive-in theatre businesses. This, along with ever-increasing overhead and other costs, has rendered most of the company's theatre and swap meet operations unprofitable. In addition to this, the Redwood operates seasonally, due to inclement winter weather. The Redwood Drive-In operated year round until about forty years ago. At that time, the theatre closed for three months during the winter months. Since then, the operating season has shrunk to less than five months, and for two of those months, the theatre is only open two days per week.

Another reason for the decline in Redwood's performance is the lack of quality movies. During the Covid-19 pandemic, movie production ceased and, afterwards, the industry experienced writer and actor strikes. All of these factors resulted in fewer movies being released, and a decrease in the quality thereof.

In summary, the Redwood is being sold because the business no longer yields an acceptable rate of return based upon the value of the land. In accordance with the company's business model, the property is being sold for redevelopment. It should be noted that the Redwood drive-in theatre and swap meet business will continue to operate after the sale closes, until the new owners break ground on their housing development. This will allow swap meet vendors time to relocate their businesses.

Sincerely,

Ralph Nardoni

Ralph Nardoni
President