

2. Approved the Agreement for the operation and management of the Riverside Municipal Auditorium, in the amount of \$50,000, with Live Nation;
3. Approved a Facility Maintenance Fee of \$2.00 for the Riverside Municipal Auditorium; and
4. Authorized the City Manager, or his designee, to execute both Agreements and make minor and non-substantive changes.

The Box

Prior to The Box opening, research was conducted on the development of Facility Rental Rates and Fee Structure for The Box, non-profits, performance-based community groups, and similar theaters. The aim was to determine a competitive and attractive fee threshold for the end user at the time. The Facility Rental Rates and Fee Structure for The Box were categorized into three groups: Non-profit, Performance-based Community organizations, and Commercial. Noting that the City was targeting three types of users for The Box, a three-tiered fee structure was created. The size and the flexibility of the space allows for non-profits and community groups to use it with more ease than larger scale theaters, and commercially driven groups can try out more avant-garde and experimental programming while still getting a state-of-the-art equipment and facility.

A great deal of research was conducted by the City's consultant to identify the proposed commercial rate. Most black box theaters of 200 seats or less are membership driven and do not encourage outside use and price their theaters accordingly. Theaters in the 400 to 700-seat range desire to engage community use as well as commercial use and typically use a slightly different fee structure. The commercial rate proposed took into account both methods and is based on industry standards.

Like the commercial rate, the non-profit and performance-based community group rate was also vetted through research and direct contact with our regional groups. It is important to note that although many performance-based community groups operate much like a non-profit, they typically do not have non-profit legal status. Further, this same performance-based community group would be priced out of The Box if commercial rates were applied to them.

The City has historically recognized this distinction and many community centers have a three-tiered pricing structure. During that process the rates were vetted through an extensive outreach process and approved by the City Council.

DISCUSSION:

Each facility, staffing and production is done to the highest quality with a focused perspective on the budget. Each facility is accounted for separately so that staff can identify trends or issues that are specific to that type of entertainment of the facility. Due to the nature of the facilities and the funding used for renovations and buildings, there are three separate agreements with Live Nation: one for the Fox, one for the RMA, and an agreement with Plantation Productions for The Box. The agreements for the Fox and RMA are for the complete operation and management of both facilities. The agreement for The Box is for technical production and event staff only.

Fox and RMA

The Fox and RMA submit monthly statements and profit and loss reports for staff's review and discussion. A high-level summary is shown below for the Fox and RMA, including the cost of the management fee. Annual operating losses are covered by a General Fund contribution, and operating profits similarly offset direct General Fund expenses and debt service costs. Additionally, the General Contribution is calculated for the Entertainment fund on the whole. Therefore, if the operating profit of one venue exceeds that venue's direct General Fund expenses

(e.g., the RMA in the fiscal year ending 2023), the amount is used to help offset the General Fund contribution of the other venues.

Table 1: Fox Theater Fiscal Year End Results

Fox Theater	2019	2020	2021	2022	2023
Operating Revenues	\$ 4,248,255	\$ 3,585,833	\$ 54,664	\$ 3,457,507	\$ 4,766,568
Operating Expenditures	3,927,009	3,786,079	588,402	3,479,852	4,223,376
Net Profit/(Loss)	\$ 321,246	\$ (200,246)	\$ (533,738)	\$ (22,345)	\$ 543,192
General Fund Contribution:					
Management Fee	\$ 500,000	\$540,833	\$ 333,333	\$ 500,000	\$ 500,000
Direct Expenses	108,593	18,533	245,646	269,180	278,058
Other Revenue (Offset)	-	-	(905)	(28,072)	-
Operating P/L Contribution	(321,246)	200,246	533,738	22,345	(543,192)
Operating Contribution	\$ 287,347	\$759,612	\$ 1,111,812	\$ 763,453	\$ 234,866
Debt Service	2,170,125	2,243,645	2,244,930	2,245,232	2,129,335
Total GF Contribution	\$ 2,457,472	\$ 3,003,257	\$ 3,356,742	\$ 3,008,685	\$ 2,364,201

Table 2: Riverside Municipal Auditorium Fiscal Year End Results

Riverside Municipal Auditorium	2019	2020	2021	2022	2023
Operating Revenues	\$ 2,569,478	\$ 1,659,945	\$ 138	\$ 2,791,996	\$ 3,499,393
Operating Expenditures	2,592,149	2,167,770	543,800	2,927,825	3,256,904
Net Profit/(Loss)	\$ (22,671)	\$ (507,825)	\$ (543,662)	\$ (135,829)	\$ 242,489
General Fund Contribution:					
Management Fee	\$ 168,274	\$ 91,667	\$ 66,667	\$ 100,000	\$ 100,000
Direct Expenses	392	482	50,894	56,451	109,732
Other Revenue (Offset)	(12,745)	(9,332)	(1,138)	(53,604)	(94,015)
Operating P/L Contribution	22,671	507,825	543,662	135,829	(242,489)
Operating Contribution	\$ 178,592	\$ 590,642	\$ 660,085	\$ 238,676	\$ (126,772)
Debt Service	145,879	146,454	146,470	16,866	15,961
Total GF Contribution	\$ 324,471	\$ 737,096	\$ 806,555	\$ 255,542	\$ (110,811)

During the pandemic Live Nation worked with the City to minimize expenses, defer payments, and keep the facilities in working condition. Due to the closure of entertainment facilities 2022 had a lower number of events and attendance. In 2023 the total year being post-Covid. Attendance minus private special events increased by 18% for both facilities year over year.

Both facilities are aging as expected. Following major work and upgrades through the Riverside Renaissance, the Fox has been operational for thirteen (13) years and the RMA has been open for ten (10) years. The Shuttered Venue Operator Grant, which provided one-time funding, helped to offset expenses. Consequently, staff and Live Nation have been able to address issues with the building, sound, lighting, and equipment at both facilities, prioritizing the future needs of both facilities.

The Box

The Box was closed during Covid-19. Following the pandemic, the Box volume of activity has been slower to return than that of the larger venues. As previously stated, The Box is geared to smaller community organizations. As many have struggled post Covid-19, that affected the volume of productions/events. During the 2023 calendar year, The Box had over 25 productions/events with an average 3-5 days for each rental, for 125 active days. Events attracted over 6,250 visitors. Use of the facility is still down to recovery from Covid-19 and smaller groups using the facility. Heading into the end of the calendar year, staff observed an increase in bookings, with most weekends being booked well in advance. Approximately 90% of the users are local non-profit organizations in the performing arts. Several returning organizations have established The Box as their home theater which was the original intent of the facility.

As The Box is geared to smaller organizations and events, it has taken longer to get back to pre-Covid usage. Below is a high-level summary of its operating performance.

Table 3: The Box Fiscal Year End Results

The Box	2019	2020	2021	2022	2023
Operating Revenues	\$ 54,936	\$ 43,418	\$ -	\$ 6,275	\$ 8,842
Operating Expenditures	143,011	115,948	37,581	125,835	126,412
Net Profit/(Loss)	\$ (88,075)	\$ (72,530)	\$ (37,581)	\$ (119,560)	\$ (117,570)
General Fund Contribution:					
Direct Expenses	\$ -	\$ -	\$ 8,550	\$ 8,945	\$ 10,114
Operating P/L Contribution	88,075	72,530	37,581	119,560	117,570
Operating Contribution	\$ 88,075	\$ 72,530	\$ 46,131	\$ 128,505	\$ 127,684
Debt Service	739,238	739,270	739,271	739,271	739,271
Total GF Contribution	\$ 827,313	\$ 811,800	\$ 785,402	\$ 867,776	\$ 866,955

The Box also has been aging as expected. It has been operational for ten (10) years. During Covid and continuing to today, The Box has been hard to keep from being vandalized with graffiti, trash and issues with people using the outdoor spaces in between paid usages. Staff have been working with General Services to address and prioritize within the current budget and plan for future capital improvement projects.

Economic Impact of Entertainment Venues

The Americans for the Arts recently released the City of Riverside’s economic impact of the creative economy. This study is done approximately every five years for cities and counties across the country. Due to Covid, the AE6 study was delayed until late 2022 and early 2023 in gathering data and surveys at events and programs. The report estimates that participants spend an average of \$42.50 per event, not including the ticket cost. With an estimated number of attendees of 250,000 between the three venues, the approximate economic impact is \$10.6 million to the City.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 1 – Arts, Culture and Recreation, and Goal 1.1 - Strengthen Riverside’s portfolio of arts, culture, recreation, senior, and lifelong learning programs and amenities through expanded community partnerships, shared use opportunities, and fund**

development. This item also contributes to **Strategic Priority 5 – High Performing Government, and Goal 5.4** - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

This report aligns with *EACH of the five Cross-Cutting Threads* as follows:

1. **Community Trust** – Live Nation and Plantation Productions, were selected through a Request for Proposals process and approved by the City Council, ensuring public transparency.
2. **Equity** – Arts and entertainment provided at all three venues provide productions and opportunities that meet the City’s demographics, with an emphasis on youth and families to have an opportunity to attend and participate in professional productions.
3. **Fiscal Responsibility** – Live Nation provides an economic benefit to the City by attracting residents and visitors to local hotels, restaurants, and retail establishments.
4. **Innovation** – All three venues are continually providing program and events that are relevant and engaging to our residents and visitors.
5. **Sustainability & Resiliency** – Our community partners of Live Nation and Plantation Productions are committed to create and sustain environments in staffing and facilities that support the highest quality programming.

FISCAL IMPACT:

There are two separate agreements with Live Nation, one for the operation and management of the Fox and a separate agreement for operation and management of the RMA. There is an agreement with Plantation Productions for The Box. A high-level summary of the last five fiscal years of actuals for the Fox, RMA and The Box are shown below. The combined fiscal performance of the venues has improved, with an operating gain achieved by Live Nation in FY 2022/23. Other operating expenses, such as landscape maintenance, insurance, and facility maintenance, are paid directly by the City and included in the *Operating and Other Expenses* line item.

Table 4: Entertainment Fund Fiscal Year End Results

All Venues	2019	2020	2021	2022	2023
Operating Revenues	\$ 6,872,669	\$ 5,289,196	\$ 54,802	\$ 6,255,778	\$ 8,274,803
Operating Expenditures	6,662,169	6,069,797	1,169,783	6,533,512	7,606,692
Net Profit/(Loss)	\$ 210,500	\$ (780,601)	\$ (1,114,981)	\$ (277,734)	\$ 668,111
General Fund Contribution:					
Management Fee	\$ 668,274	\$ 632,500	400,000	\$ 600,000	\$ 600,000
Direct Expenses	108,985	19,015	305,090	334,576	397,904
Other Revenue (Offset)	(12,745)	(9,332)	(2,043)	(81,676)	(94,015)
Operating P/L Contribution	\$ (210,500)	\$ 780,601	\$ 1,114,981	\$ 277,734	\$ 668,111
Operating Contribution	\$ 554,014	\$ 1,422,784	\$ 1,818,028	\$ 1,130,634	\$ 235,778
Debt Service	3,055,242	3,129,369	3,130,671	3,001,369	2,884,567
Total GF Contribution	\$ 3,609,256	\$ 4,552,153	\$ 4,948,699	\$ 4,132,003	\$ 3,120,345

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Approved as to form: Phaedra A. Norton, City Attorney

Attachment:
Presentation