

Los Altos Theater Study

Final Summary Report

March 23, 2023



AMS
PLANNING
& RESEARCH

THEATRE PLANNERS / LIGHTING DESIGNERS
Schuler Shook



INTRODUCTION



The following summarizes the feasibility study process, findings, and recommendations for a new theater. In the pages following, we have described the context and market for the proposed new theater, described a preferred facility vision, forecasted likely utilization for performances, programs, and community uses, and estimated facility and operational requirements and costs.

This report describes market and organizational conditions that support a base case for a new theater. With this completed, effort can now move to planning in greater detail and gathering support for the next phases. This report is intended to serve as a springboard for further decision-making regarding the development of a new theater for the Los Altos community.

The next seven (7) pages contain **a high-level executive summary**. Greater detail, analysis, and background information can be found in the body of the report and in the appended materials.

Executive Summary

Scope of Work

Phase 1

Assessing Feasibility

- Supply, Demand, and Aspiration

AMS Planning & Research, in partnership with theater planning firm Schuler Shook, worked with the New Theater Task Force and Los Altos Stage Company to assess the feasibility of developing a community-scaled theater space for the residents of Los Altos. Over the course of two phases of work, we found that **there is both need and opportunity for replacement of the existing Bus Barn Theater** with a degree of added space to accommodate a wider variety of community activity.

Phase 2

Setting Definition

- Operating Model, Building Description, Financial Forecast

In our **first phase**, we studied market conditions, the overall health and operations of the Stage Company, and the supply of other venues in the market, and also collected input regarding community goals, attitudes, opinions, and aspirations about arts, culture, and downtown Los Altos.

Our **second phase** focused on defining a space that meets both community and Stage Company needs and goals. We developed a profile and mock schedule of activity that would take place in a new facility and, from there, developed space plans and an operating financial forecast.

Executive Summary

The Company & The Market



53%

growth in *attendance* in years leading up to 2020 (pre-COVID)



60%

growth in *revenue* in years leading up to 2020 (pre-COVID)

In seeking to understand the state of the Stage Company, we analyzed operating data going back to fiscal year 2012 and up to 2019, pre-COVID. We consistently saw steady and measured growth in the Company's revenues and expenses.

This indicates **solid management and oversight** and programming that is meeting community interest and perceptions of value.



40%

of households in the primary market have incomes over \$200k – the highest concentration in California



53%

of patron households have children living at home – indicating strong potential for youth and multi-generational programming



55%

of the market's population is under age 40 – representing strong future growth potential for arts patronage

We analyzed the market area and zeroed in on a collection of 15 zip codes that we believe comprise the Theater's primary market. This geography includes a total population of approximately 387,000 people.

In short, **we found the primary market area to be extremely strong** – demographically speaking – for greater consumption of arts and cultural activity.

A thorough analysis of the Stage Company's database of over 10,000 patrons was also conducted and found that **a strong base of followers exists from which to build**, with ample opportunity for future growth of both program consumers and philanthropic supporters who could be tapped with the right strategies, approaches, and campaigns.

Executive Summary

Community Input



Survey responses received from over 440 area residents



There is high interest in diverse content, including educational programs for young people, film, lectures, theater, & live music



Stakeholders envision a multi- and inter-generational gathering place that contributes to downtown vitality

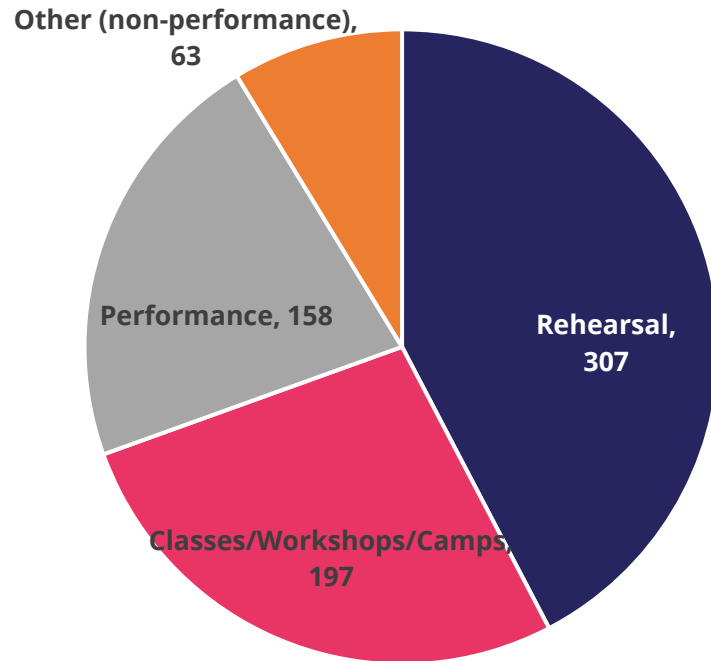
In order to gain insight into what community members, patrons of the theater, and other stakeholders are thinking with respect to the Stage Company and a new, community-facing facility, we conducted a community survey. We heard from 445 respondents who self-selected to participate. The survey was not conducted with random, systematic, stratified, or other sampling methods.

The survey found that **there IS significant interest for greater training opportunities for young people**, as well as for attending a range of performances including live music, comedy, lectures, film, and, of course, live theater. A majority felt that advantages of developing a new theater would be to **enhance downtown Los Altos as a hub of economic and cultural activity**, and to **bring the community a sense of pride** – pride of place.

Our major take-away from the data is that people see this project as **a community resource for the residents of Los Altos** more than as a regional destination. This project is about serving more of the Los Altos community and doing it better.

Executive Summary

Activity Forecast



Annual attendance of **20,500** from over **725 activities** annually, including:

- ✓ Community events
- ✓ Concerts, lectures, film, comedy, & family performances
- ✓ Rental uses
- ✓ LASC & LAYT performances
- ✓ Classes & camps for young people
- ✓ Rehearsals

To begin developing an operational forecast, we worked with LASC to map out the likely activity level of a new theater space. We put together a highly detailed calendar of community events, classes, rehearsals, performances, and other events that would take place throughout a typical year.

The breakdown of this activity is summarized in the chart above. We plotted **over 725 unique uses of the building** including **community events** and rental of the space. Over a quarter of the use would be for **classes, workshops, and theater camps for young people**. The space would be utilized day and evening and often for more than one activity at a time. For example, a film might be shown in one space while young people are taking an improv acting class in another.

The forecasted activity conservatively generates **annual attendance of over 20,000** at the building, based on an 85% average capacity sold for ticketed events and performances.

Executive Summary

Facility Program

Schuler Shook theater planners worked with LASC leaders to determine that the building needed to contain this array of activity would consist of a **160-seat mainstage**, configured in a traditional proscenium style.

Theaters also require **ample backstage spaces and room for gathering** in the front of the house. This building program includes a suitably-sized lobby and outdoor patio area, a special lounge space dedicated to Los Altos Youth Theatre, storage, dressing rooms, and other essential support spaces.

An appropriate site needs to accommodate a footprint of between 13,000 and 14,000 square feet, which can be accomplished at the downtown parking plaza site. However, it cannot be accommodated at the current Bus Barn site without spilling over onto adjacent land uses.

In terms of square feet, the facility would be over 23,000 when “grossed up,” which is the allocation used to account for walls, hallways, duct runs, sprinkler control rooms, etc.

An **order of magnitude analysis** of likely project costs for a theater in the Bay Area was conducted by the Schuler Shook team, which determined a project cost range of \$1,000 per square foot, including hard and soft project costs. Therefore, this building program would be in the range of \$23 million to develop.

The LASC team envisions this **cost to be met through a community-wide capital campaign**. The next step is to determine the funding plan to raise this money.

- 23,400 square feet
- 13,000 sq. ft. minimum site footprint required
- Order of magnitude cost = \$1,000/sq. ft.

Back of house support spaces



160-seat theater



Lobby, patio, & community gathering spaces

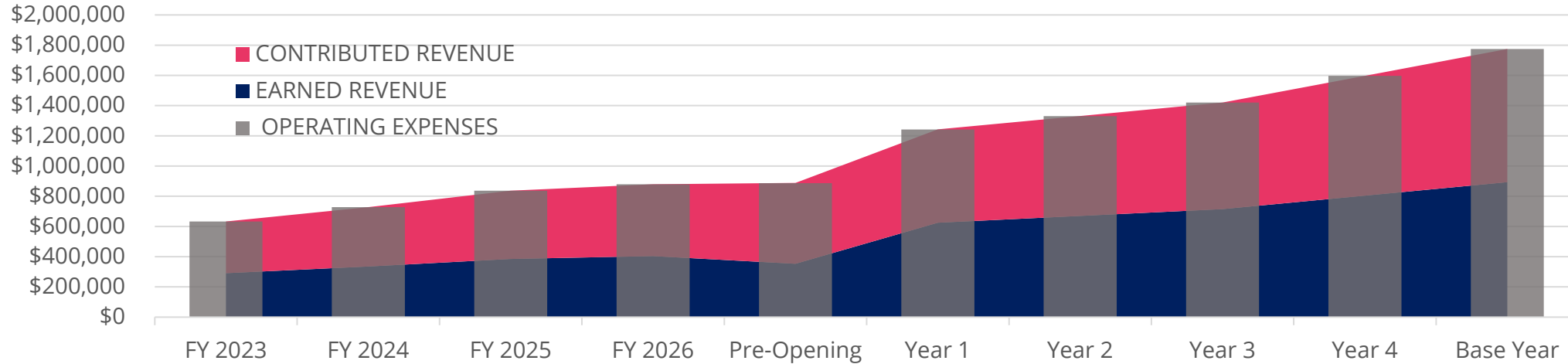


Dedicated youth lounge, rehearsal & teaching spaces, offices, storage



Executive Summary

Operating Forecast



Finally, we worked through a number of key operating assumptions and researched comparable theaters to arrive at an operating financial forecast.

The forecast shows that the operating budget for the building would normalize at around \$1.7 million in operating year 5 (which would be 8 to 10 years from now) with **revenue evenly split** between earned sources, such as ticket sales, rents, tuitions, and concessions, and contributed support, **in line with industry benchmarks**.

This budget includes LASC, Youth Theatre, building operations, and occupancy costs (heating/cooling, utilities, security, insurance, etc.)

The operation of LASC will build and grow to this point, with the greatest growth forecast to occur in contributed revenue, which can result from the significant capital campaign required to construct the facility.

As it builds towards this normalized operational forecast, **LASC will gradually introduce expanded educational programming** and external rentals, simultaneously ramping-up the staff required to program and operate the new facility to its fullest capacity.

MOVING FORWARD ...

Where do we go from here?

Conduct a Capital Fundraising Analysis

- To understand the environment in which a capital campaign will occur
- To develop an achievable capital campaign strategy

Continued support of City Council

- City staff resources to support continued evaluation
- Financial commitment from City to commence fundraising feasibility study
 - City to split the cost of fundraising study and other necessary planning steps with LASC and community donors
 - Continued support of the MOU



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CONTEXT



Study Scope

STUDY SCOPE

A feasibility study
for the development
of a new home for
LASC.

The Los Altos Stage Company (LASC) engaged AMS Planning and Research, along with theater planners Schuler Shook, to conduct a feasibility study for the development of a new home. The team sought to study, evaluate and develop plans and strategies to move the project forward. The primary goal of the study was to help LASC make a confident, business-based decision about the most effective building and business plan for a new or redeveloped facility.

Appendix F contains further description of the scope of work.

Six key questions guided this work:

1. What are the community's **priorities, needs and opportunities** for a new theater building?
2. What are the community's **programmatic interests** and **attendance patterns** and preferences?
3. What are the local and regional **market conditions** and **competitive landscape** for the development of a new theater?
4. What is the **best balance of activity** to both broaden and deepen LASC offerings and provide space for community use?
5. What is the **appropriate facility configuration** for the most relevant LASC, community and regional performing arts needs?
6. What are the **best operating structure and policies**? How are they manifested financially?

STUDY SCOPE

Assessing Feasibility:
Supply, Demand, and Aspiration

Setting Definition:
Operating Model, Building Program, Financial Forecast



Phase 1: Situation Analysis
1. Background & Operations Review
2. Kick-Off
3. Stakeholder Engagement
4. 360 Market Scan
5. Patron Assessment
6. Strategy Session & Workshop
Phase 2: Business Planning
1. Activity Mapping
2. Exemplar Learning
3. Facility Planning
4. Financial Projections
5. Final Reporting

STUDY SCOPE:

LASC established a set of goals for the development of a new theater in Los Altos.

These goals served as building blocks for the work of the study.

- To **increase the vibrancy of Los Altos' downtown** business district by building a performing arts venue that will present cultural activities and programs
- To **utilize Los Altos' existing and longstanding community-based theater arts** and youth theater education programs to provide programming and management for the venue
- To **increase the local cultural participation** of and engagement by Los Altos residents by expanding education and community access opportunities in the new venue
- To **attract residents of surrounding communities** to Los Altos' downtown business district for expanded and varied nighttime programs

CONTEXT



Current Snapshot

Stage Company on Firm Foundation

Solid growth over five years pre-covid with revenues meeting expenses

In seeking to understand the state of the Stage Company, we analyzed operating data going back to 2012 up to fiscal year 2019, pre-covid. When we did this we consistently saw steady and measured growth in the Company's revenues and expenses.

This indicates **solid management and oversight** and programming that is meeting community interest and perceptions of value.



53%

growth in *attendance* in
years leading up to 2020
(pre COVID)



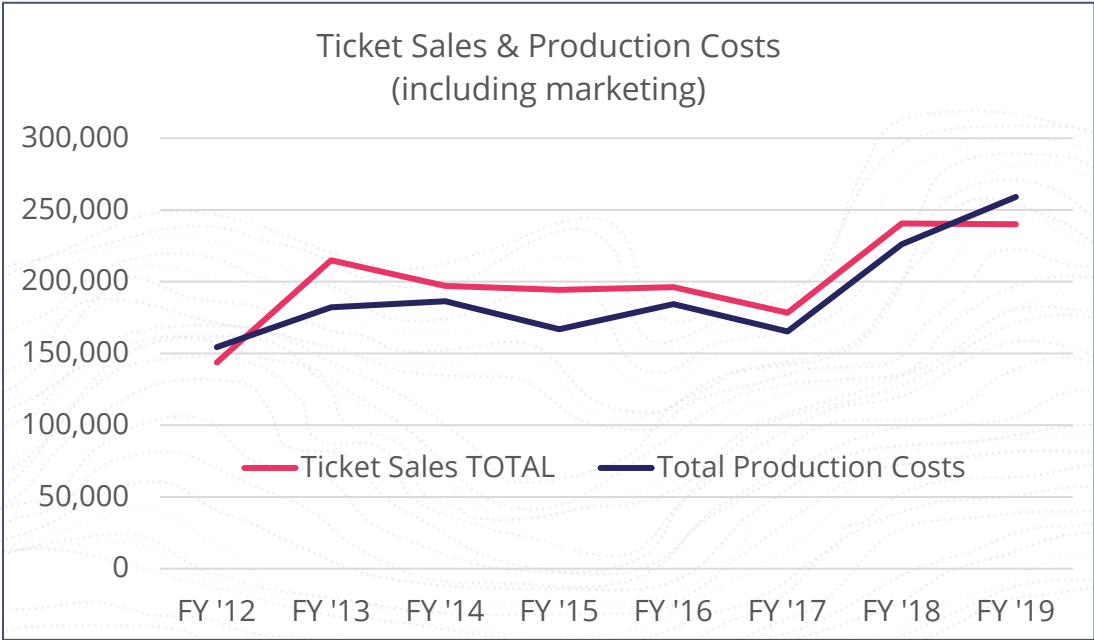
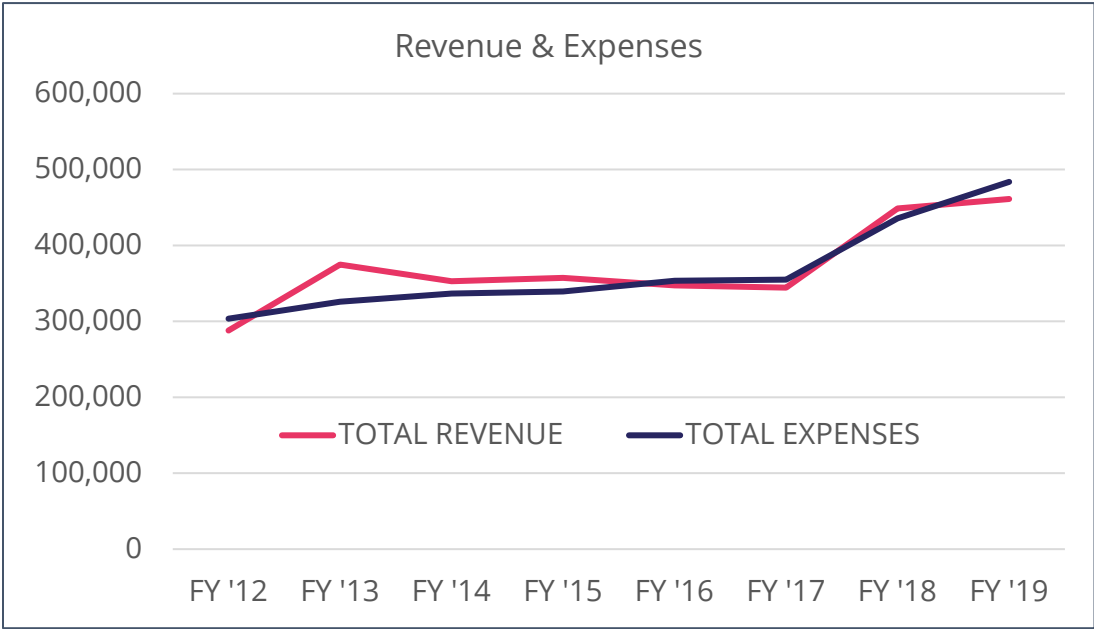
60%

growth in *revenue* in
years leading up to 2020
(pre COVID)

CURRENT SNAPSHOT: *Operations*

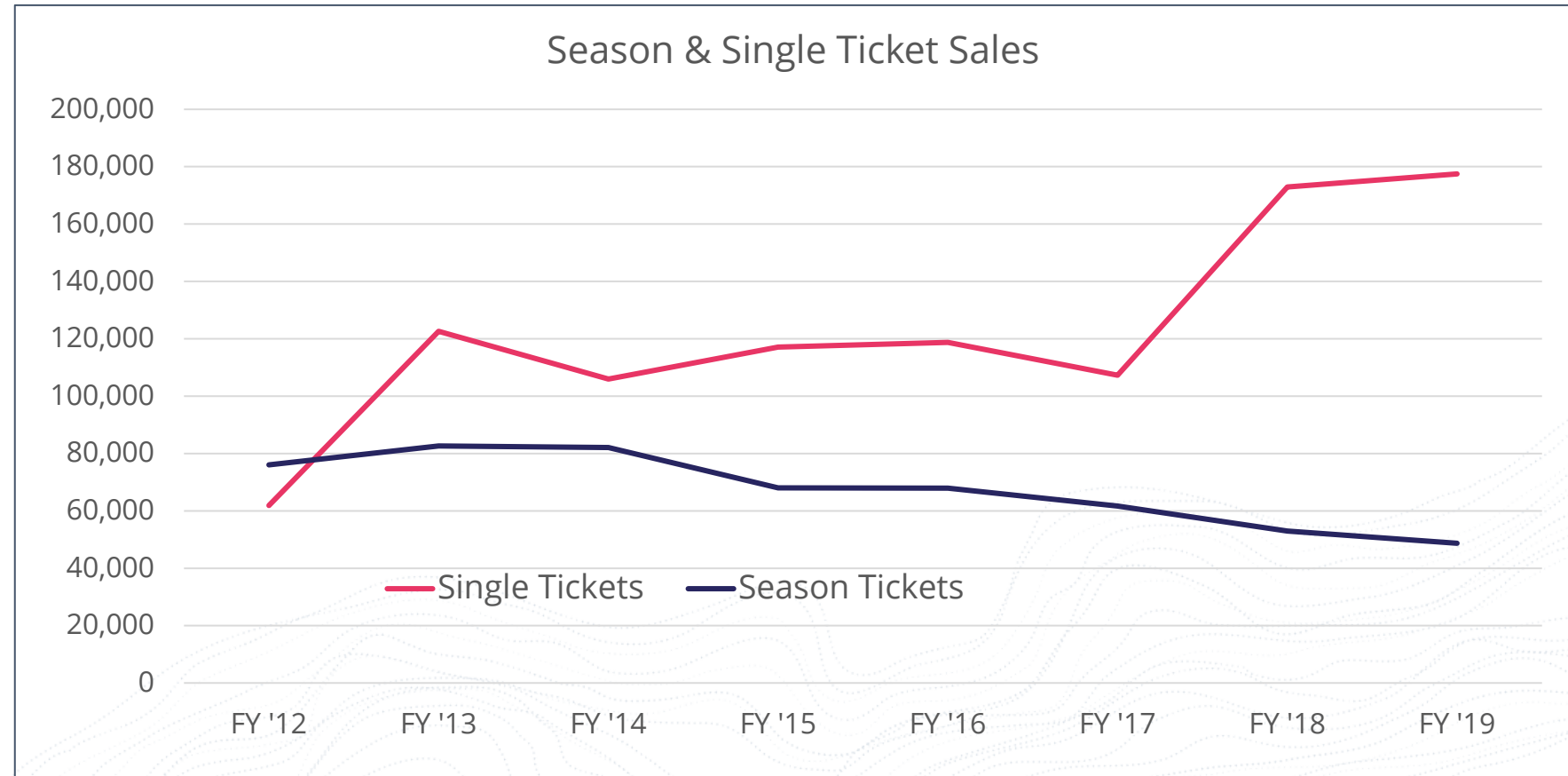
LASC has been making it work!

- Revenues have historically met expenses... even in growth mode



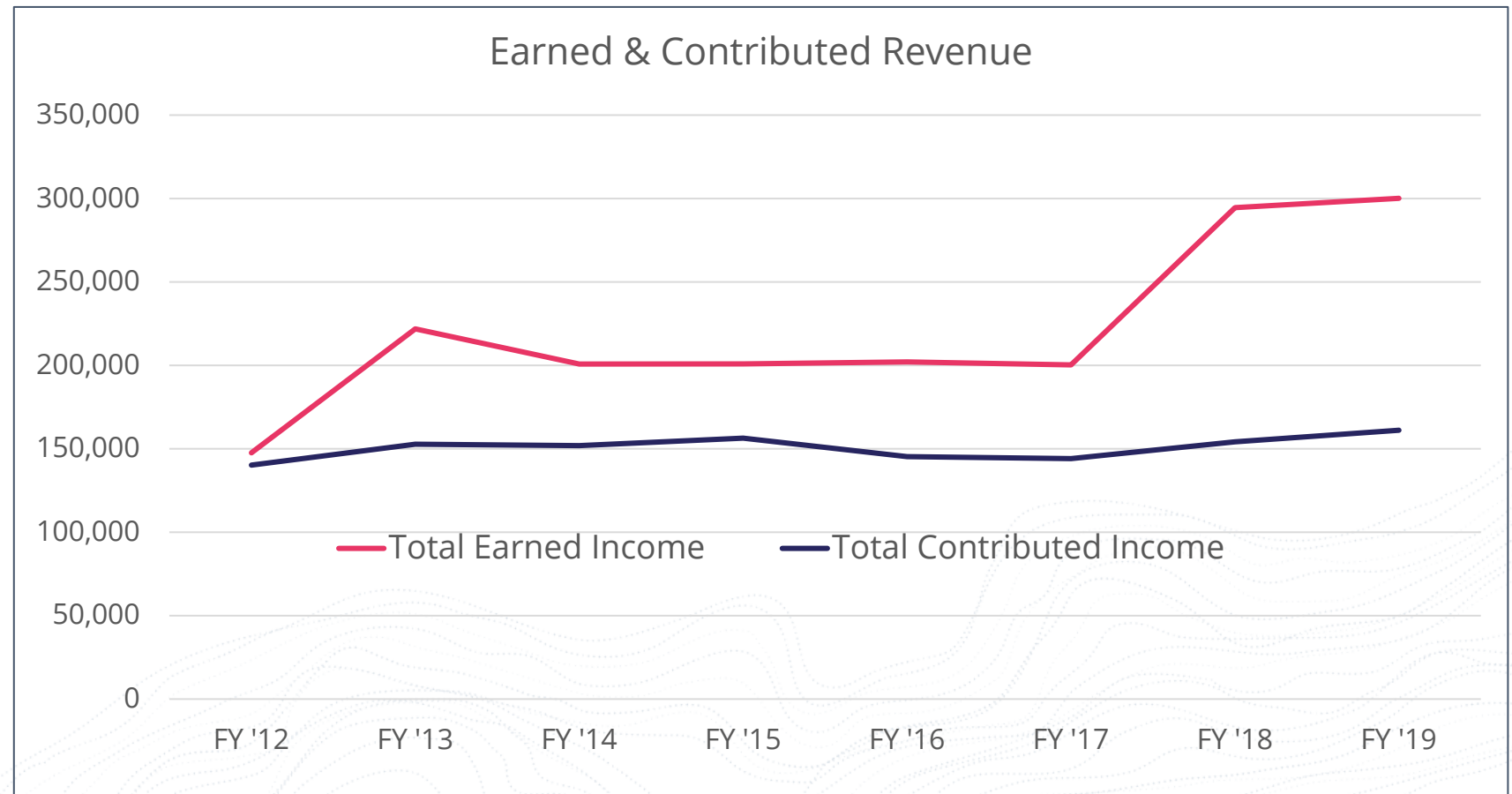
CURRENT SNAPSHOT: *Operations*

- LASC single tickets were seeing strong growth pre-COVID
- The Company has increased reliance on single ticket revenue



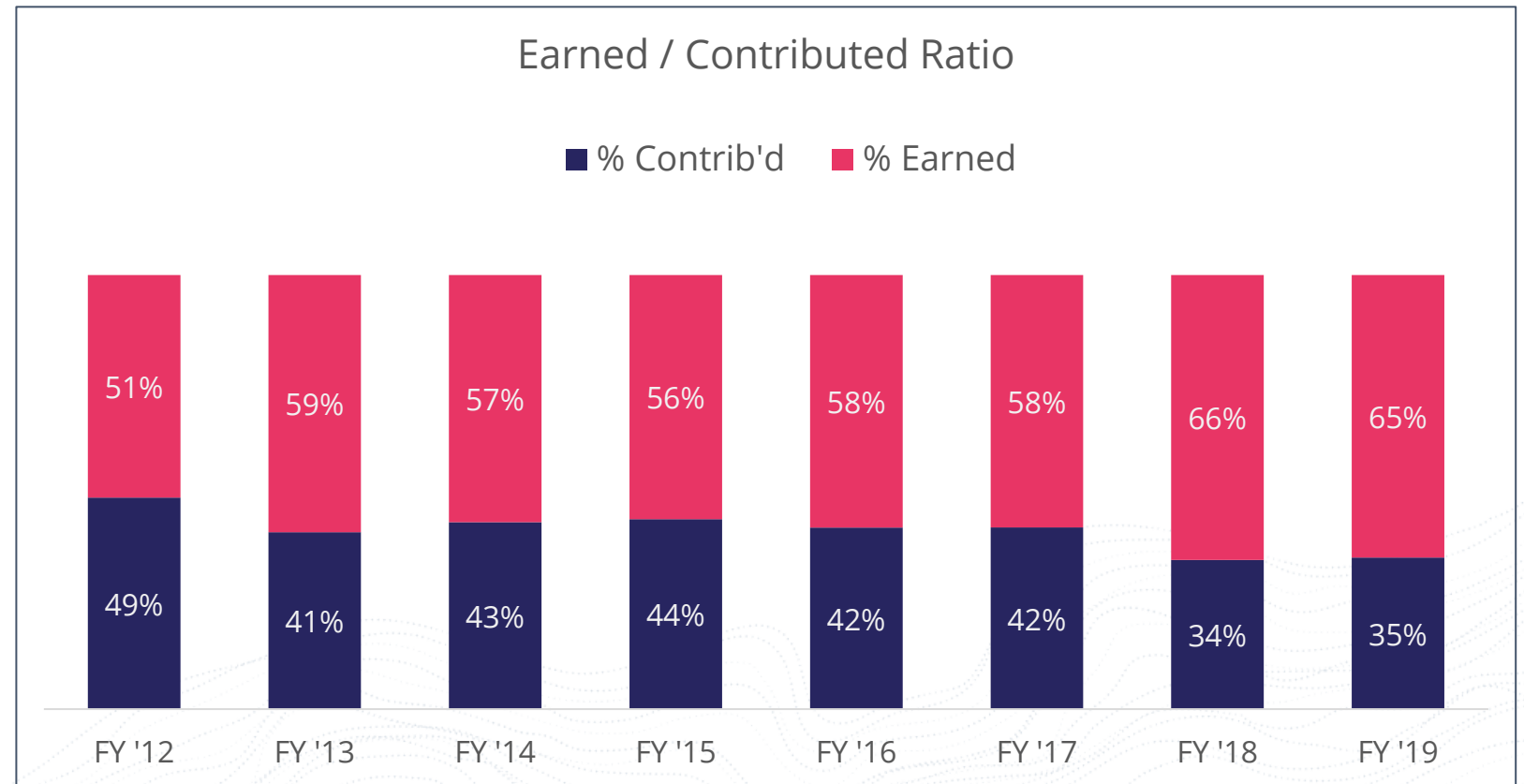
CURRENT SNAPSHOT: *Operations*

- Company growth is fueled by sales
- Contributed revenue has remained ~\$150k/year



CURRENT SNAPSHOT: *Operations*

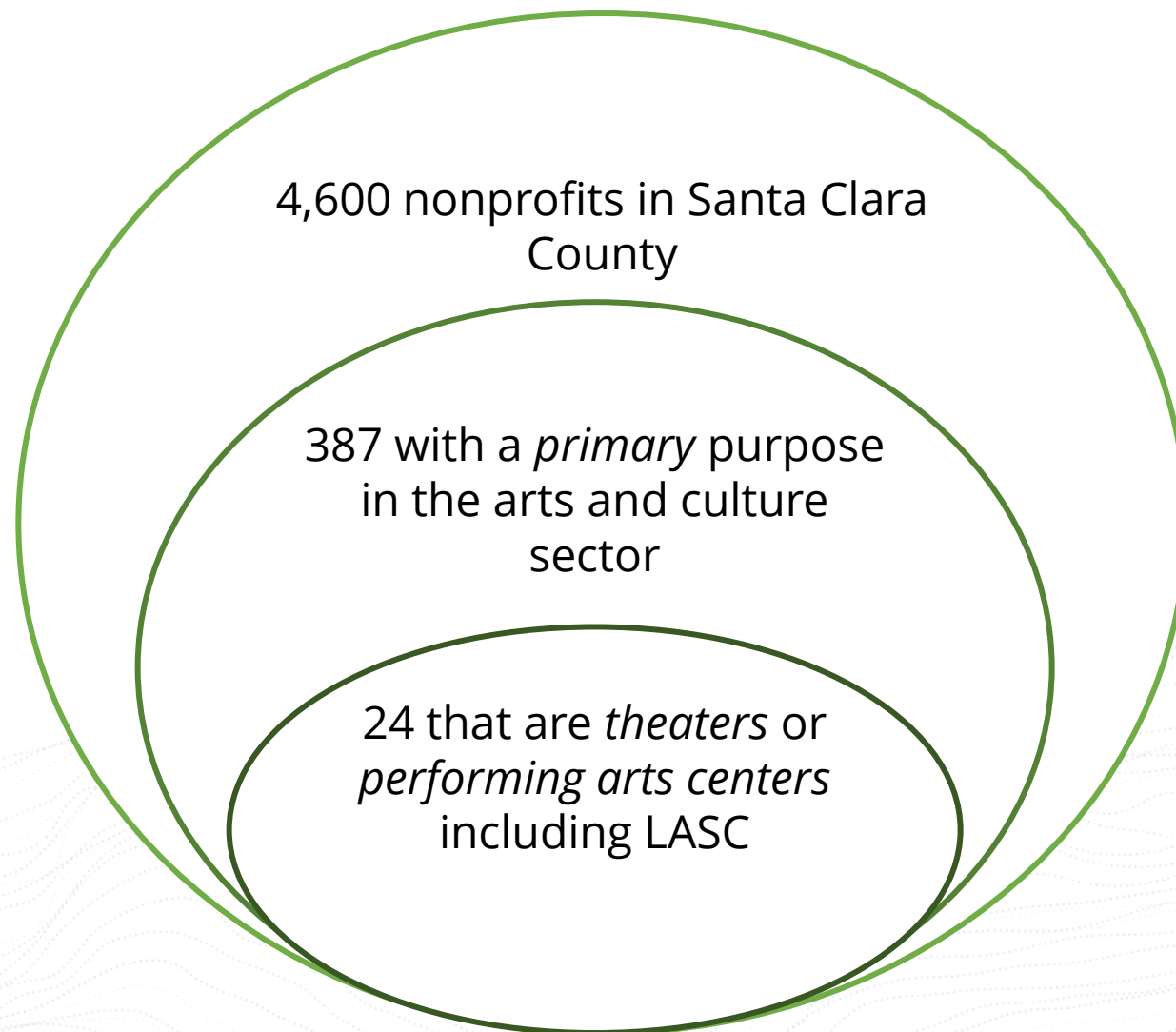
- There is an increasing reliance on sales
- This coin has two sides...



CURRENT SNAPSHOT: *The Market*

Santa Clara County's
nonprofit universe...

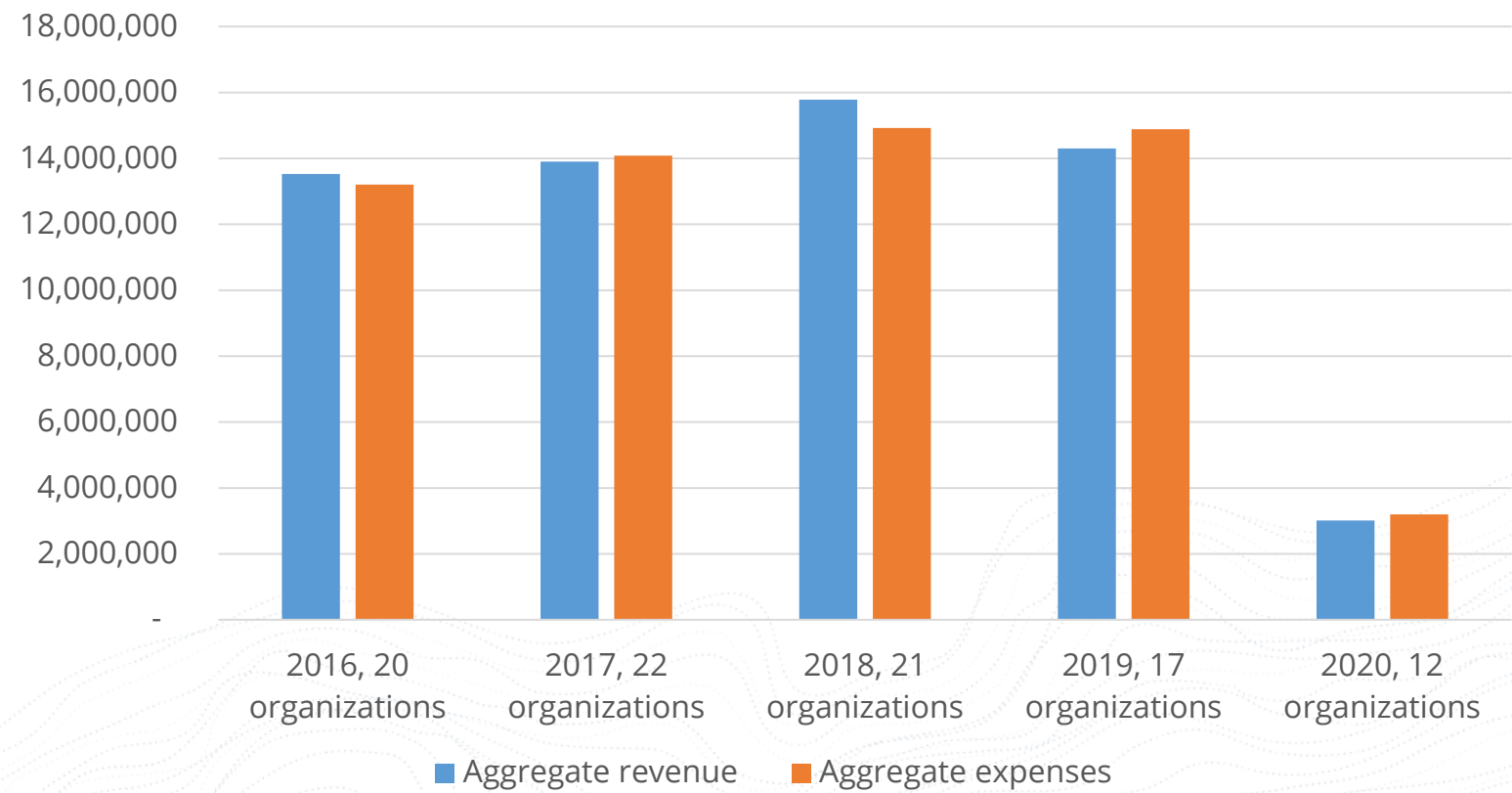
- A bit under 10% of all charitable organizations are focused on arts and culture, with an important minority working in LASC's "sweet spot"



CURRENT SNAPSHOT: *The Market*

The County's
Theaters and PACs
saw healthy but flat
results, pre-
pandemic

Financial results for Santa Clara County theaters & PACs



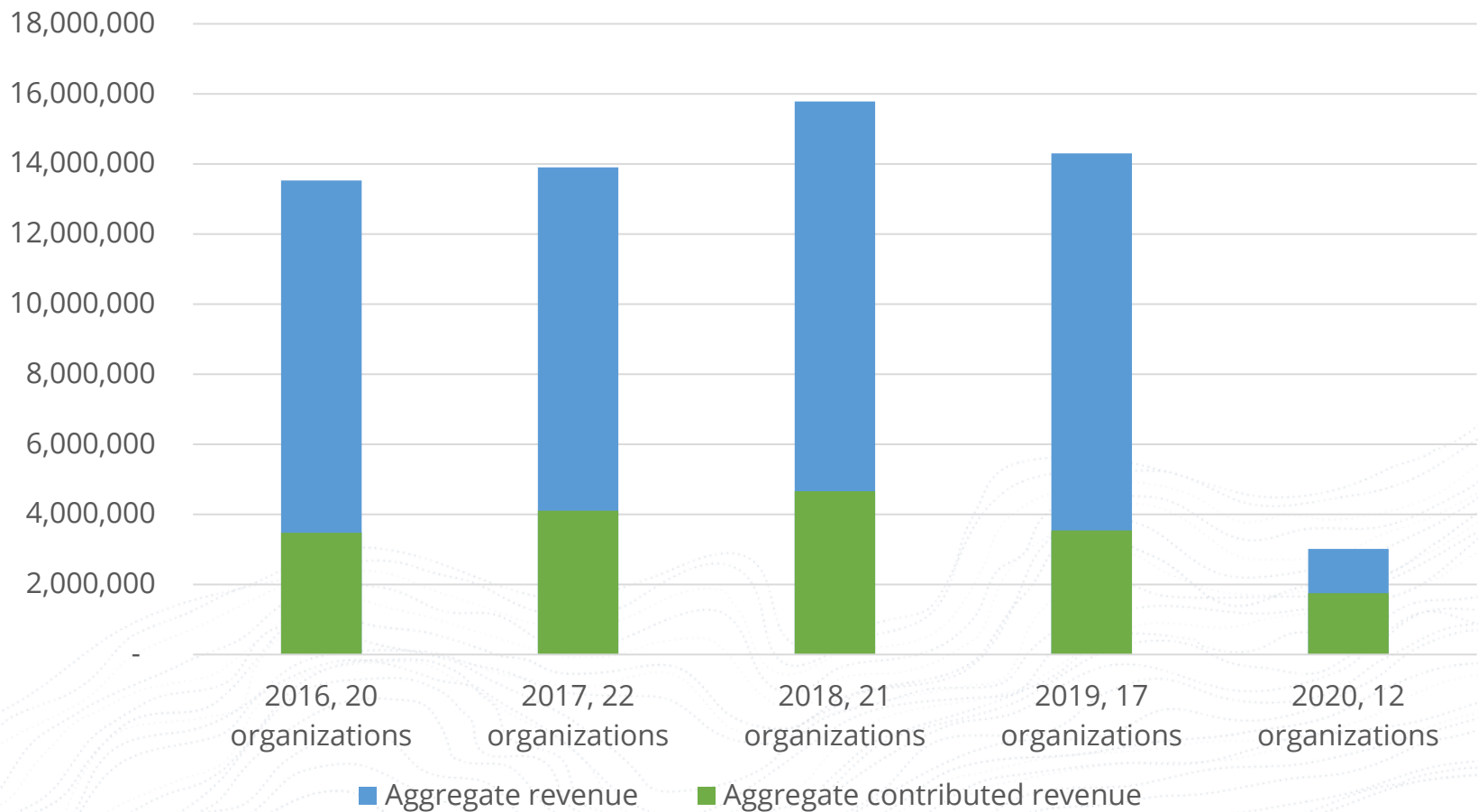
Note: The Guild Theatre is not shown in this chart, due to capital funding.

CURRENT SNAPSHOT: *The Market*

Contributed revenue was 25%-30% of total revenue pre-pandemic

Can the market sustain a bigger ask?
National averages would suggest, yes

Revenue mix for Santa Clara County theaters & PACs

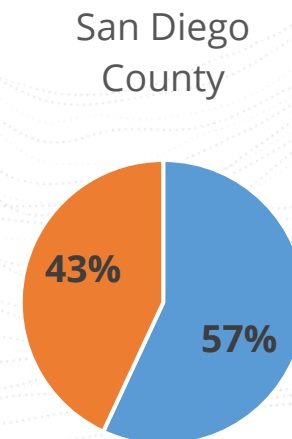
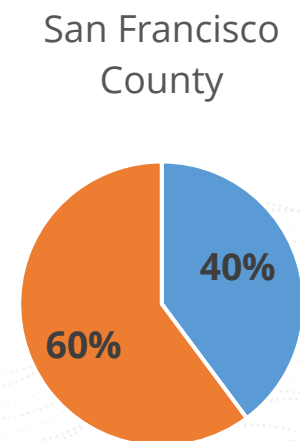
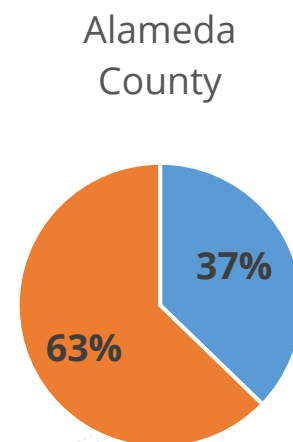
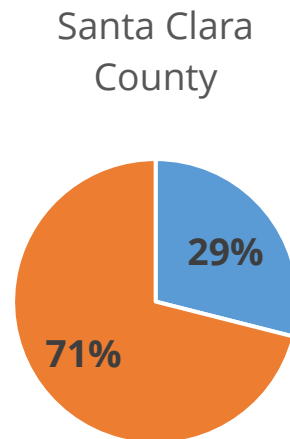
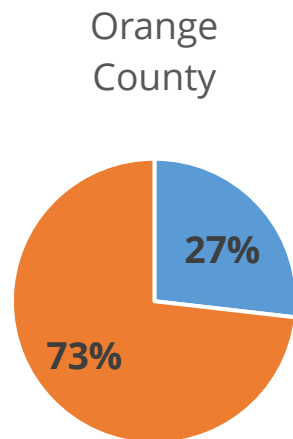


Note: The Guild Theatre is not shown in this chart, due to capital funding.

CURRENT SNAPSHOT: *The Market*

A 5-year summary (2015-2020) of revenue to theaters and PACs in Santa Clara County and 4 benchmark markets shows that in affluent California counties, theaters and PACs rely more on earned than contributed income.

earned



contributed

CURRENT SNAPSHOT: *The Market*

Giving is changing
(and so is the
prospective donor
pool)

- The “emerging giving code” of disruption and systemic impact is replacing traditional focus on “charity”
- While most of the money is still going to organizations outside of the region, there is a growing trend toward local community-based giving
 - Noteworthy donors like Mackenzie Scott and Chan Zuckerberg funding locally with urgency and unrestricted, large grants
 - The region’s private and family foundations are still committed to local impact
- Making the case and connecting to giving priorities is key

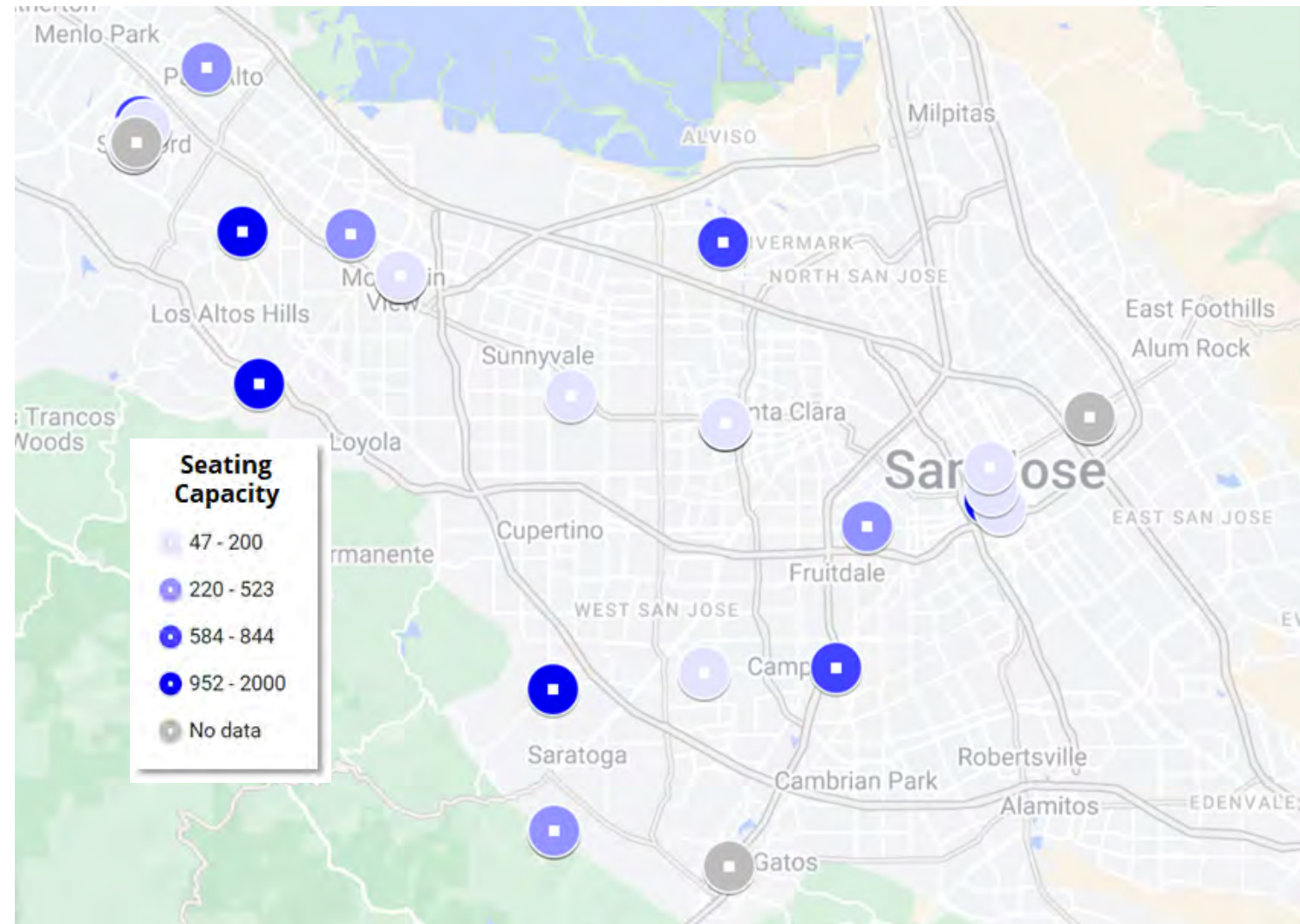
Source: [*“Silicon Valley Fortunes Grow, but Frustrating Trends in the Region’s Philanthropy Persist.”*](#)
American Nonprofit Academy (September 2021)

CURRENT SNAPSHOT: *The Market*

35+ performance
venues*

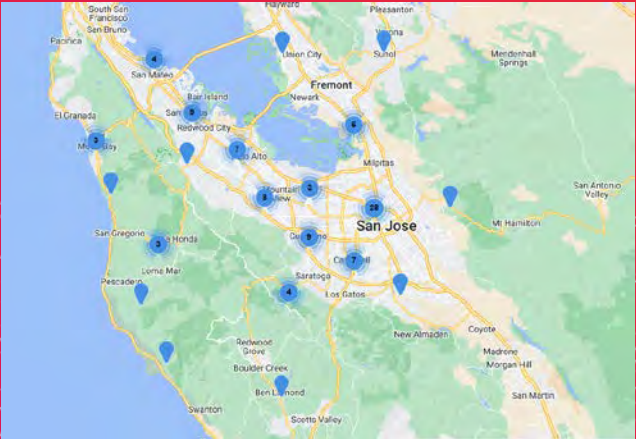
- 20-mile radius
- ~50% below 500 seats
- ~55% traditional or black box theaters
- Low % of multi-purpose spaces outside of churches and community centers
- 50% academic or government-owned / operated

**Excludes major commercial venues*

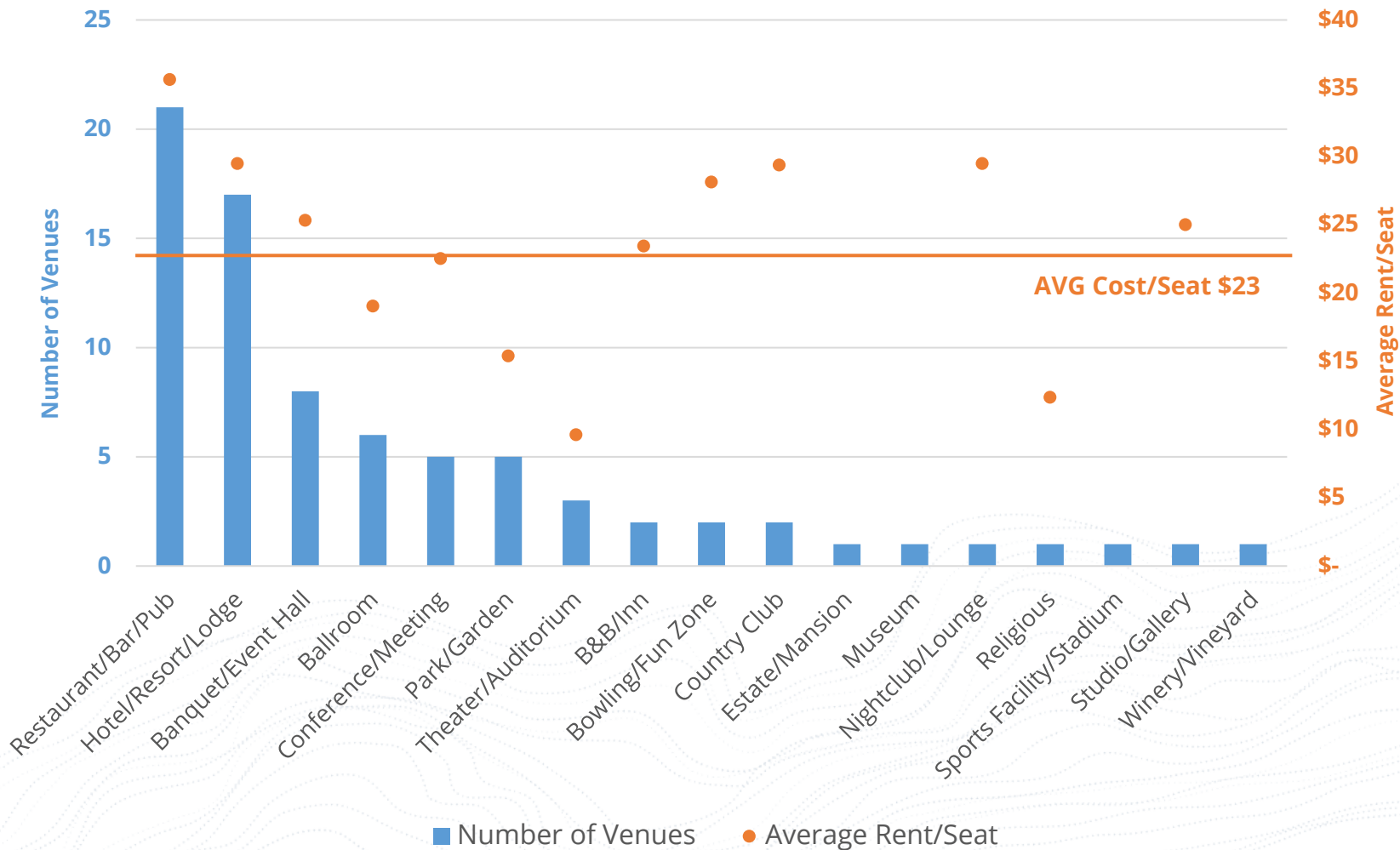


CURRENT SNAPSHOT: *The Market*

A sample of 75+ event venues within 10 miles; an opportunity for a smaller-scale, low rent option



Event Facilities Within 10 Miles

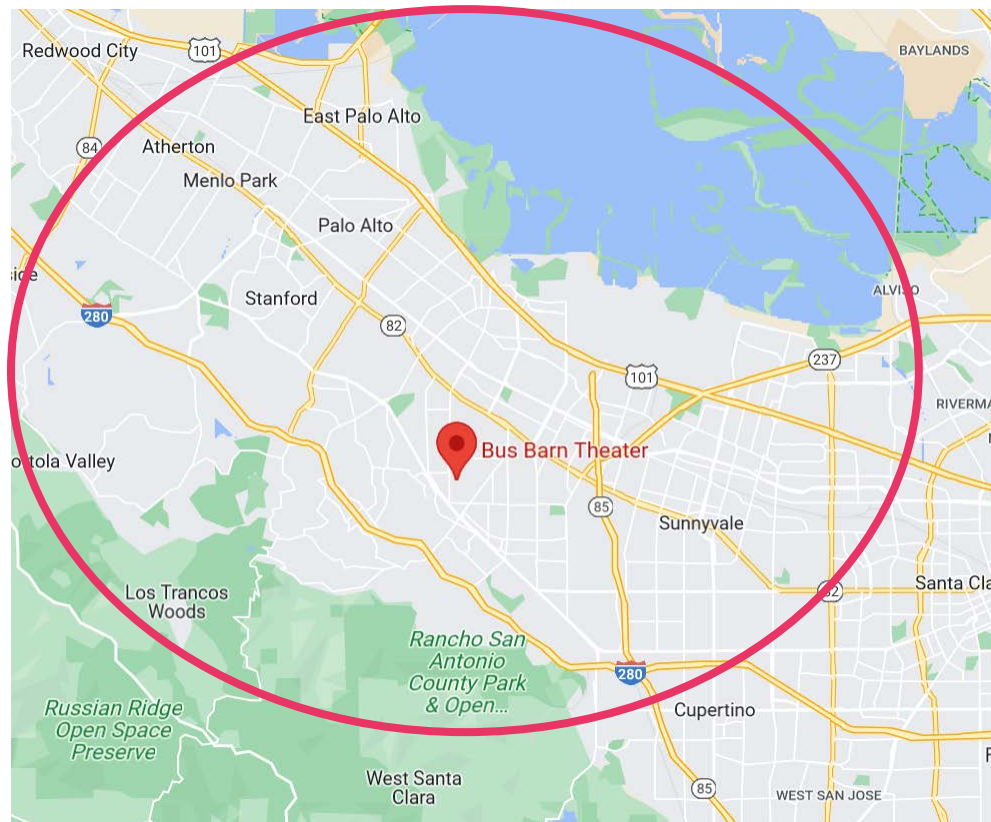


Source: Eventective.com

CURRENT SNAPSHOT:

Patron Summary*

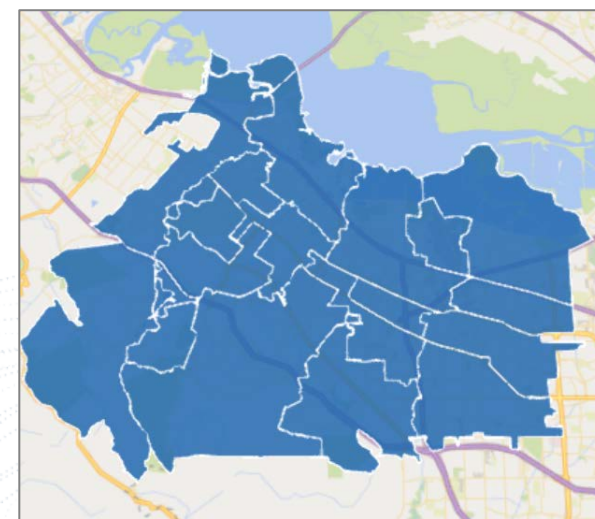
- The *primary market* for Los Altos Stage is the adjacent ZIPs
- Top 13 patron ZIPs account for 50% of records
- Predominantly in Los Altos, Mountain View, Sunnyvale, Cupertino, Palo Alto
- See Appendix A for full Market & Patron Analysis findings.



Primary market area
(approximate)

15 Zips

- Population: **387,390**
- Area (sq miles): **91.6**
- Ppl/sq miles: **5,697.14**



Map of ZIP codes analyzed

CURRENT SNAPSHOT:

Patron Summary

- A tight primary market area, with majority hyper-local patron base
- Patrons are wealthier, older, and more racially homogenous than the broader market
 - Also, strong coexisting potential with children's programming
 - Top "persona" patron segments reflect older and family life, highest incomes and engagement in arts and culture
- Strong donor potential in existing nearby market with high household incomes and housing values
- Expansion to the north and east portion of the market requires consideration of programming and access

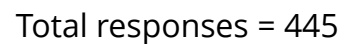
CURRENT SNAPSHOT:

Community Survey

See Appendix C for
Aggregate survey
results

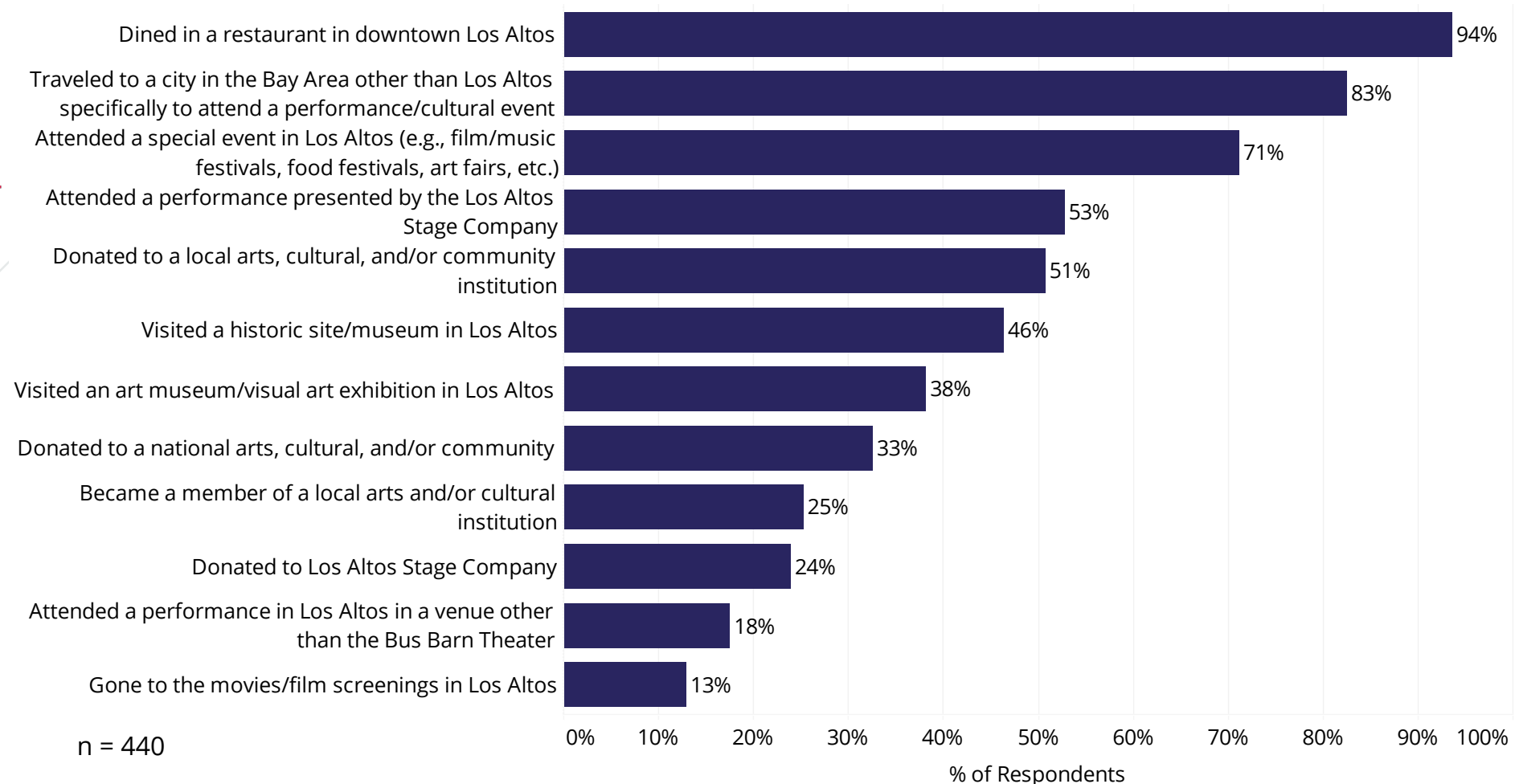
- Most respondents are engaged with cultural life in Los Altos and the broader Bay Area
- Community pride, arts education, and drawing visitors to Los Altos are seen as benefits of a new theater by most
- Significant interest in programming diverse event types
- City-provided land for a new theater is less controversial than city funding; strongest support for a partnership approach
- Maintaining the Bus Barn site may mitigate opposition

The remaining 19% were spread throughout the South Bay



Majority attend events in Los Altos and elsewhere in the Bay, donate to local organizations

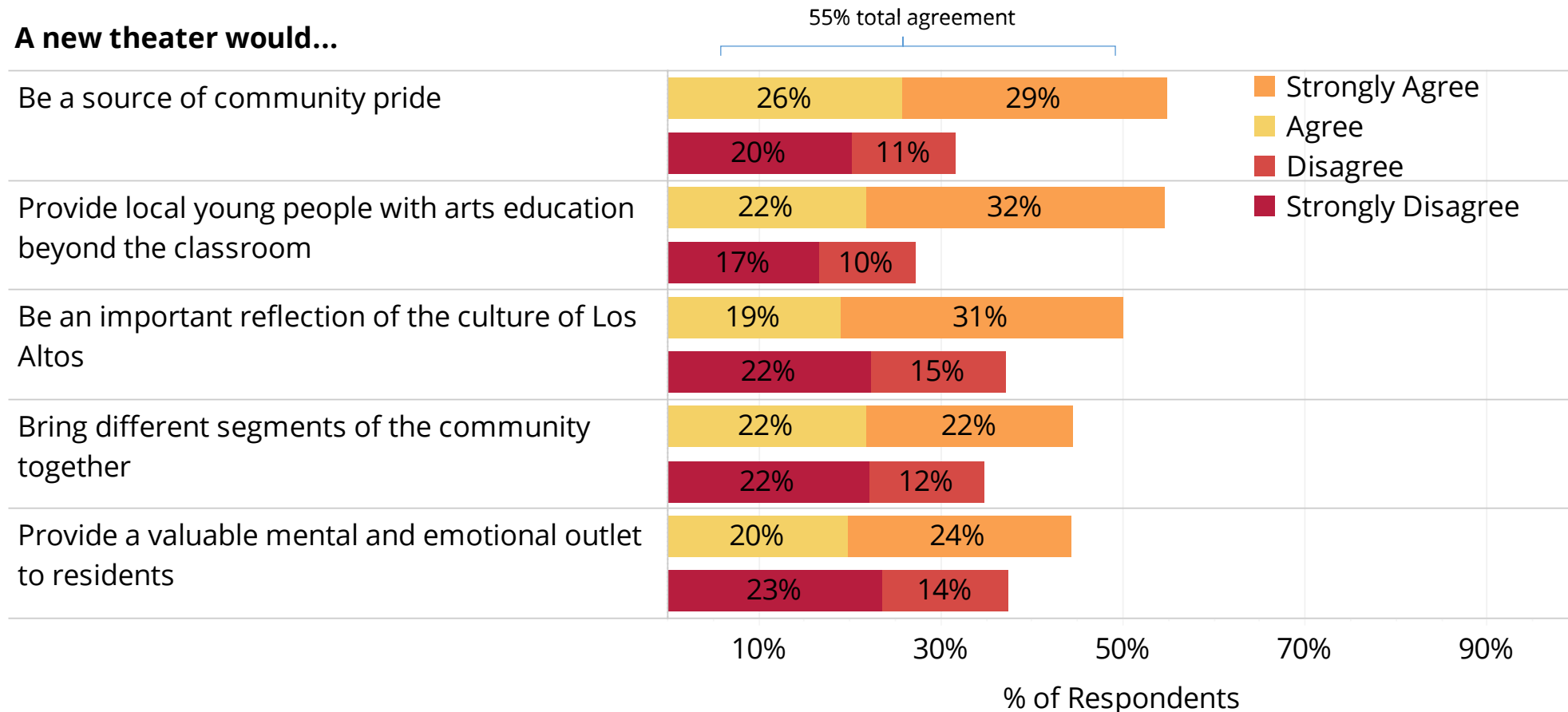
In the last 5 years respondents...



Community pride and arts education themes resonate most strongly

50% agree a theater would be a reflection of Los Altos culture

A new theater would...

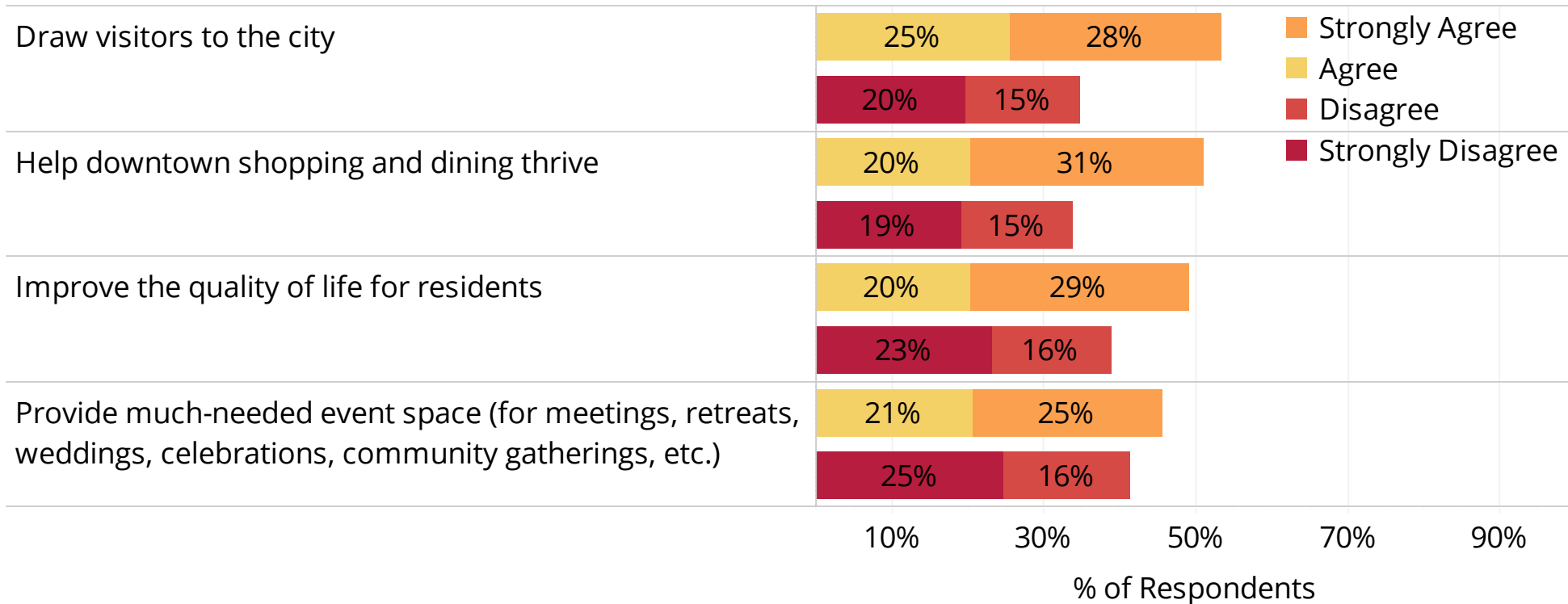


n = 438

Majority agree a new theater would promote economic development

49% agree it would improve quality of live in Los Altos

A new theater would...



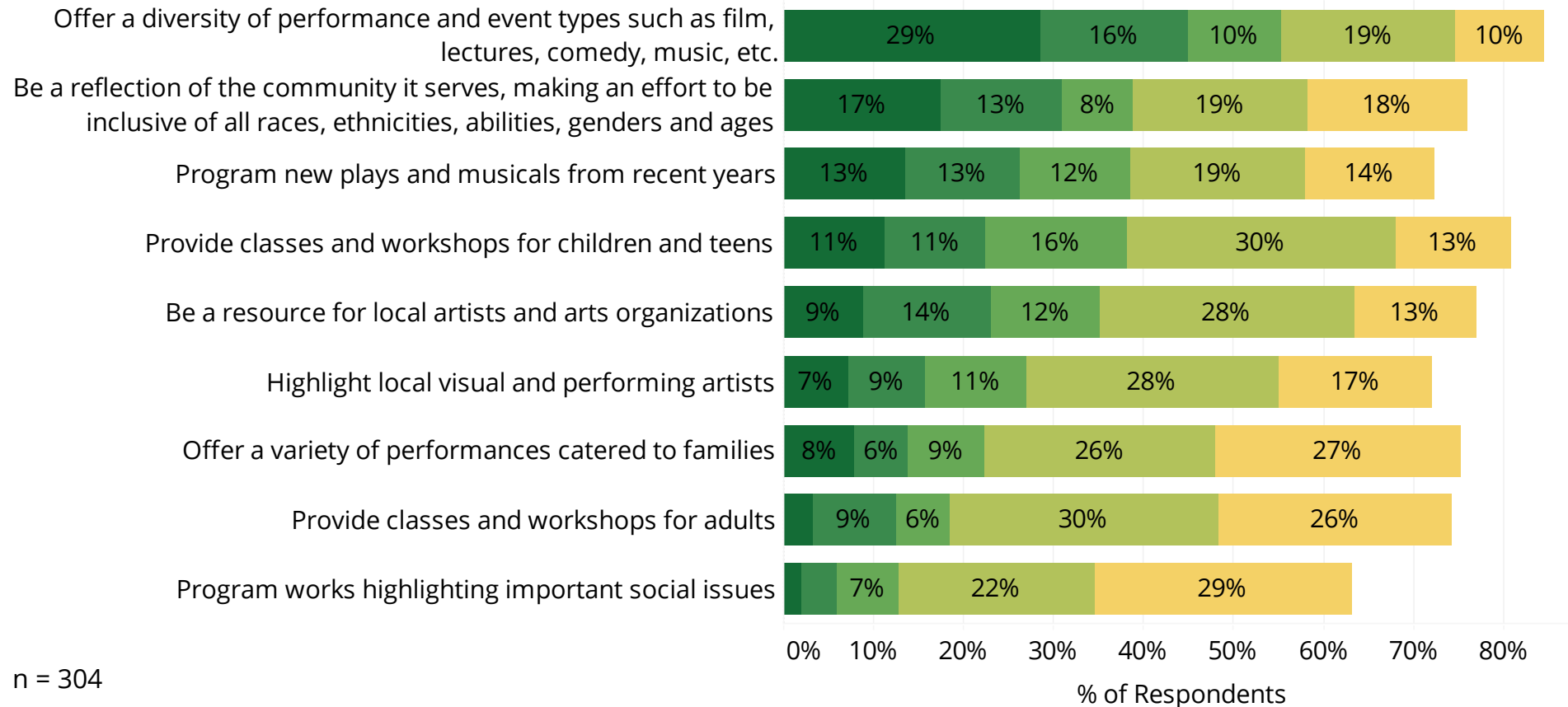
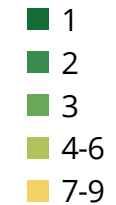
n = 441

Significant interest in programming diverse event types

More interest in classes for children than in family-oriented performances

Programming priorities

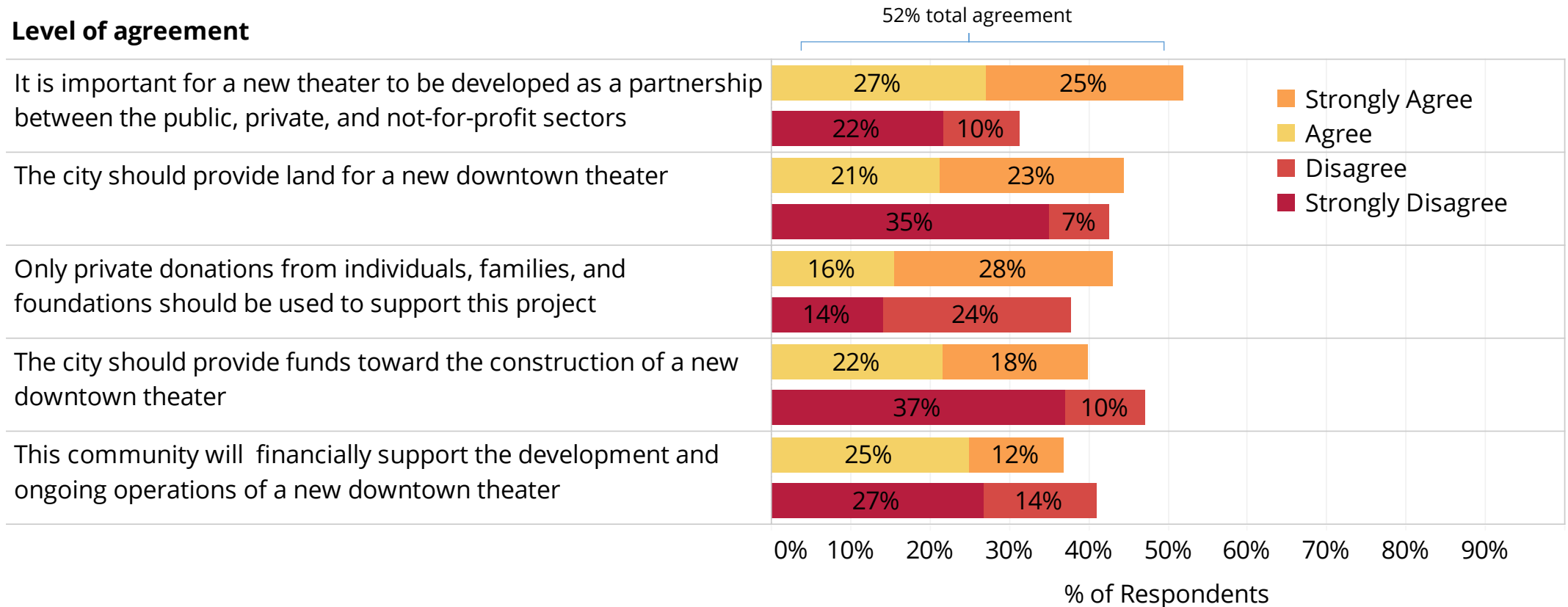
Priority Rank



Partnership approach has majority support

More approve of using city land than city funds; 38 comments suggested keeping the Bus Barn site

Level of agreement



n = 429

CURRENT SNAPSHOT: *Stakeholders*

17 interviewees
provided an honest
assessment

- People see the need to 'upgrade' the Bus Barn
- Downtown improvement is on everyone's mind
- Parking, parking, parking!
- Housing, housing, housing!
- There are vocal and organized 'nay sayers'
- The list of civic priorities for capital improvement is long and unfunded or underfunded
- A divided council is par for the course in Los Altos
- The donors are out there...will they show up for this project?



Stakeholders on... The Building

- A building of 'neighborhood scale'
- A community gathering place
- A place for young people & training
- A diversity of programming inclusive of LASC, but not exclusively for them
- Connected & contributing to downtown 'placemaking' & vitality
- Multi-generational & inter-generational programming

Stakeholders on... Location(s)

Where would you put it?

Downtown parking plaza

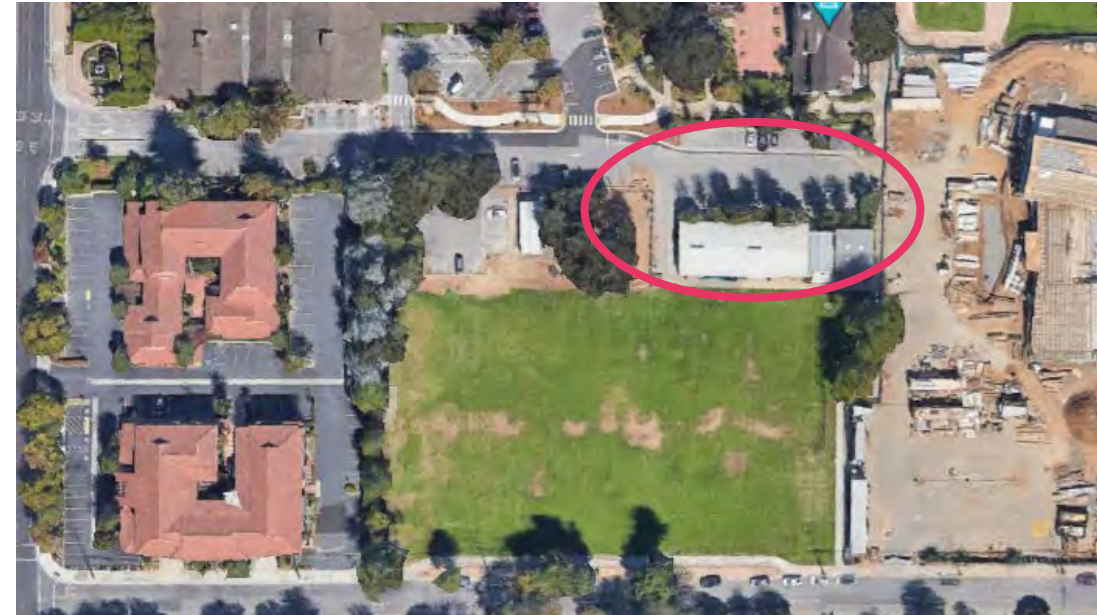
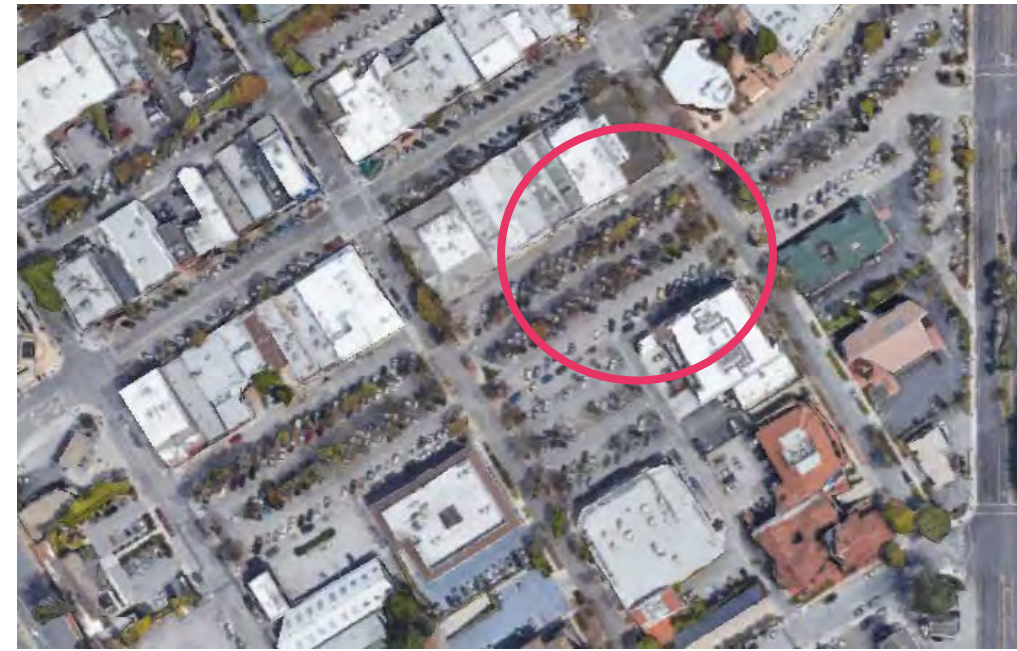
- “Feets on Streets”
- Controversial to remove or replace parking spaces
- Housing priorities

Redevelop current site

- ‘Less’ controversial; same use on same site
- Consolidates civic, cultural, and recreational assets
- Not physically downtown

Other parking plaza sites (or anywhere else)

- Only if an opportunity were to arise
- Possible, but not probable at this point





Stakeholders on... Support

- LASC is *by* and *for* the community of Los Altos
- People give to LASC, but will they give in larger amounts?
- LASC does not have a track record with large gifts and campaigns
- Board is developing new members in preparation for a campaign
- LASC's longstanding work with young people is noted as its best path to major donors
 - "Not everyone is a theater-lover..."

EMERGING OPPORTUNITY



Comparable Theaters

COMPARABLE PROJECTS

Peer organizations were analyzed for their facility characteristics, programming and utilization, operating structure and finances, markets served, community partnerships, and other opportunities.

Lessons learned informed the development of the preferred operating, financial and facility scenario. They also aid in sharing the vision to stakeholders, prospective donors, and the community.

Appendix B contains additional information

Selection Criteria

■ FACILITY CHARACTERISTICS

180-500 seat mainstage theater

Rehearsal room, classrooms and other ancillary spaces

Ample lobby space

■ PROGRAMMING CHARACTERISTICS

Producing theater companies

Some rentals and presentations

Educational programs

■ OPERATIONAL CHARACTERISTICS

Preference toward non-profit owned and operated

See Appendix B for full Comparable Facilities report

Seven organizations help illustrate potential futures

	Colligan Theater at the Tannery Arts Center <i>Santa Cruz, CA</i>	Alexandra C. and John D. Nichols Theatre & The Gillian Theatre <i>Glencoe, IL</i>	Sutter Theatre in the Sofia Center for the Arts <i>Sacramento, CA</i>	The Steddy Theater at Center for the Arts <i>Crested Butte, CO</i>	Raymond James Theatre at St. Petersburg College, St. <i>Petersburg, FL</i>	Lillie Theatre <i>Pittsburgh, PA</i>	The CVA Flex Theatre in Silverthorne Performing Arts Center <i>Silverthorne, CO</i>
Primary Theater Capacity	182 seats	255 seats	386 seats	450 seats (standing)	182 seats	254 seats	131 seats
Year Built	2015	2016	2018	2019	2009	1991	2017
Scale	10,000 sf	36,000 sf	40,000 sf	31,000 sf	10,000 sf (orig. facility)	27,800 sf	16,000 sf
Cost	\$5.8 million	\$34 million	\$30 million	\$19 million	\$4 million	\$2.8 million	\$9 million
Owner	Non-profit	Non-profit	Non-profit	Non-profit	College	Non-profit	Non-profit
Operator	Non-profit	Non-profit	Non-profit	Non-profit	Non-profit/ College	Non-profit	Non-profit
Budget FY2019	\$1,480,552	\$6,018,225	\$3,722,735	\$2,116,977	\$3,685,576	\$3,448,220	\$2,241,829
% Contribution	43%	49%	35%	52%	34%	70%	56%

PREFERRED SCENARIO



Activity

AN ACTIVE VENUE:

By "Year 5" the bustling new venue will welcome daily formal and informal rehearsal, education, production and rental activity.

FALL			WINTER			
ATER	BOARD / SM. REH	REH ROOM / CLASSROOM	2025-26		THEATER	BOARD / SM. REH
			Day	Date		
	CLASSES		Mon	1-Dec	MUSICAL-T	
	CLASSES	RENTALS AND COMMUNIT	Tue	2-Dec	MUSICAL-T	
	CLASSES	PLAY-R	Wed	3-Dec	MUSICAL-P	
ND COMMUNIT	CLASSES	PLAY-R	Thu	4-Dec	MUSICAL-P	RENTALS AND COMM
ND COMMUNITY ACCESS		PLAY-R	Fri	5-Dec	MUSICAL-P	
ND COMMUNITY ACCESS		PLAY-R	Sat	6-Dec	MUSICAL-P	
ND COMMUNITY ACCESS		PLAY-R	Sun	7-Dec	MUSICAL-P	
	CLASSES	PLAY-R	Mon	8-Dec		
	CLASSES	PLAY-R	Tue	9-Dec	RENTALS AND COMMUNIT	RENTALS AND COMM
	CLASSES	PLAY-R	Wed	10-Dec	MUSICAL-P	
ND COMMUNIT	CLASSES	PLAY-R	Thu	11-Dec	MUSICAL-P	
ND COMMUNITY ACCESS		PLAY-R	Fri	12-Dec	MUSICAL-P	
ND COMMUNITY ACCESS		PLAY-R	Sat	13-Dec	MUSICAL-P	
ND COMMUNITY ACCESS		PLAY-R	Sun	14-Dec	MUSICAL-P	
AY-R	CLASSES		Mon	15-Dec		
AY-R	CLASSES		Tue	16-Dec	RENTALS AND COMMUNIT	RENTALS AND COMM
AY-R	CLASSES	RENTALS AND COMMUNIT	Wed	17-Dec	MUSICAL-P	
AY-R	CLASSES	RENTALS AND COMMUNIT	Thu	18-Dec	MUSICAL-P	
AY-R			Fri	19-Dec	MUSICAL-P	
AY-R			Sat	20-Dec	MUSICAL-P	
AY-R			Sun	21-Dec	MUSICAL-P	
AY-R	CLASSES		Mon	22-Dec		
AY-R	CLASSES	RENTALS AND COMMUNIT	Tue	23-Dec	RENTALS AND COMMUNIT	RENTALS AND COMM
AY-R	CLASSES		Wed	24-Dec	MUSICAL-P	
AY-R	CLASSES	YOUTH-FAMILY-R	Thu	25-Dec	MUSICAL-P	
AY-R		YOUTH-FAMILY-R	Fri	26-Dec	MUSICAL-P	
AY-R		YOUTH-FAMILY-R	Sat	27-Dec	MUSICAL-P	
AY-R		YOUTH-FAMILY-R	Sun	28-Dec	MUSICAL-P	
AY-R	CLASSES	YOUTH-FAMILY-R	Mon	29-Dec		
AY-R	CLASSES	YOUTH-FAMILY-R	Tue	30-Dec	RENTALS AND COMMUNITY	
AY-R	CLASSES	YOUTH-FAMILY-R	Wed	31-Dec	MUSICAL-P	
AY-R	CLASSES	YOUTH-FAMILY-R	Thu	1-Jan	MUSICAL-P	RENTALS AND COMM
AY-T		YOUTH-FAMILY-R	Fri	2-Jan	MUSICAL-P	

ACTIVITY: Overall

767 total annual uses
in the three primary
spaces

Model assumes:

- spaces will host multiple uses a day
- any touring acts are brought in by renters
- A modest level of non-performance rental activity

Los Altos Stage Company				
SCHEDULE 5: UTILIZATION SUMMARY (days)	Mainstage Theater	Board Room/Small Rehearsal	Rehearsal Room/Classroom	TOTAL
Internal Use (Productions/Classes)				
Performance	134	0	0	134
Rehearsal (Technical)	43	0	0	43
Rehearsal (Regular)	27	24	189	240
Classes/Workshops/Camps	40	128	29	197
Other	0	0	0	0
<i>Subtotal, Internal Use</i>	244	152	218	614
External Use (Rentals)				
Performance - Commercial	12	0	0	12
Performance - Nonprofit	12	0	0	12
Set up or Rehearsal	0	0	24	24
Non-Performance/Event - Nonprofit	10	12	11	33
Non-Performance/Event - Commercial	10	6	14	30
<i>Subtotal, External Use</i>	44	18	49	111
Dark				
Dark	14	14	14	42
<i>Subtotal, External Use</i>	14	14	14	42
TOTAL UTILIZATION	302	184	281	767

ACTIVITY: Overall

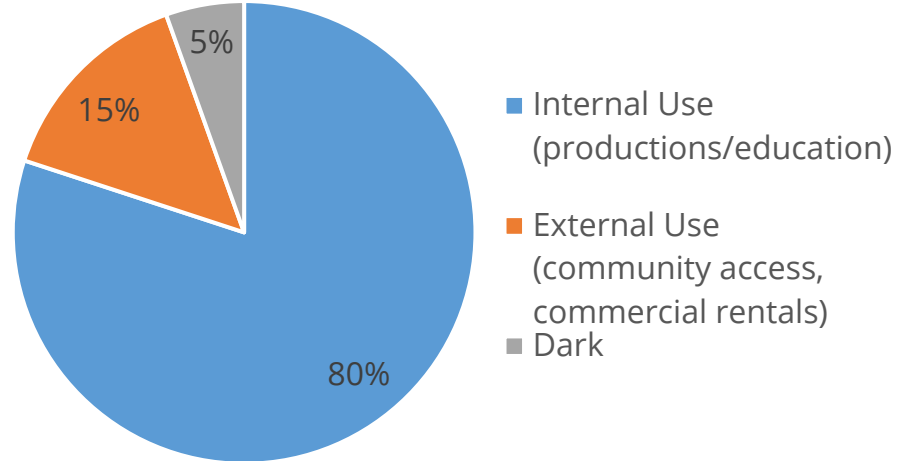
Most activity driven
by LASC (80%)

15% of all use is
Community Access

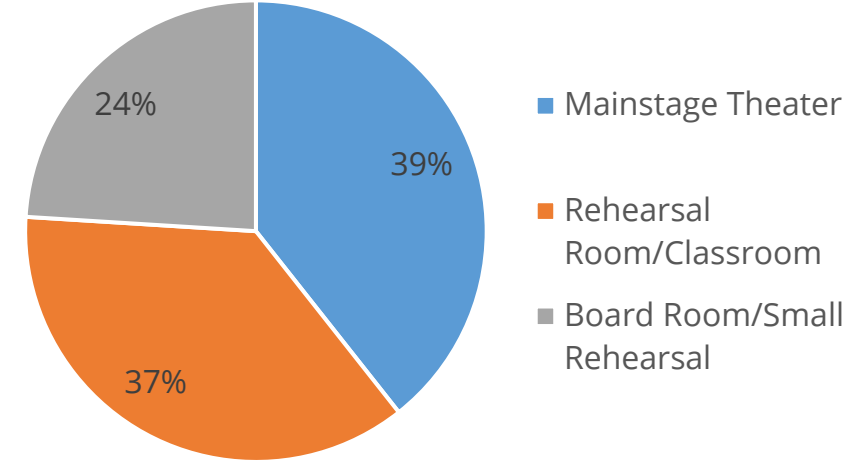
~20,500 in annual
attendance

- *Approximately 25%
are youth and
family audiences*

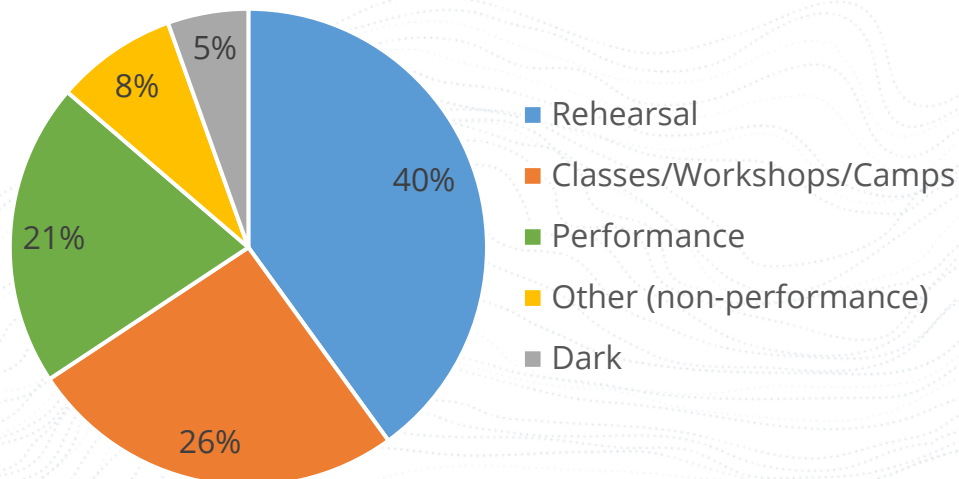
Total Activity by USER TYPE



Total Activity by SPACE



Total Activity by USE TYPE



PUBLIC ATTENDANCE

Adult Performances/Events	13,200
Youth-Family Performances/Programs	4,380
Community Access Performances/Events	2,880
TOTAL ANNUAL ATTENDANCE:	20,460

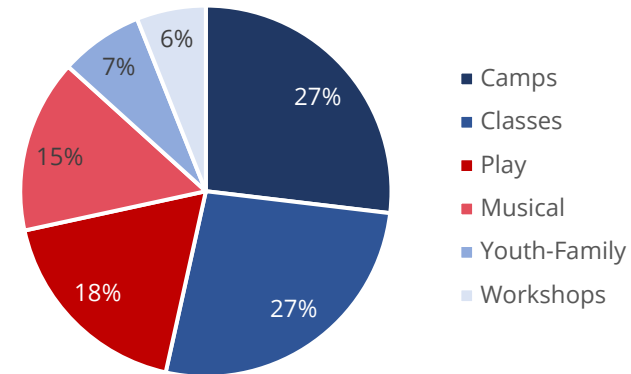
ACTIVITY: LASC

LASC-driven activity translates to 614 annual uses facility-wide

Education activity occupies a large portion of the calendar

Introduction of classes adds ~90 days to historical LASC offerings

LASC Activity by Type



PRODUCTIONS	Play	Musical	Youth-Family
# of Productions	3	2	3
# Performances per Production	20	25	8
Projected Attendance per Production	2,400	3,000	960
<i>Total Performances</i>	<i>60</i>	<i>50</i>	<i>24</i>
<i>Total Attendance</i>	<i>7,200</i>	<i>6,000</i>	<i>2,880</i>

CAMPS/WORKSHOPS/CLASSES	Youth Camps	Workshops	Classes
# of Days per Session	10	5	1
# of Camp Sessions	4		
# of Workshop Sessions		4	
# of Classes			88
Projected attendance per workshop/camp, session, or class	30	15	15
<i>Total Days</i>	<i>40</i>	<i>20</i>	<i>88</i>
<i>Total Attendance</i>	<i>120</i>	<i>60</i>	<i>1,320</i>

PREFERRED SCENARIO



Building Program and Economics

THE BUILDING:

Facility Program

23,373 Gross Square Feet (GSF)

See Appendix D for full Architectural Program

KEY COMPONENTS

- Front of House (FOH) - Lobby, Concessions, Restrooms, Youth Lounge, Box Office, Storage
- Theatre - Proscenium Stage, Orchestra Pit, Trap Room, Stage Crossover
- Back of House (BOH)
 - Artist Support - Green Room, Dressing Rooms, Storage
 - Technical Support - Production Office, Costume Room, Loading Dock
 - Shops & Storage - Scene Shop, Property/Costume and Supply Storage
 - Offices/Classrooms/Meeting Rooms
 - 2 Rehearsal Rooms

KEY EQUIPMENT

- Stage Rigging and Curtain Systems
- Performance Lighting Power/Control System
- Stage Lighting (LED) Instruments and Portable Equipment
- Performance Audio Systems
- Assistive Listening System
- Live Room and Microphone System
- Production Communications System
- Wireless Microphones System
- Loose Equipment System
- Performance Video System
- Portable Conferencing System
- Fixed Seating - Theatre
- Loose Theatre Equipment
- Electrical for Theatrical Lighting

THE BUILDING:

Facility Program

Building footprint is 13,292 GSF

- Downtown site can accommodate
- Bus Barn site requires adjacent land
- Order of Magnitude cost ~\$1,000/sq.sf.
- See Appendix D for additional details

AREA SUMMARY

	<u>Net SF</u>	<u>Grossing Factor</u>	<u>Gross SF</u>
Front of House	2,355	1.45	3,415
Theatre	6,744	1.85	12,476
Artist Support	1,200	1.4	1,680
Technical Support	750	1.4	1,050
Shops & Storage	2,410	1.35	3,254
Offices/Classrooms/Meeting Rooms	1,070	1.4	1,498
TOTAL SF	14,529		23,373

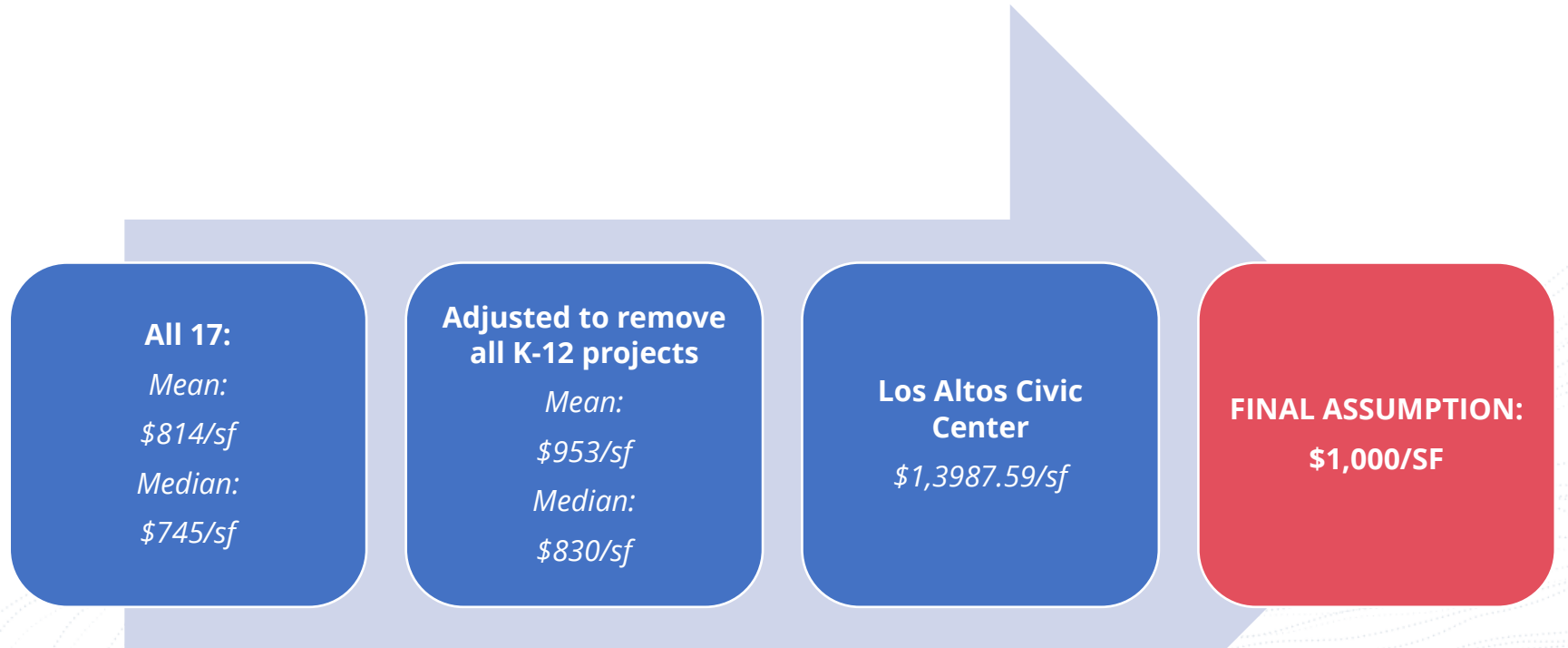
Notes:

Grossing factors based on averaging 12 completed projects
Theatre grossing factor includes all mechanical and electrical spaces for the FOH and BOH spaces in the facility

THE BUILDING: *Facility Cost*

The cost per square foot estimate was developed by first surveying the square foot cost of 17 newly constructed theatres in the San Francisco Bay Area over the last 24 years, adjusted for inflation.

Total Estimated Facility Project Cost: \$23,373,000



PREFERRED SCENARIO



Operational Assumptions & Economic Impact

THE OPERATION: *Key Assumptions*

- Forecast for normalized year of operations (Base Year/Year 5)
- 2022 dollars
- No debt service
- “Presenter” model – *activity driven by LASC Productions with rentals*
- See Appendix E for full pro forma

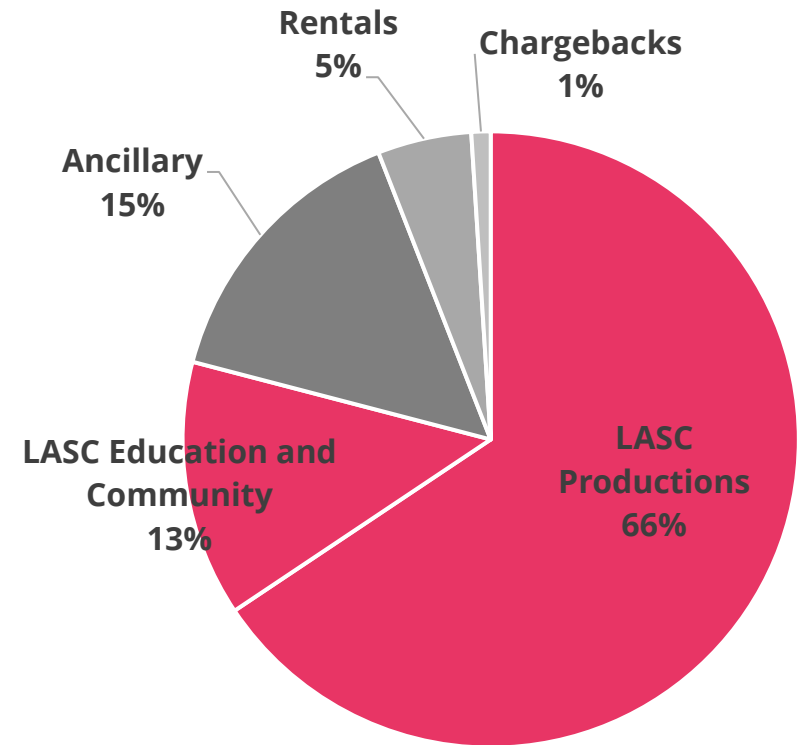
Los Altos Stage Company	
SCHEDULE 1: KEY ASSUMPTIONS	
Space Assumptions	
Space	Capacity
Mainstage Theater	160
Rehearsal Room/Classroom	65
Board Room/Small Rehearsal	15
Youth Program Classroom	35
Youth Lounge	40
Economic Assumptions	
Fringe Taxes and Benefits	25%
Expense Contingency	5%
Average Concession Transaction	\$2.80
Concession Capture Rate	70%
Nonprofit Rental Rate Discount	50%
Ticket Service Fee	\$6.00
Average % Capacity Sold for Performances	85%
Credit Card Fee Expense	2.5%
Credit Card Capture Rate	90%
Building Assumptions	
Total Gross Square Footage	23,373
Mainstage Net Square Footage	6,744

See Appendix E for full Pro Forma financial model

79% OF *EARNED* REVENUE FROM LASC TICKET SALES

LASC programming generates \$706K in gross earned revenue.

Los Altos Stage Company	
SCHEDULE 3: REVENUE SUMMARY	
EARNED REVENUES	
LASC Productions (play, musical, youth-family)	\$586,000
LASC Education and Community	\$120,000
Rentals	\$44,000
Chargebacks	\$9,000
Ancillary	\$134,000
TOTAL EARNED REVENUES	\$893,000



Los Altos Stage Company

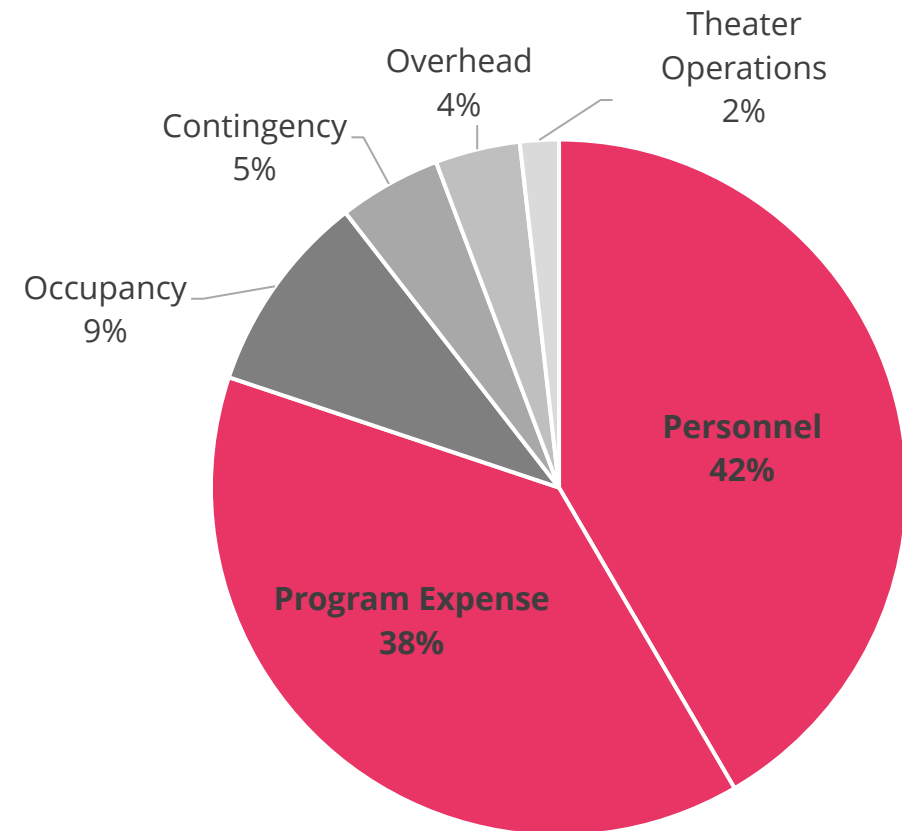
SCHEDULE 4: EXPENSE SUMMARY

Program Expenses	
LASC Productions (play, musical, youth-family)	\$620,000
LASC Education and Community	\$64,000
<i>Subtotal, Program Expenses</i>	\$684,000
Theater Operations Expenses	
Theater Operations	\$32,000
<i>Subtotal, Theater Operations Expenses</i>	\$32,000
General & Administrative Expenses	
Personnel	\$738,000
Overhead	\$70,000
<i>Subtotal, General & Administrative Expenses</i>	\$808,000
Occupancy Expenses	
Fire and Security	\$18,000
Utilities and Maintenance	\$117,000
Taxes	\$2,000
Insurance	\$29,000
<i>Subtotal, Occupancy Expenses</i>	\$166,000
TOTAL OPERATING EXPENSES	\$1,690,000
Expense Contingency (5%)	\$84,500
TOTAL EXPENSES WITH CONTINGENCY	\$1,774,500

Expense Forecast

EXPENSES

Expenses driven by
Programming and Personnel



8 FTE

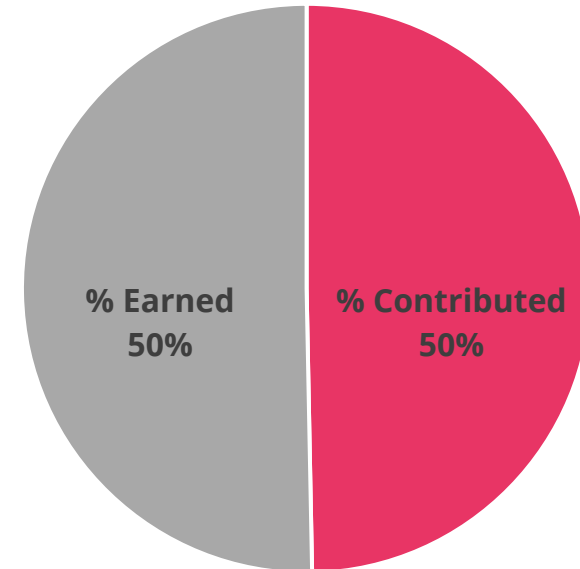
Increase of 4.75 FTE to support expanded programs, marketing, fundraising, facility

Los Altos Stage Company				
SCHEDULE 10A: STAFFING AND COMPENSATION	FTE	BASE SALARY	% Taxes & Benefits	Total Compensation
Executive Artistic Director	1.00	\$115,000	25%	\$144,000
Managing Director	1.00	\$85,000	25%	\$106,000
Facilities and Operations Manager	1.00	\$65,000	25%	\$81,000
Marketing Director	1.00	\$75,000	25%	\$94,000
Development Director	1.00	\$75,000	25%	\$94,000
Associate Artistic Director/Education Director	1.00	\$65,000	25%	\$81,000
Production Manager	1.00	\$55,000	25%	\$69,000
Box Office Manager	1.00	\$55,000	25%	\$69,000
TOTAL STAFFING	8.00	\$590,000		\$738,000

Financial Summary

BASE YEAR FORECAST

LASC will need to raise 50% of its income to meet its \$1.78M operating budget



Los Altos Stage Company	
SCHEDULE 2: SUMMARY	
BASE PRO FORMA	
Earned Revenues	Base Year
Productions and Programming	\$706,000
Rentals	\$44,000
Chargebacks	\$9,000
Ancillary	\$134,000
<i>Subtotal, Earned Revenues</i>	<i>\$893,000</i>
Contributed Revenues	
Grants, Corp./Sponsorship, Individual, Special Events	\$882,000
TOTAL OPERATING REVENUES	\$1,775,000
Operating Expenses	
Productions and Programming	\$684,000
Personnel	\$738,000
Theater Operations	\$32,000
Overhead	\$70,000
Occupancy	\$166,000
<i>Subtotal, Operating Expenses</i>	<i>\$1,690,000</i>
Expense Contingency (5%)	\$84,500
TOTAL OPERATING EXPENSES	\$1,774,500
TOTAL ANNUAL RESULT	\$500

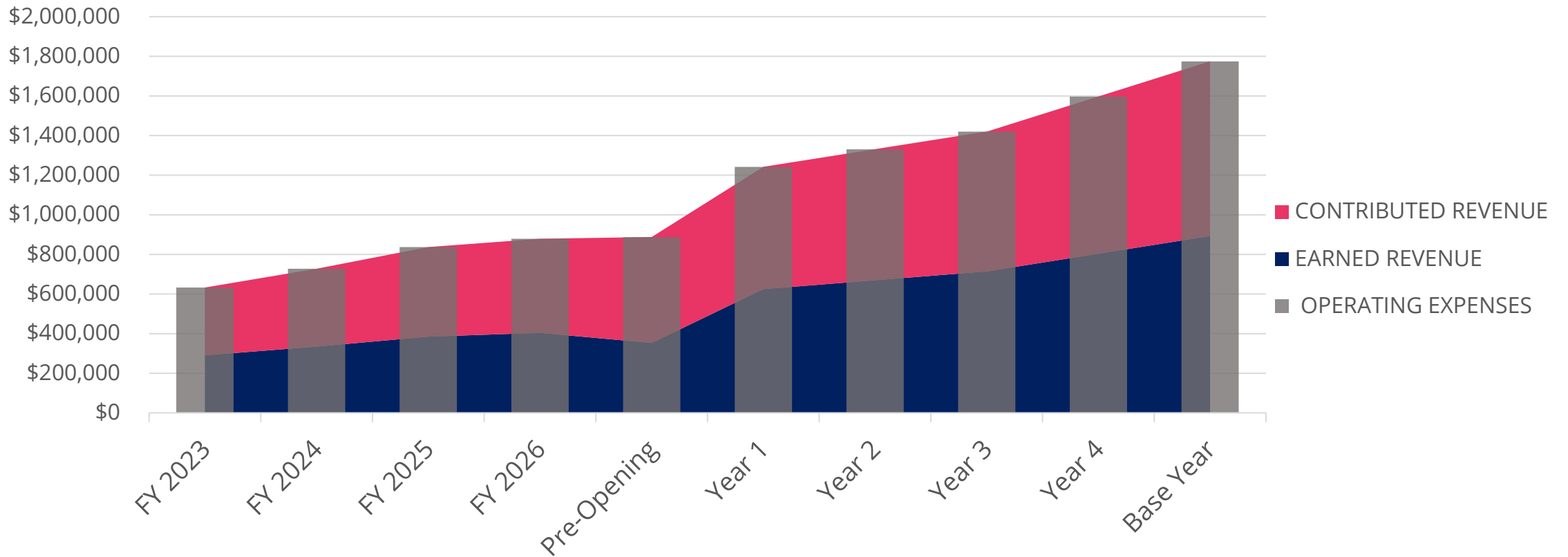
THE OPERATION: *Incremental Growth*

Building toward year 5 of operations, or the “base year,” LASC will gradually introduce expanded educational programming and external rentals, simultaneously ramping-up the staff required to program and operate the new facility to its fullest capacity.

Los Altos Stage Company						
SCHEDULE 2: SUMMARY						
BASE PRO FORMA						
Earned Revenues	Pre-Opening	Year 1	Year 2	Year 3	Year 4	Base Year
Productions and Programming	\$353,000	\$494,200	\$529,500	\$564,800	\$635,400	\$706,000
Rentals	\$0	\$30,800	\$33,000	\$35,200	\$39,600	\$44,000
Chargebacks	\$0	\$6,300	\$6,750	\$7,200	\$8,100	\$9,000
Ancillary	\$0	\$93,800	\$100,500	\$107,200	\$120,600	\$134,000
<i>Subtotal, Earned Revenues</i>	<i>\$353,000</i>	<i>\$625,100</i>	<i>\$669,750</i>	<i>\$714,400</i>	<i>\$803,700</i>	<i>\$893,000</i>
Contributed Revenues						
Grants, Corp./Sponsorship, Individual, Special Events	\$535,000	\$617,400	\$661,500	\$705,600	\$793,800	\$882,000
TOTAL OPERATING REVENUES	\$888,000	\$1,242,500	\$1,331,250	\$1,420,000	\$1,597,500	\$1,775,000
Operating Expenses						
Productions and Programming	\$342,000	\$478,800	\$513,000	\$547,200	\$615,600	\$684,000
Personnel	\$369,000	\$516,600	\$553,500	\$590,400	\$664,200	\$738,000
Theater Operations	\$16,000	\$22,400	\$24,000	\$25,600	\$28,800	\$32,000
Overhead	\$35,000	\$49,000	\$52,500	\$56,000	\$63,000	\$70,000
Occupancy	\$83,000	\$116,200	\$124,500	\$132,800	\$149,400	\$166,000
<i>Subtotal, Operating Expenses</i>	<i>\$845,000</i>	<i>\$1,183,000</i>	<i>\$1,267,500</i>	<i>\$1,352,000</i>	<i>\$1,521,000</i>	<i>\$1,690,000</i>
Expense Contingency (5%)	\$42,000	\$59,000	\$63,000	\$68,000	\$76,000	\$84,500
TOTAL OPERATING EXPENSES	\$887,000	\$1,242,000	\$1,330,500	\$1,420,000	\$1,597,000	\$1,774,500
TOTAL ANNUAL RESULT	\$1,000	\$500	\$750	\$0	\$500	\$500
% Contributed	60%	50%	50%	50%	50%	50%
% Earned	40%	50%	50%	50%	50%	50%

Mapping It Out: LASC Growth

LASC will grow incrementally over years leading up to normalization of operations around Year 5



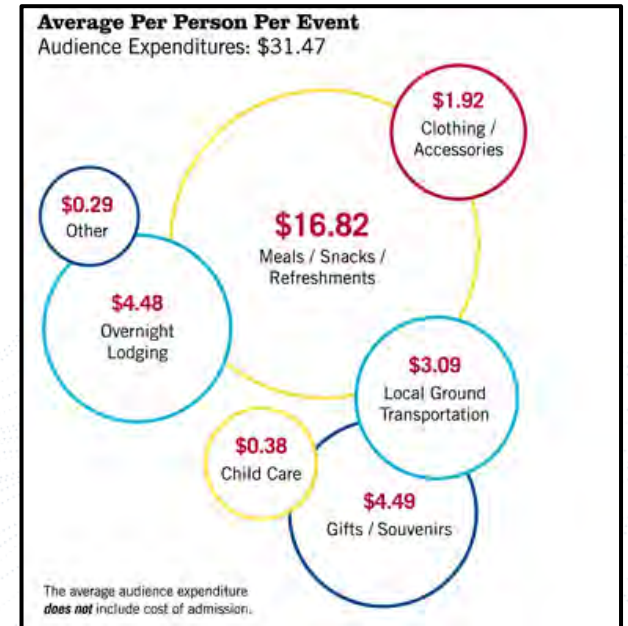
THE OPERATION: *Economic Impact*

The expanded operation will produce a positive impact on the local economy, generating 76 full-time jobs and attendance-related spending.

TOTAL ECONOMIC IMPACT

	TOTAL EXPENDITURES	FTE JOBS	HOUSEHOLD INCOME	LOCAL GOVERNMENT REVENUE	STATE GOVERNMENT REVENUE
ORGANIZATION(S):	\$1,774,500	59	\$1,485,736	\$72,187	\$87,891
AUDIENCES:	\$707,271	18	\$389,982	\$35,901	\$43,193
TOTAL:	\$2,481,771	76	\$1,875,718	\$108,088	\$131,084

According to Americans for the Arts, the national audience spending average, above the cost of the ticket, is \$31.47.



Source: <https://www.americansforthearts.org/by-program/reports-and-data/research-studies-publications/arts-economic-prosperity-5>

RECOMMENDATIONS



MOVING FORWARD...

There is no doubt a new facility would allow LASC to deepen their commitment to community and artistic excellence. It would help nourish the economy and create a sense of place.

So where do we go from here?

- **Cultivate Project Partnerships**
 - Developers
 - City
- **Conduct a Fundraising Feasibility Study**
 - To understand the environment in which a capital campaign will occur.
 - To develop an achievable capital campaign strategy
- **Engage in Board Development**
 - To establish readiness for a capital campaign and organizational evolution