

**DRAFT**  
Subject to Change



**FINAL REPORT**

**PERRIS THEATER OPERATIONAL & FUNDING ANALYSIS**

APRIL 21, 2026

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*Disclaimer: This report relies on a variety of information and assumptions to develop market and financial projections. Information sources and assumptions include, but may not be limited to, information provided by AUX Architecture, the City of Perris, Victus Advisors' industry experience and previous studies, and publicly available data from various industry sources. Any information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and projections contained herein. We express no assurances of any kind related to any projected information, and differences between projections and actual events may be material.*



# 1. INTRODUCTION

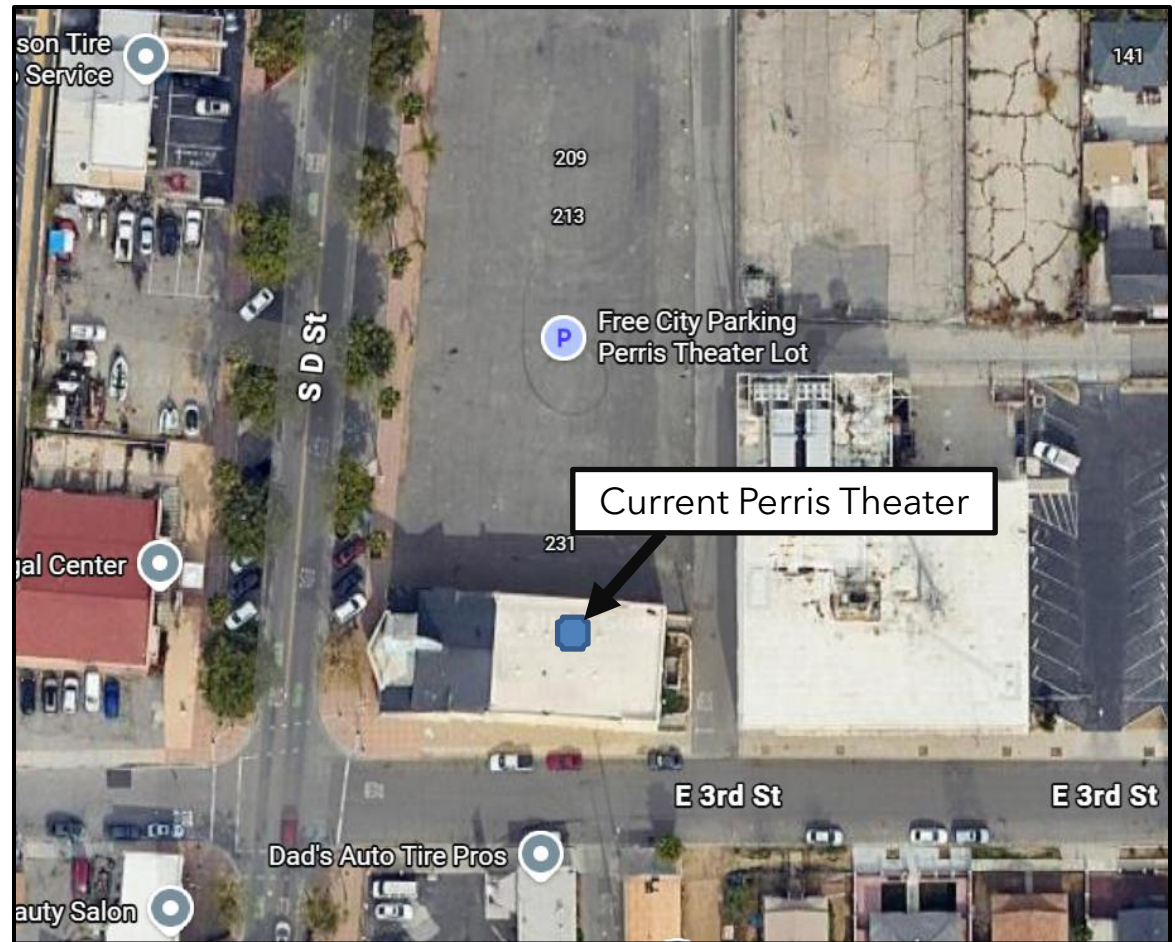
**Victus Advisors** (or “Victus”) was engaged in January 2026 by AUX Architecture and the City of Perris (“City” or the “Client”) to provide an **operational and funding analysis** for a future Perris Theater.

The City is evaluating redevelopment of the historic Perris Theater site to support a revitalized performing arts venue that can serve as a cultural asset for the community and contribute to downtown activation. The project vision focuses on creating a flexible venue capable of supporting a variety of arts, cultural, and community programming while preserving key historic elements of the theater.

Building on the planning work completed by AUX Architecture, Victus evaluated market, operational, and financial considerations associated with the project. This included reviewing industry trends, analyzing comparable venues, gathering feedback from regional promoters and event organizers, and developing operating and financial projections.

The analysis also evaluates potential partnership and funding strategies that could support the theater’s long-term sustainability and inform City leadership on a feasible path forward for the project.

As shown at right, the existing Perris Theater is located at 295 S D Street and is currently envisioned to serve as the site for a newly constructed theater facility.



Source: Google Maps

AUX Architecture recently completed a design and feasibility study evaluating redevelopment options for the historic Perris Theater site in downtown Perris. The study reviewed building conditions, community programming goals, and potential design scenarios to determine how the site could support a modern performing arts venue.

## KEY FINDINGS

- The City is exploring redevelopment of the historic Perris Theater (built 1946) as a catalyst for downtown arts, cultural programming, and community activation.
- Market analysis suggests an up to 500-seat theater would align with Perris' population base while allowing for future growth.
- Community input emphasized the need for a flexible venue capable of hosting theater, music, comedy, film screenings, and community events.
- The study evaluated four development scenarios: restoration of the existing building, restoration with a small addition, major expansion, and full demolition with new construction.
- The existing facility lacks modern theatrical infrastructure (fly space, backstage areas, and technical systems), which limits the ability to host professional productions.
- Expansion or new construction could provide modern stage infrastructure, improved support spaces, and integration with adjacent outdoor gathering areas, while preserving the iconic Perris Theater blade sign.

Preliminary planning concepts have explored a flexible performing arts venue of approximately 400 to 500 seats. Conceptual program elements for a renovated or newly constructed Perris Theater may include:

- Flexible seat theater
- Modern stage infrastructure and performance systems capable of supporting a range of arts and cultural programming
- Back-of-house spaces including dressing rooms, rehearsal areas, and production support space
- Public lobby and gathering spaces for patrons and community events
- Flexible indoor and/or outdoor event areas that support community programming and downtown activation
- Concessions, ticketing areas, and improved patron amenities to support modern venue operations





## 2. LIVE MUSIC & PERFORMING ARTS VENUE TRENDS

As the City of Perris evaluates the potential new/renovated Perris Theater designed to attract touring concerts and events, this section summarizes key trends within the live concert and performing arts industry to establish a framework for assessing the potential operational implications of such a venue. The discussion is organized across the following areas:

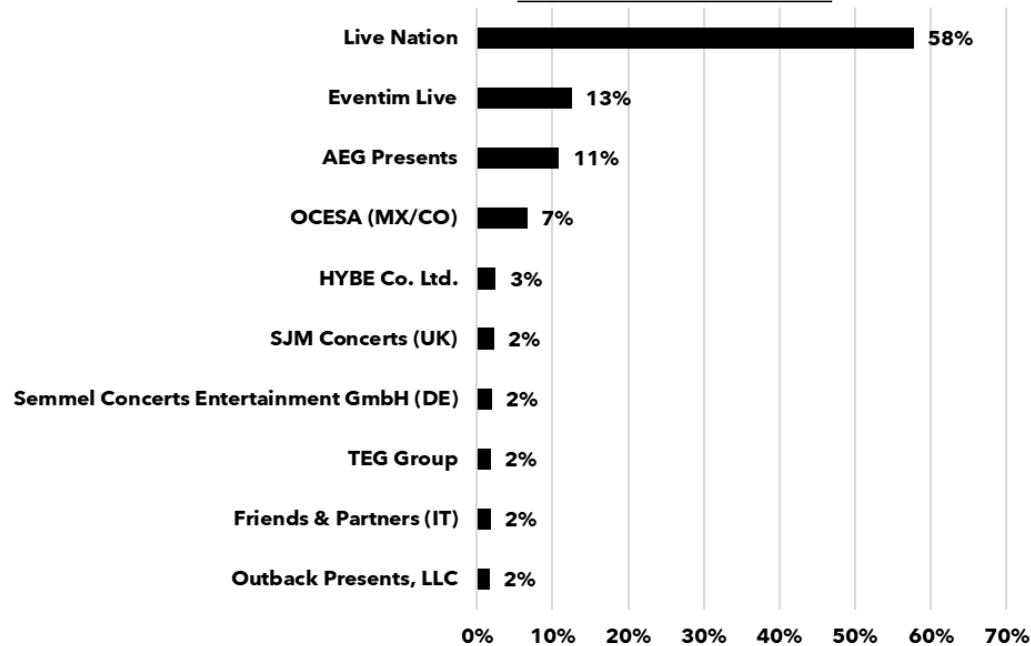
- Live Concert Economics
- Consolidation of Promoters
- Performing Arts Venue Trends

The economics of the concert industry have changed substantially over the past several years, as acts have demanded higher compensation or guarantees, resulting in increased ticket prices. The upward trend in ticket prices has increased gross ticket sales revenue to record levels, but it has also negatively impacted attendance at concert events over the past several years. The result of these trends has produced lower profit margins for concert promoters and live music venues.

Concert ticket revenue is generally allocated between the touring act, show expenses, and the promoter. While each deal is unique and can vary considerably from market to market, concert ticket revenue is generally allocated as follows: approximately 60 to 70 percent of the ticket price is paid to the performer as their guarantee; approximately 20 percent pays for show expenses including staffing, utilities, facility rent and other such costs; and approximately 10 to 20 percent is retained by the promoter.

The facility owner/operator typically receives fixed rent from the promoter for use of the venue, and potentially a small share of ticket sales revenues if they help co-promote the event. It should be noted that the venue operator also generates other revenue streams from premium seating, box office fees and ticket sales rebates, food and beverage sales, venue advertising/sponsorships, and parking.

## TOP 10 GLOBAL PROMOTERS: % OF TICKET SALES



Source: Pollstar

The concert promotion industry has become increasingly consolidated in recent years, influencing how live entertainment venues attract marquee events. Large promoters hold substantial market control through venue ownership, operations, and booking rights, which can enable block booking arrangements with top talent and limit access for unaffiliated venues. Collectively, Live Nation Entertainment and its subsidiary OCESA are estimated to control approximately two-thirds of the global concert market.

Today, Live Nation owns, operates, has booking rights and/or has an equity investment in over 200 concert venues, and over 30 are s. They produce over 40,000 concerts for 4,000 artists annually around the world. Their relationships/ownership positions with a significant number of live entertainment venues have given them the opportunity to create block-booking arrangements with facilities across North America and beyond.

Traditionally, live entertainment venues would have multiple booking agents and promoters bringing acts into their market. However, over the last several years, organizations such as Live Nation have taken control of more acts and have sought exclusive rights to book a particular venue, altering the former “free market” relationships among artists, promoters, and venues. That said, the trend toward exclusivity seems to be waning, as these entities have become more willing to work with each other to maximize revenues. For example, a concert act controlled by Live Nation may be more likely than in years past to play a venue operated by AEG, if both entities feel there is an opportunity for a mutually beneficial agreement.

**Performing arts centers (PACs)** are an integral part of the cultural and creative industries, significantly influencing the cultural, social, and economic vitality of communities around the world. Virtually all PACs are community-based and serve the public interest, whether structured as a public, non-profit, for-profit, or hybrid entity. However, generally there is a lack of knowledge about the important role of performing arts centers to their communities.

Further and deeper into this perspective is the evolution of PACs from the 1960's through to the 2020's. That evolution has strengthened the public perception of community engagement or civic function that ultimately demonstrates effectiveness. The goals of the past to produce iconic civic postcards that deliver excellent programming in order to compete regionally has clearly moved to equitable institutions that create easy access and the perception of inclusive 'living rooms' that welcome multifaceted generations, ethnicities and social issues. Moving forward PACs are blurring the line between 'professionals' and 'amateurs' and 'watchers-listeners', thus bringing communities together with experiences that reflects and respects the evolving social landscape.

**Placemaking** is highly relevant and an active role of each successful PAC across the US. Amenities that enhance and enrich the experience: developing cities desire an 'arts destination'—a welcoming and impressive building that they're proud of and delivers a complete experience that is pleasant, entertaining and enriching.

Feedback overwhelmingly supports more food and beverage opportunities associated with the arts experiences and supports the activation of surrounding neighborhood with hours that better align with performances and rehearsals. Indoor/outdoor spaces that flow together: Many people wish to see the surrounding public realm utilized; they want the outdoor areas to be places they can comfortably walk through or spend time in.

PACs supporters express keen interest in integrating their centers with the surroundings through outdoor programming such as concerts and screenings and by creating a more natural flow between indoor and outdoor spaces.

Observing the trends in audience engagement and cultural consumption for the visual and performing arts 'activists', there are significant changes over the past 15 years across the diversity of generations, education, geography and socio-economic backgrounds.



These shifts up and down signify contrasts that directly impact not just the arts and culture content creation and delivery but the reciprocating responses that drive the resources available. These assist the PACs to realize an innovative model for a financially sustainable cultural and civic investment by:

- Determining and balancing public-private development opportunities
- Examining design principles, management, operations, funding, partnerships, and policies
- Adapting to the marketplace: demographic changes, urban transformation and cultural trends

Participation and incentives for property and business owners in Perris are key stakeholders of potential new Perris Theater and stand to reap many benefits from its successful implementation, such as increased downtown visitation, perceptions and sales. Many of the creative placemaking and marketing recommendations may involve the participation of business and property, in the form of agreement, collaboration, permissions and/or sponsorship.

A Regional Community Cultural Center refers to clustering multiple purpose, larger cultural venue building(s) and amenities at one location and under consolidated operations management, serving a broad regional area's residential population for multiple cultural activities. Regional Cultural Centers can be defined as "... concurrently meeting the regional community's multiple cultural needs of a broad spectrum of organizations and individuals, including but not limited to: theater; dance; music performances & rehearsals; and visual and media arts classes & exhibitions, while demonstrating credible public support in the form of a diverse and active audience and artist participant base."

Across the US, Regional Cultural Centers, whether public or private sector owned or operated demonstrate efficiencies in public access by being located along or near major transportation corridors, to serve residents of multiple communities thus reducing redundancies, maximize efficiencies, and increase the impact of each community participant. There is purposeful intent that these centers are co-located with recreation centers, libraries, educational institutions, or other public facilities to realize efficiencies of parking and transportation and to reinforce nodes of economic, cultural, or residential development.

Across the Western US, smaller and larger PACs have found this role as 'Regional' as their programmers or content providers have audiences that come from multiple surrounding cities / areas. Thus, the Arts Centers marketing and community relationships move beyond the political boundaries of the actual location. This adds meaning to the fact that most of the publicly owned PACs other than major markets are based on county resources and management.

Evidence of this regional market perspective is the changing role of PACs from being exclusively 'rental landlords' to evolving into more at-risk content promotion / co-promotion wherein the PAC is actively engaged in selecting, booking, marketing and 'presenting' single event or series of events experiences, including visual arts gallery strolls or plein-air arts festivals.

Following this drive or conscious decisions to be more proactive in the event programming realm, the PACs are altering their operational policies and procedures to allow longer use(s) of the 'creation spaces' such as rehearsal studios, classrooms, workshops, and all available assembly spaces within their facilities in order for artists / arts groups to develop their work at the venues. Typically, this reduces the available calendar booking opportunities for public performances, however the PAC is now in a far greater role in the actual creation / production of community-based artforms. The upside for the PAC is the venue's ability to generate community activation.

The arts-generative PAC functions best with the appropriately selected and well maintained in-house specialized equipment for lighting, scenic rigging, audio, video, costume, projection that are all user-friendly for community members that have some degree of professional training and skills. The counter-intuitive policy of either charging very economic equipment use fees or even including it all in the base venue daily rent is an example of the PAC seeing itself as the arts-facilitator or mentor. Behind these facilities and equipment policies is the need for a professional and open-minded staff that act as (a) safety managers first and foremost and (b) mentors / teachers to the community members using the PAC facilities.

## **POST-COVID 19**

Across the entirety of the performing arts / arts center sector, COVID-19 has had significant impact to the operations and overall sustained future of both the owners and operators but most impacted are the content providers, artists and event producers-presenters. The best news is that the general public is showing great interest, availability and financial resources as they have returned to public assemblies of all varieties. For those PAC's that could retain their staff during the Pandemic, resetting operations is more realistic than those that laid staff off. There is notably a significant departure from the entertainment job opportunities which has been attributed to issues such as work-life balance, number of hours per week and compensation options. It is not clear what the long(er) term affects will be to the PAC's facility spaces and staffing / operations costs; however, the adoption of new policies and procedures in on-going and seemingly effective to resurgence of live show audiences and resumption of business at the PAC's.

The events of 2020-21 have accelerated changes that were already underway across the PAC's. These include:

- Adoption of technology
- Consumer behavior - return to live-show presentations post COVID
- Business collaborations
- Economic disparities
- Social and racial justice
- Redefining 'place'

Effectively ...

- their networks are far broader with sharing their stresses, strategies, winners-losers but most importantly the PACs are much more deeply connected to their Communities.
- their PURPOSE is now focused on Public Value.
- their CONTENT is much more diverse and dynamic as the audiences are now 'welcomed in the conversations'.
- they are RE-SETTING GOVERNANCE guided by mutual partnerships and shared values.
- they are RE-IMAGINING PLACE so that their physical assets and infrastructure are only part of the space that they animate

## **DIGITAL + MEDIA TECHNOLOGIES**

The use of digital and electronic media in theatrical and musical performances has risen in popularity in today's technology-based culture. It is essential to provide the technical infrastructure for this new media to stimulate and encourage these new art forms across all our venue spaces. The performance venue spaces at our PACs now become to being versatile laboratory space integrating digital technology into multimodal environments, provision for immersive sound and projection, tied together via an uncompressed video and audio recording network. Control rooms and recording suites allow for monitor mixing from all venues, live concert streaming, and traditional broadcast and post-production engineering. Classroom spaces and collaborative learning areas encourage cross-disciplinary learning and training

## **FLEXIBILITY TO SERVE DIVERSE EVENTS AND AUDIENCES**

Modern performing arts centers are increasingly designed around flexibility to support a broad spectrum of event types and audience needs. Spaces are intentionally adaptable from the outset, with features like movable seating, reconfigurable backstage areas, and modular technical grids that enable rapid changeovers between events. This adaptability allows venues to host not only traditional performances, but also conferences, community gatherings, and immersive experiences. Infrastructure is often built with surplus electrical and mechanical capacity to accommodate future upgrades without significant disruption. Non-performance areas are commonly utility-ready spaces that can evolve into classrooms, galleries, or rehearsal rooms based on future demand. This approach ensures that PACs remain responsive to shifting programming trends and community priorities over

## **MULTI-USE REHEARSAL FACILITIES**

Rehearsal facilities provide are cost-effective both in capital costs and operating costs, Moving rehearsals off the stage of a performance hall and into a rehearsal hall, increases utilization of the actual performance spaces with more attendance-based activity. Increasing the number of performances and audience engagement at the existing performance spaces, encourages a larger impact on the local economy and increasing the activation of the adjacent and regional communities. Engaged residents who are also emerging artists can create art in a safe, well-maintained, and affordable space.

## **MAKER SPACES / INCUBATOR STUDIOS**

Many PACs are realizing that their communities are asking for more support to visual arts and individual artist needs for affordable studios and galleries. Maker spaces encourage connections among artists and the public by fostering a community of visual artists, providing resources otherwise not available and designated spaces and programs. Open studio spaces, arts innovation labs and other multi-use experimentation spaces provide programming, rehearsal and professional development assistance to creative artists. These workspaces not only help to enliven the PAC at all times during the day, but provide year-round presentation and engaged community collaboration. In addition, social workspaces designed for exchange help forge a sense of community and identity, increasing networking opportunities and multidisciplinary cooperation. Hands-on instruction, master classes, and backstage seminars help build experience and technical know-how, aspects critical to the transfer of artistic knowledge to a new generation and the shaping of new means of expression.

The live entertainment industry remains highly consolidated, with major promoters such as Live Nation and AEG exerting significant influence over artist routing, venue relationships, and access to touring performances. As discussed during the project kickoff, many venues rely on partnerships with regional promoters or booking agents that maintain relationships with these national networks. For a venue such as the Perris Theater, these relationships can create opportunities for select touring events, even though the venue will primarily function as a community-oriented performing arts venue serving local audiences and regional programming.

To attract occasional touring performances, the theater will need to demonstrate appropriate production infrastructure, operational professionalism, and a facility design that supports flexible programming and evolving audience expectations. Modern performing arts venues increasingly incorporate adaptable spaces, upgraded technical systems, and multipurpose areas that support a wide range of performances, rehearsals, and community activities. These elements help venues balance professional production requirements with accessible community use while allowing operators to adjust programming as cultural and entertainment trends evolve.

Given these dynamics, the Perris Theater is most likely to succeed under a hybrid programming model that prioritizes community events, local arts programming, and educational uses while periodically hosting regional touring performances. This balanced approach can activate the venue throughout the year, strengthen connections between the theater and surrounding downtown businesses, and create opportunities for sponsorships, partnerships, and select commercial programming that contribute to the theater's long-term sustainability.

# LIVE MUSIC & PERFORMING ARTS VENUE TRENDS: KEY TAKEAWAYS & CONCLUSIONS



- **Live Concert Economics Context:** Higher artist fees, rising production expectations, and demand for premium audience experiences have contributed to increased ticket prices and historically strong gross revenues across many live entertainment markets. At the same time, these rising costs have increased the financial risk associated with producing live events, particularly for smaller venues and regional markets.
- **Performing Arts Venue Context:** Across the United States, performing arts centers are increasingly designed as flexible, community-oriented venues that support a wide range of programming, including performances, rehearsals, educational activities, and community events. These facilities often emphasize adaptable spaces, placemaking, and integration with surrounding districts in order to expand community engagement and year-round activation.

## CONCLUSION

The Perris Theater is envisioned primarily as a community-oriented performing arts venue that supports local arts organizations, schools, and civic programming while hosting occasional regional touring events. Given industry trends, such as higher artist costs, promoter consolidation, and evolving performing arts programming models, venues of this scale typically operate under a hybrid programming approach that blends community use with select commercial events.

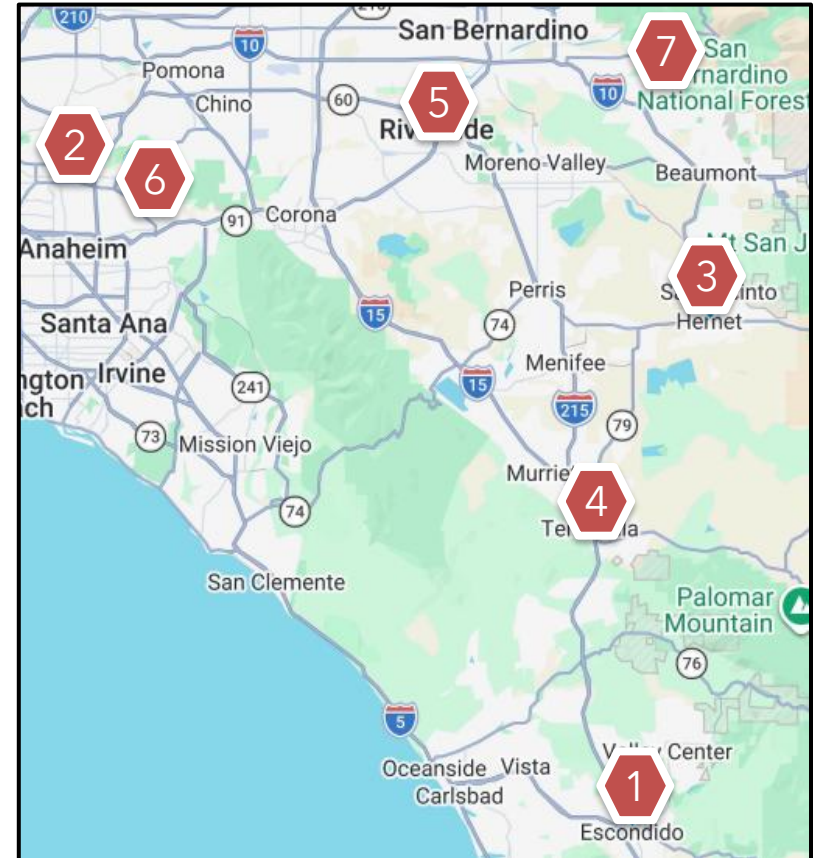
As a result, the long-term success of the Perris Theater will likely depend on balancing its role as a local cultural asset with strategic partnerships, diversified programming, and supplemental revenue sources to help offset operating costs.



## 3. COMPARABLE COMMUNITY THEATERS

## Venue

- 
- 1 Center Theater
  - 2 Curtis Theatre
  - 3 Historic Hemet Theatre
  - 4 Old Town Temecula Community Theater
  - 5 The Box Riverside
  - 6 The Virginia De Land Theater
  - 7 Yucaipa Performing Arts Center
- 



Source: Google Maps

Note: Sorted by Venue in alphabetical order.

Victus profiled the above community theaters in Southern California. These venues were either referenced in the AUX feasibility study as comparable facilities or identified by Victus through additional research as relevant peer theaters.

- Opened: 1994
- Owner: City of Escondido
- Operator: California Center for the Arts Escondido Foundation (non-profit)
- Features:
  - 404-seat capacity
  - Full proscenium stage with a fly loft
  - Professional lighting, sound dressing room wardrobe and green room
  - Part of a larger arts campus with a museum and conference center
- Annual Event Mix:
  - Touring concerts and theater
  - Local dance productions and other rentals
- Additional Information:
  - The Center Theater is owned by the City of Escondido and operated by the California Center for the Arts Escondido Foundation



## DAILY RENTAL RATES

- **Performance Rental:** \$1,500
- **Rehearsal Rental:** \$1,000
- **CT Usher Services:** \$500
- **Performance Housekeeping:** \$400
- **Rehearsal Housekeeping:** \$200
- **Bartender Fee:** \$200 (if sales are <\$400)

# CENTER THEATER (CONT.)



## Revenues

Contributed Revenue	\$3,405,222
Earned Operating Revenue	\$1,596,703
Other Revenues	\$3,151,892
<b>Total Revenues</b>	<b>\$8,153,817</b>

## Expenses

Personnel Costs	\$3,423,372
Program & Production	\$270,697
Facility & Operations	\$2,166,276
Administration & Overhead	\$167,615
Professional / Contracted Services	\$1,603,178
Other Expenses	\$506,070
<b>Total Expenses</b>	<b>\$8,137,208</b>

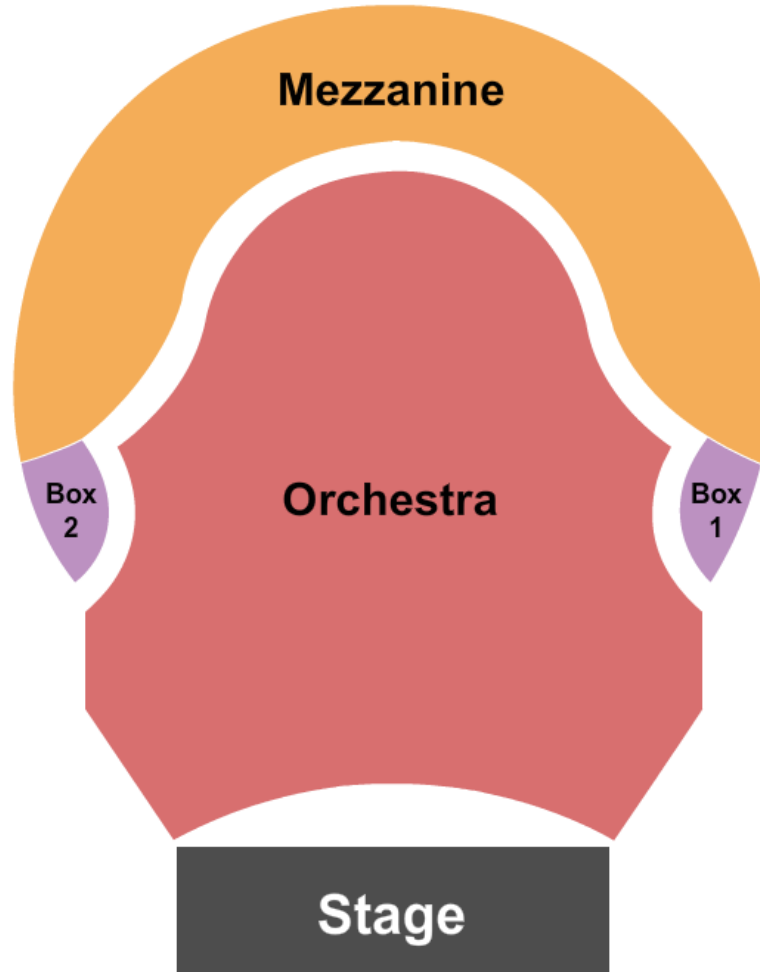
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$16,609</b>
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Source: Pro Publica

As shown above, the Center Theater operates at just above break—even after contributed revenues.

According to a City of Escondido Staff Report from 2024, the City subsidizes the annual operations of the venue (management fee, facility maintenance, and repairs) in excess of \$4 million. These funds are drawn from the City's General Fund.

## FLOOR PLAN



- Opened: 1980
- Owner: City of Brea
- Operator: City of Brea Department of Community Services
- Features:
  - 199-seat capacity
  - Fixed rank seating
  - Permanent stage
  - Professional sound and lighting
  - Integrated into larger civic center
  - Lobby and nearby civic amenities
- Annual Event Mix:
  - Plays and musicals
  - Concerts
  - Youth theatre
  - Community events
  - Rentals for events
- Additional Information:
  - The City of Brea owns the Curtis Theater and is operated by the City of Brea Department of Community Services



## RENTAL RATES

- **Brea Residents:** \$150 per hour
- **Non-Residents/Non-Profit:** \$195 per hour
- **Non-Residents/Commercial:** \$225 per hour
  - **Additional Technicians:** \$50 per hour
    - **FOH Staff:** \$30 per hour
  - **Box Office Services:** \$200, \$2 per Ticket
  - **Wireless Microphones:** \$50 per day
    - **Follow Spotlights:** \$50 per day
- **Rear Projection Screen & Projection:** \$200 per day
  - **Grand Piano:** \$200 per day

## CURTIS THEATER (CONT.)



Total Revenues	\$650,000
Total Expenses	\$1,000,000
<b>NET OPERATING INCOME (LOSS)</b>	<b>(\$350,000)</b>

*Source: City of Brea*

As shown above, the City of Brea reports that the Curtis Theater operates at an annual loss of about \$350,000.

The \$350,000 loss is subsidized by the City's General Fund.



- Opened: 1921
- Owner/Operator: Historic Hemet Theatre Foundation (Valley View Foundation)
- Features:
  - 400-seat capacity
  - Multipurpose auditorium with tiered seating
  - Cinematic projection, live stage acoustics, dedicated lobby
  - Full ancillary backstage support with green rooms
- Annual Event Mix:
  - Theatrical and musical performances
  - Stand-up comedy shows, talent shows, and youth programs
  - Film screenings, film festivals, public lectures, and civic forums
  - Corporate rentals, seminars, and non-profit events
  - Community workshops and school events
- Additional Information:
  - The Historic Hemet Theatre is owned and operated by the Historic Hemet Theatre Foundation (Valley View Foundation), who bought the theatre in 2018.
  - Future development of the facility is in preliminary stages with plans to increase capacity by ~600 seats. The venue recently launched the Founders Circle and Benefactors Circle as a funding vehicle to raise up to \$15 million for the expansion. The Soboba Foundation (Soboba Band of Luiseno Indians) has not pledged a specific amount, however it is currently positioned as a cornerstone of the theater's capital campaign.



# HISTORIC HEMET THEATRE (CONT.)



## Revenues

Contributed Revenue	\$111,547
Program Services Revenue	\$237,148
Other Revenue	\$67,264
<b>Total Revenues</b>	<b>\$415,959</b>

## Expenses

Other Expenses	\$380,973
<b>Total Expenses</b>	<b>\$380,973</b>

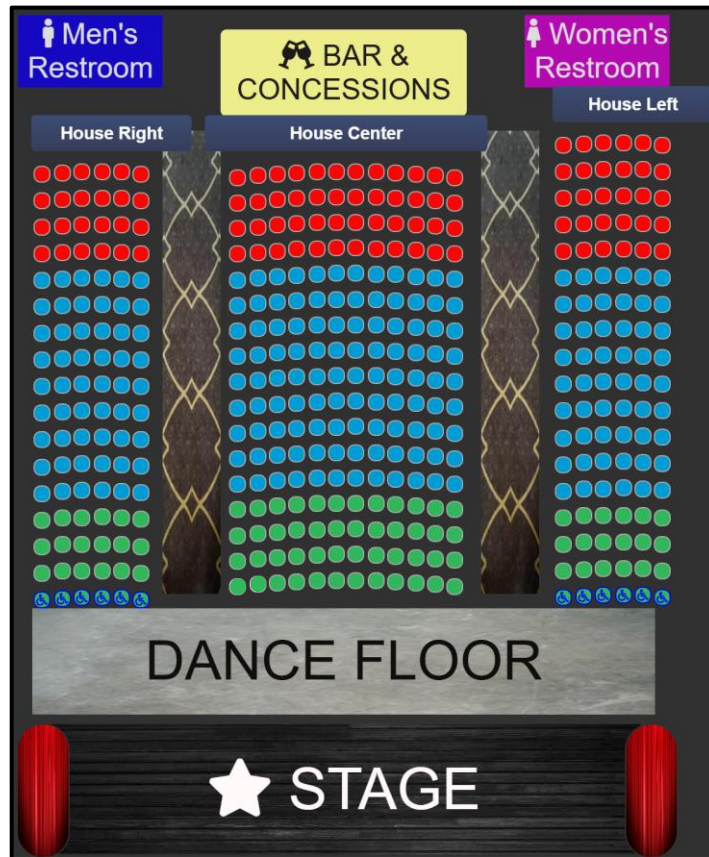
**NET OPERATING INCOME (LOSS)    \$34,986**

*Source: City of Hemet*

As seen above, the Hemet Theatre operates at just above break-even after contributed revenues.

Contributed revenue comes from a combination of private donations, tribal grants, and occasional municipal community grants.

## FLOOR PLAN



- Opened: 2005
- Owner: City of Temecula
- Operator: City of Temecula Community Services Department
- Features:
  - 354-seat capacity
  - 60-seat black box theater
  - Professional lighting, sound, projection and orchestra pit
  - Flexible staging, rehearsal rooms, dressing rooms
- Annual Event Mix:
  - City produced performing arts series
  - Resident arts group performances
  - Touring productions, comedy, and specialty programming
  - Community rentals, youth theater, and education workshops
- Additional Information:
  - The Old Town Temecula Community Theater is owned by the City of Temecula and operated by the City of Temecula Community Services Department



## RENTAL RATES

### Temecula Non-Profit Users

- **Performance:** \$350
- **2<sup>nd</sup> Performance in one day:** \$175
  - **Rehearsal:** \$150
  - **Load In/Out:** \$175
- **Additional Hours** - \$40
- **Dark Days** - \$100

### Temecula Users

- **Performance** - \$425
- **2<sup>nd</sup> Performance in one day** - \$210
  - **Rehearsal** - \$185
  - **Load In/Out** - \$210
- **Additional Hours** - \$50
- **Dark Days** - \$125

### Non-Temecula Non-Profit Users

- **Performance** - \$475
- **2<sup>nd</sup> Performance in one day** - \$235
  - **Rehearsal** - \$205
  - **Load In/Out** - \$235
- **Additional Hours** - \$55
- **Dark Days** - 140

### Non-Temecula Users

- **Performance** - \$550
- **2<sup>nd</sup> Performance in one day** - \$275
  - **Rehearsal** - \$235
  - **Load In/Out** - \$275
- **Additional Hours** - \$65
- **Dark Days** - \$160

Source: City of Temecula

## Revenues

Earned Operating Revenue	\$343,909
Other Revenues	\$112,130
<b>Total Revenues</b>	<b>\$456,039</b>

## Expenses

Expenses	\$1,591,395
<b>Total Expenses</b>	<b>\$1,591,395</b>

**NET OPERATING INCOME (LOSS) (\$1,135,356)**

*Source: City of Temecula*

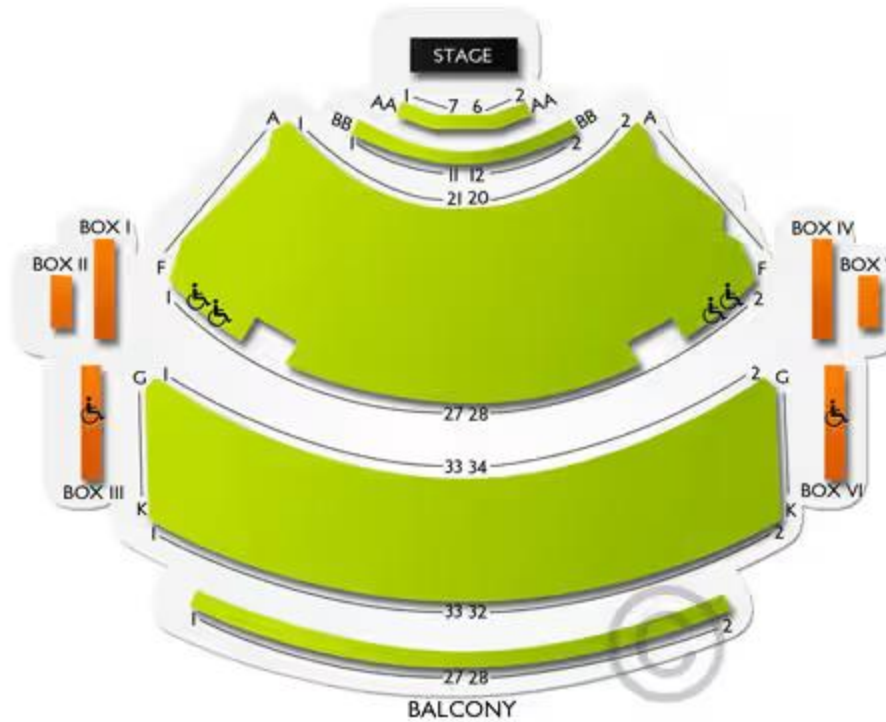
As shown above, the Old Town Temecula Community Theater operates approximately at a \$1.1 million annual loss.

The operating loss is covered by the City of Temecula's General Fund.

# OLD TOWN TEMECULA COMMUNITY THEATER FLOORPLAN



## FLOOR PLAN



- Opened: 2014
- Owner: City of Riverside
- Operator: Live Nation
- Max Capacity:
  - 200-seat capacity
  - Modular seating and staging configurations
  - Professional audio/visual, lighting, and backstage support
  - Designed for intimate, flexible performance formats
- Annual Event Mix:
  - Local performing arts productions and community showcase
  - Small-format concerts, comedy, and spoken word events
  - Rehearsals, workshops, and educational programming
  - City arts initiatives and short-run rentals
- Additional Information:
  - The Box Theater at The Fox Performing Arts Center is owned by the City of Riverside and was acquired in 2006, Live Nation is the operator and has been managing the venue since 2013

The **BOX** Fox Entertainment Plaza  
Riverside, California



# THE BOX RIVERSIDE (CONT.)



<b>Revenues</b>	
Contributed Revenue	\$41,191
Earned Operating Revenue	\$19,126
Other Revenues	\$5,380
<b>Total Revenues</b>	<b>\$65,697</b>
<b>Expenses</b>	
Operating Expenses	\$111,007
<b>Total Expenses</b>	<b>\$111,007</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(\$45,310)</b>

Source: Pro Publica

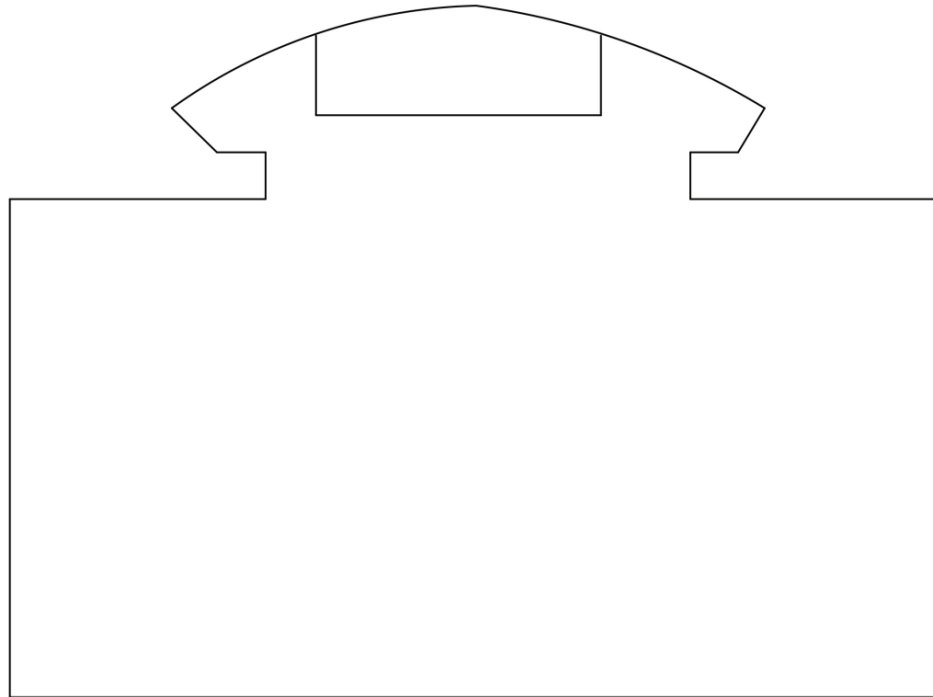
As shown above, the Box Riverside operates at an approximate annual loss of \$45,000.

It is assumed that the \$41,191 contributed revenue comes from a combination of donations from fundraising and the City of Riverside's General Fund.

# THE BOX RIVERSIDE FLOORPLAN



## FLOOR PLAN



- Opened: 2020
- Owner: City of Yorba Linda
- Operator: City of Yorba Linda Parks and Recreation Department
- Features:
  - 200-seat capacity
  - Highly flexible indoor black box theater
  - Professional sound and lighting
  - Retractable seating
  - Lobby gallery, green room and paseo spaces
- Annual Event Mix:
  - Active municipal arts venue hosting community theatre
  - Musicals, plays, opera, comedy nights, and cultural programs
  - Rentals for outside groups
- Additional Information:
  - The Virginia De Land Theatre is owned by the City of Yorba Linda and operated by the City of Yorba Linda Parks and Recreation Department



## RENTAL RATES

### Resident Weekday Fees

- **Private** - \$140
- **Commercial** - \$200
- **Non-Profit, Religious, Government** - \$150

### Resident Weekend Fees

- **Private** - \$165
- **Commercial** - \$245
- **Non-Profit, Religious, Government** - \$120

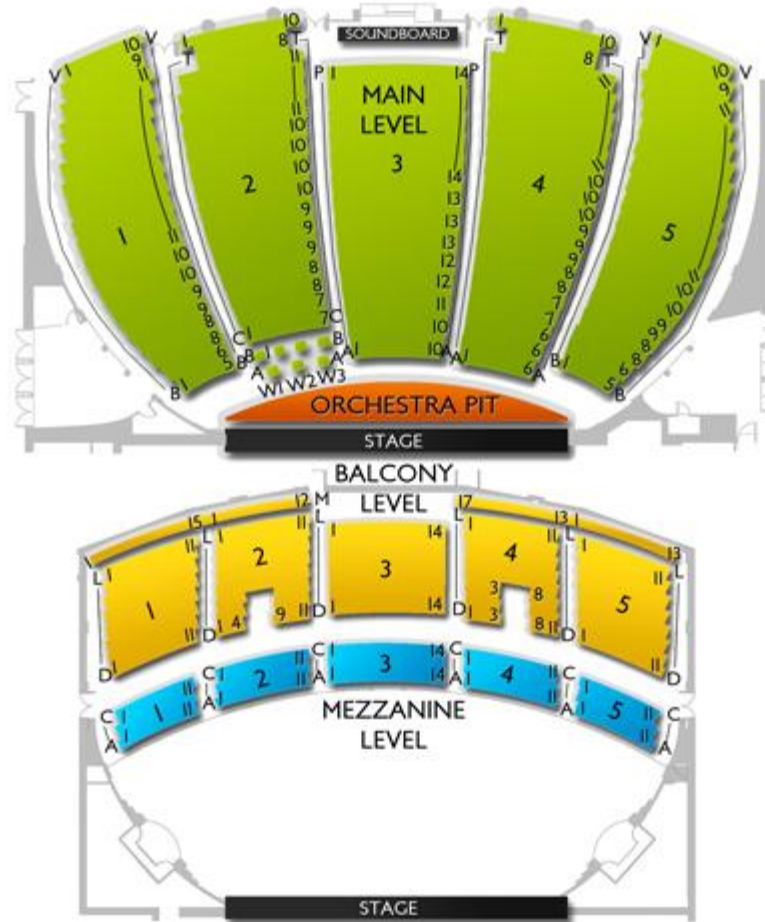
### Non-Resident Weekday Fees

- **Private** - \$195
- **Commercial** - \$215
- **Non-Profit, Religious, Government** - \$165

### Non-Resident Weekend Fees

- **Private** - \$240
- **Commercial** - \$260
- **Non-Profit, Religious, Government** - \$195

## FLOOR PLAN



- Opened: 2019
- Owner: The City of Yucaipa
- Operator: The City of Yucaipa Community Services Department
- Features:
  - 291-seat capacity
  - Outdoor Amphitheatre
  - Modern lighting, sound projection, and rigging
  - Flexible indoor/outdoor programming configurations
- Annual Event Mix:
  - City-curated concerts, dance, and theatrical performances
  - Touring artists and regional performance series
  - Community theater, youth arts, and education workshops
  - Festivals, outdoor concerts, and civic cultural events
- Additional Information:
  - The Yucaipa Performing Arts Center is owned by the City of Yucaipa and operated by the City of Yucaipa Community Services Department



# YUCAIPA PERFORMING ARTS CENTER (CONT.)



## Revenues

Earned Operating Revenue	\$473,355
<b>Total Revenues</b>	<b>\$473,355</b>

## Expenses

Personnel Costs	\$392,314
Other Expenses	\$542,327
<b>Total Expenses</b>	<b>\$934,641</b>

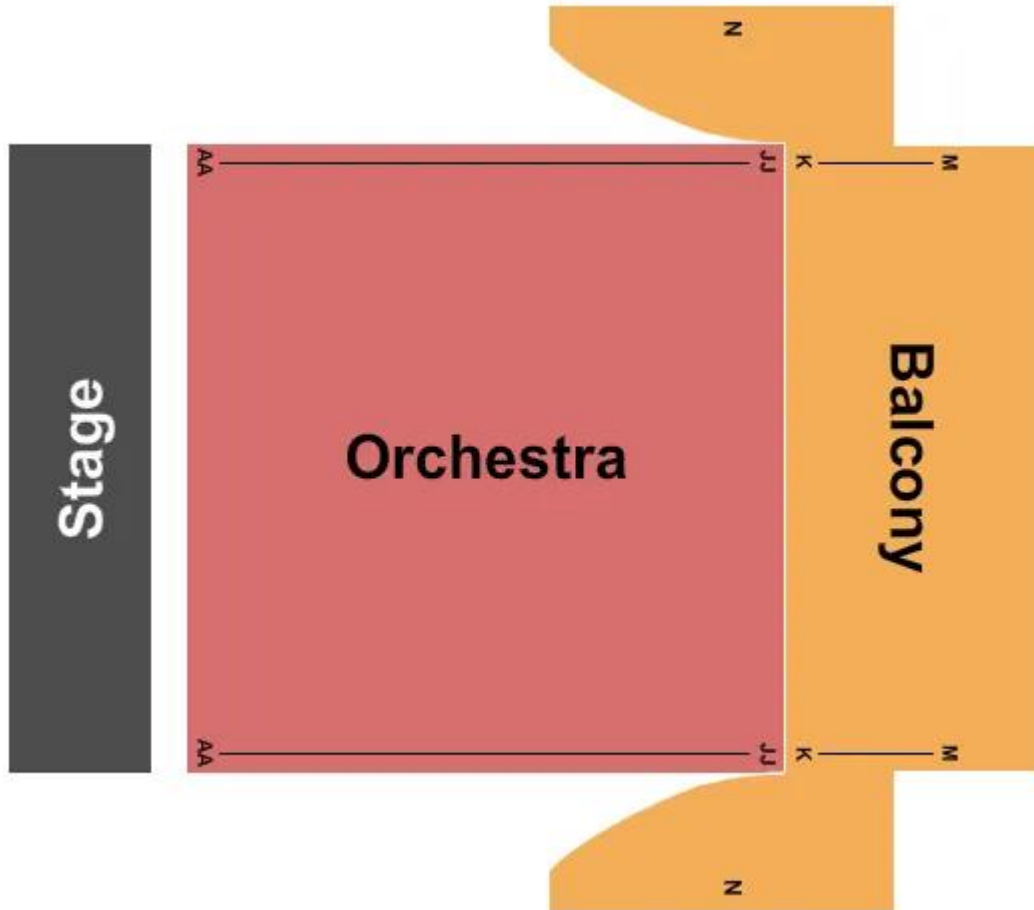
**NET OPERATING INCOME (LOSS) (\$461,286)**

*Source: City of Yucaipa*

As shown above, the Yucaipa Performing Arts Center operate at an approximate annual loss of \$461,000.

The operating loss is covered by the City's General Fund.

## FLOOR PLAN





# COMPARABLE COMMUNITY THEATERS: FINANCIAL SUMMARY



<u>Venue</u>	<u>Location</u>	<u>Annual Revenue</u>	<u>Annual Expenses</u>	<u>Operating Income (Loss)</u>
Center Theater	Escondido, CA	\$8,153,817	\$8,137,208	\$16,609
Curtis Theater	City of Brea, CA	\$650,000	\$1,000,000	(\$350,000)
Historic Hemet Theatre	Hemet, CA	\$415,959	\$380,973	\$34,986
Old Town Temecula Community Theater	Temecula, CA	\$456,039	\$1,591,395	(\$1,135,356)
The Box at The Fox Performing Arts Center	Riverside, CA	\$65,697	\$111,007	(\$45,310)
Yucaipa Performing Arts Center	Yucaipa, CA	\$473,355	\$934,641	(\$461,286)
<b>AVERAGE</b>		<b>\$1,702,478</b>	<b>\$2,025,871</b>	<b>(\$323,393)</b>
<b>MEDIAN</b>		<b>\$464,697</b>	<b>\$967,321</b>	<b>(\$197,655)</b>

Source: Victus research

Note: Sorted by Venue in alphabetical order.

Comparable regional theaters generally operate at a deficit, with revenues falling short of expenses across most facilities. While Center Theater in Escondido performs near break-even, it relies heavily on contributed revenue to do so, and the remaining venues report annual losses—led by Old Town Temecula Community Theater with the largest deficit. On average, venues generate approximately \$1.7 million in revenue against \$2 million in expenses, resulting in an average operating loss of roughly (\$323,000) and highlighting the need for ongoing public or supplemental funding support.

# COMPARABLE COMMUNITY THEATERS: HOURLY RENTAL RATES



	<b>Curtis Theater</b>	<b>Old Town Temecula Community Theater</b>	<b>The Virginia De Land Theater (Weekday)</b>	<b>The Virginia De Land Theater (Weekend)</b>	<b>AVERAGE</b>	<b>MEDIAN</b>
Resident	\$150	\$425	\$140	\$165	<b>\$220</b>	<b>\$158</b>
Resident Non-Profit	\$150	\$350	\$75	\$120	<b>\$174</b>	<b>\$135</b>
Resident Commercial	-	-	\$200	\$245	<b>\$223</b>	<b>\$223</b>
Non-Resident	-	\$550	\$195	\$240	<b>\$328</b>	<b>\$240</b>
Non-Resident Non-Profit	\$195	\$475	\$165	\$195	<b>\$258</b>	<b>\$195</b>
Non-Resident Commercial	\$225	-	\$215	\$260	<b>\$233</b>	<b>\$225</b>

Source: Victus research

Rental rates vary by user type and residency, with non-resident and commercial users consistently paying higher fees across all venues. Average pricing ranges from approximately \$174 to \$328, with the highest rates tied to non-resident usage, while resident and non-profit users benefit from lower pricing tiers. Median rates indicate most rentals cluster between \$135 and \$240, reinforcing a consistent pricing structure that prioritizes local access while maximizing revenue from external users.

# COMPARABLE COMMUNITY THEATERS: SEATING CAPACITY



Venue	Location	Owner	Operator	Seat Capacity
Center Theater	Escondido	City of Escondido	California Center for the Arts Escondido Foundation	404
Historic Hemet Theatre	Hemet	Historic Hemet Theatre Foundation	Historic Hemet Theatre Foundation	400
Old Town Temecula Community Theater	Temecula	City of Temecula	City of Temecula	354
Yucaipa Performing Arts Center	Yucaipa	City of Yucaipa	City of Yucaipa	291
The Box Riverside	Riverside	City of Riverside	Fox Entertainment Plaza	200
Curtis Theatre	Brea	City of Brea	City of Brea	199
The Virginia De Land Theater	Yorba Linda	City of Yorba Linda	City of Yorba Linda	160
<b>AVERAGE</b>				<b>287</b>
<b>MEDIAN</b>				<b>291</b>

Source: Victus research

Note: Sorted by Seating Capacity in descending order.

**Seating Capacity:** The profiled community theaters in the Southern California regional market have an average seating capacity of 287 seats and a median capacity of 291 seats.

**Ownership/Operations:** All of the comparable venues are publicly owned by local municipalities, with most facilities operated directly by the City through parks, recreation, or cultural services departments. Two (2) venues (Center Theater and Historic Hemet Theatre) operates under a city-owned / non-profit operator model, where a non-profit foundation manages programming and operations on behalf of the City.

# COMPARABLE COMMUNITY THEATERS: KEY TAKEAWAYS & CONCLUSIONS



- **Seating Capacity & Scale:** Comparable venues function as intimate, community-focused theaters rather than regional touring venues.
- **Ownership & Operations:** Facilities are publicly owned and typically operated by City departments, with some utilizing non-profit partners to support programming and fundraising.
- **Programming Mix:** Venues prioritize local arts groups, city programming, and rentals, with limited touring activity.
- **Financial Operations:** Most theaters operate at a deficit and rely on public or contributed funding to sustain operations.

## CONCLUSION

Municipally operated theaters provide a strong foundation for local arts programming, offering professionally equipped venues that support community groups, rentals, and select touring events. However, their smaller scale and community-oriented focus limit their ability to consistently attract and support larger regional productions. This dynamic highlights an opportunity to develop a purpose-built venue with increased capacity, enhanced production capabilities, and greater flexibility to expand programming and regional draw.



## 4. CONCERT PROMOTER INTERVIEWS

Victus received feedback from the following five (5) promoter groups regarding the feasibility of a potential new Perris Theater:

- In Your Pocket
- Inland Empire Goth
- Leisure Life
- Take Five Entertainment
- The Music League

Victus also reached out to the following promoter groups but did not receive a response or relevant feedback:

- Bad Time Presents
- Free The Youth
- Golden Voice
- Scab Promotions

## IN YOUR POCKET

- The interviewee indicated that the Inland Empire is experiencing population growth and increasing demand for small-capacity music venues, with a significant share of concertgoers currently traveling to Los Angeles and Orange County. Perris was identified as a viable opportunity to capture this demand, particularly for genres such as indie rock, Spanish rock, surf rock, and alternative music. A 300 to 500-capacity venue was viewed as appropriate, though the interviewee emphasized the need to build attendance gradually (150-200 attendees initially) before scaling. Competitive rental pricing (generally \$1,500-\$2,000 per event) and flexible deal structures, including both rental and door split arrangements, were identified as critical. The interviewee also highlighted the importance of strong sound systems, a bar component, and experienced staff to support the patron experience. It was further indicated that maintaining an open booking structure in early years would allow the City to test demand and refine programming. The interviewee expressed interest in booking a limited number of events initially with potential to expand over time.
  - **INTEREST LEVEL: MEDIUM**

## INLAND EMPIRE GOTH

- The interviewee stated that there is strong demand for flexible, small-capacity venues that can accommodate niche and community-driven events across the Inland Empire. Perris was described as an underutilized but geographically advantageous market capable of drawing attendees from across Riverside County and surrounding areas. The interviewee emphasized the importance of flexible layouts, including standing room configurations, adaptable seating, and the ability to host non-traditional events such as markets, festivals, and community gatherings. All-ages programming was identified as a critical driver of attendance, particularly for alternative and family-oriented audiences underserved by 18+ and 21+ venues. Affordable rental rates (approximately \$500-\$700 per event) and accessible ticket pricing were cited as necessary to support grassroots promoters. Food and beverage offerings and in-house sales were also noted as key revenue drivers. While events are currently limited by venue availability, the interviewee expressed strong interest in utilizing a well-designed Perris Theater on a recurring basis.

- **INTEREST LEVEL: HIGH**

## TAKE FIVE ENTERTAINMENT

- The interviewee indicated that Riverside County represents a fragmented but opportunity-rich market, with entertainment demand varying significantly by community and demographic. Perris was identified as a potentially viable location for small to mid-scale events if the venue clearly defines its programming focus, whether performing arts or live music. The interviewee emphasized cost-effective production infrastructure, including basic lighting, sound, and plug-and-play systems rather than overbuilt technical packages. Genres such as comedy, Latin music, and tribute acts were identified as strong fits for the market. Flexible programming and pricing structures, including favorable “four-wall” deals, were highlighted as key factors influencing promoter participation. The importance of aligning venue design with intended use—whether theatrical or concert-oriented—was also emphasized. While the Perris Theater is not currently on the radar for booking, the interviewee expressed interest contingent on improvements and clear positioning. It was further indicated that a right-sized, efficiently designed venue could attract regional talent and support consistent event activity over time.
  - **INTEREST LEVEL: HIGH**

## LEISURE LIFE

- The interviewee indicated that there is strong unmet demand for small-capacity live music venues across the Inland Empire, with many events currently held in temporary or non-traditional spaces due to a lack of dedicated facilities. Perris was identified as a viable location given its accessibility and ability to draw from surrounding markets, and a 300 to 500-capacity venue was viewed as appropriate and more realistic than larger formats. The interviewee emphasized the importance of a flexible layout with standing-room and removable seating, as well as key features such as quality sound, lighting, and a functional green room, while noting concessions could remain simple or supplemented by outside vendors. From an operational standpoint, fair deal structures were preferred over “pay-to-play” models to support artist development and community building. The interviewee expressed a likely to definite level of interest, indicating potential to host recurring events depending on deal structure and venue execution, and noted that a Perris venue could help re-establish live music activity in the area and fill a gap in their current regional network.
  - **INTEREST LEVEL: HIGH**

## THE MUSIC LEAGUE

- The interviewee indicated that there is a significant lack of quality small-capacity venues in the Inland Empire, particularly those capable of supporting live music with appropriate infrastructure. Perris was identified as a market with untapped potential, supported by population growth and limited competition, though success will depend on aligning the venue with local audience preferences. The interviewee emphasized the importance of a hybrid layout, including a standing room component, to better accommodate genres such as punk, reggae, and ska that are prominent in the region. A strong sound system was identified as the most critical investment, with lighting and other production elements considered secondary. The interviewee also noted that the venue could serve both younger local audiences and older demographics depending on programming mix. Rental expectations were consistent with the broader market (approximately \$1,500-\$2,000 per event), and it was suggested that consistent programming and community integration would be key to long-term success. The interviewee expressed interest in hosting recurring events, particularly given the lack of competing venues in the area.
  - **INTEREST LEVEL: HIGH**

# CONCERT PROMOTER INTERVIEWS: DEMAND SUMMARY



<b>Concert Promoter</b>	<b>Desired Capacity</b>	<b>Likelihood Of Usage</b>	<b>Number of Annual Events</b>
In Your Pocket	200-500	Likely Use	4
Inland Empire Goth	150-300	Definitely Use	4
Leisure Life	300	Likely Use	12
Take Five Entertainment	200-500	Likely Use	8
The Music League	250-500	Likely Use	6
<b>TOTAL</b>			<b>34</b>

*Note: Sorted by Concert Promoter in alphabetical order*

As shown above, all of the promoters interviewed expressed some level of interest in booking events at a potential Perris Theater. Overall, Victus identified initial interest for approximately 34 annual events at a new venue in Perris.

It is important to note that the number of events communicated by promoters is highly dependent on the final design, pricing structure, and operational model of the venue, as outlined in the interview summaries on the previous slides. As such, there is unlikely to be a “one-size-fits-all” solution, and a flexible, multi-use venue approach will be critical to meeting the needs of a diverse promoter base.

# CONCERT PROMOTER INTERVIEWS: KEY TAKEAWAYS & CONCLUSION



- **Capacity Preferences**
  - A 300 to 500-seat venue was identified as an appropriate target range, with this capacity viewed as viable if supported by strong programming and market ramp-up.
- **Design Considerations**
  - Flexible layouts (e.g., retractable seating, standing room areas) were recommended to accommodate both concerts and community-oriented events.
  - Hybrid configurations were preferred over fixed theater-style seating to better support genres such as punk, reggae, indie, and alternative music.
  - Back-of-house elements (e.g., quality sound systems, green rooms, simple load-in) were consistently emphasized as critical to attracting performers.
- **Market Conditions**
  - The Inland Empire was identified as an underserved market, with limited small-capacity venues and growing population demand.
  - Perris was viewed as an emerging opportunity capable of drawing from surrounding communities, including Riverside County and Coachella Valley.
  - Success will depend on aligning programming with local demographics, including Latin music, indie/alternative, comedy, and community-based events.

# CONCERT PROMOTER INTERVIEWS (CONT.): KEY TAKEAWAYS & CONCLUSION



- **Revenue Considerations**

- Competitive rental rates (approximately \$500-\$700 for community users; \$1,500-\$2,000 for commercial promoters) were identified as essential to driving utilization.
- Food and beverage sales, including alcohol where feasible, were noted as key contributors to event profitability.
- Flexible deal structures (e.g., flat rental vs. door splits) were preferred to align risk between venues and promoters.

- **Operational & Competitive Landscape**

- Limited competition exists within the immediate market, with most comparable venues located in Los Angeles, Orange County, or casino-based settings.
- Promoters emphasized the importance of an open booking approach in early years to test demand and build a consistent event calendar.
- A well-operated venue with strong fundamentals (pricing, sound quality, flexibility) was viewed as capable of establishing a loyal local following and recurring event base.

## CONCLUSION

Based on feedback from concert and event promoters, it is recommended that the City of Perris considers the development of a new flexible indoor performing arts and entertainment venue.

Promoters did not support a fully fixed, traditional raked-seating theater as the primary configuration, noting limitations for live music and community-driven events, and consistently expressed demand for a flexible, adaptable space. Rather, it was strongly recommended that Perris develops a flexible venue capable of accommodating a variety of event types such as concerts, performances, markets, private events, community gatherings, and cultural programming, which can be achieved through thoughtful design led by AUX Architecture. The venue must include quality sound systems and functional back-of-house elements to ensure ease of use for promoters and performers. Additionally, the facility should be designed with revenue-generating strategies in mind, as promoters emphasized the importance of food and beverage, rental flexibility, and ancillary income beyond ticket sales. The venue should include concessions and, where feasible, alcohol service to enhance event economics. Revenue generation and affordability should remain key priorities, as competitive pricing is critical to attracting consistent programming. Overall, the new venue has the potential to activate downtown Perris and establish a reliable hub for local and regional events. If designed and operated effectively, the venue could serve as a catalyst for sustained cultural and economic activity in the community and surrounding region.



## 5. USAGE, REVENUE & EXPENSE PROJECTIONS

**The following key assumptions were utilized by Victus Advisors in order to develop operating and financial projections for a new Perris Theater:**

- Key Venue Features (as developed by AUX Architecture):
  - 25,000 sq. ft. venue
  - 500-seat capacity
- Financial projections are based on estimated programming and events usage.
- It is currently assumed that the venue would be operated by the City of Perris, and thus we have not included a management fee in our operating pro forma.
- The venue will be owned by the public sector and thus exempt from property taxes.
- No assumptions have been made yet for debt service, capital improvement funds, or endowment funds.
- The venue will offer reasonable rental rates that cater to a wide variety of commercial and non-profit arts and culture organizations.
- These projections are based on current market circumstances and thus assume that there will be no other major changes to the available theater venue inventory within the City of Perris.
- Our utilization estimates and revenue model estimates are primarily based on metrics related to square footage, seating capacity, annual event activity, and creation of other daily programming.
- The financial projections displayed on the following page utilize a variety of additional assumptions, including data gathered from third-party sources, information provided by the City of Perris and Victus Advisors' industry experience. There will be differences between these projections and actual events, and these differences may be material.

# ANNUAL USAGE ESTIMATES



<b>Event Type</b>	<b>Estimated Event Days per Year</b>	<b>Estimated Attendees per Event</b>	<b>Estimated Total Attendance</b>
Local/Community	100	200	20,000
Concerts & Shows	45	400	18,000
<b>Total:</b>	<b>145</b>		<b>38,000</b>

It is estimated that a new Perris Theater could host approximately 145 events per year and host approximately 38,000 attendees.

*\*NOTE: Please note that event activity and estimated attendance are conservative projections but based on interviews conducted by Victus Advisors and previous local engagement by AUX Architecture.*

# OPERATING PRO FORMA



In a stabilized year of operations (typically by Year 3), it is estimated that the operations of a new Perris Theater could operate at an annual cost recovery of approximately 87%.

A description of each revenue/expense estimate is provided later in this section.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operating Revenues:</b>					
Rent	\$96,390	\$107,100	\$119,000	\$122,600	\$126,300
Concessions (Net)	\$396,090	\$440,100	\$489,000	\$503,700	\$518,800
Facility Fees	\$30,780	\$34,200	\$38,000	\$39,100	\$40,300
Convenience Charge Rebates	\$8,910	\$9,900	\$11,000	\$11,300	\$11,600
Other Signage & Advertising	\$20,250	\$22,500	\$25,000	\$25,800	\$26,600
<b>Total Revenues:</b>	<b>\$552,420</b>	<b>\$613,800</b>	<b>\$682,000</b>	<b>\$702,500</b>	<b>\$723,600</b>
<b>Operating Expenses:</b>					
Salaries, Wages, & Benefits	\$499,000	\$514,000	\$529,400	\$545,300	\$561,700
Utilities	\$100,000	\$103,000	\$106,100	\$109,300	\$112,600
Marketing & GA	\$38,000	\$39,100	\$40,300	\$41,500	\$42,700
Materials/Supplies	\$50,000	\$51,500	\$53,000	\$54,600	\$56,200
Maintenance/Repair	\$50,000	\$51,500	\$53,000	\$54,600	\$56,200
<b>Total Expenses:</b>	<b>\$737,000</b>	<b>\$759,100</b>	<b>\$781,800</b>	<b>\$805,300</b>	<b>\$829,400</b>
<b>Net Operating Income (Loss):</b>	<b>(\$184,580)</b>	<b>(\$145,300)</b>	<b>(\$99,800)</b>	<b>(\$102,800)</b>	<b>(\$105,800)</b>
<b>Cost Recovery</b>	<b>75.0%</b>	<b>80.9%</b>	<b>87.2%</b>	<b>87.2%</b>	<b>87.2%</b>

Notes:

(1) Presented in 2026 dollars

(2) Year 3 represents stabilized revenue year.

*Revenue generated by a new Perris Theater is expected to consist primarily of rent/ticket sales, ticket service rebates, concessions, and advertising and sponsorships. A brief description of each revenue source is provided below.*

## **Rent**

Venue rent for ticketed events is typically one of the largest revenue sources for a venue. Venue rental agreements will incorporate either a flat rental rate or a percentage of gate receipts generated by the event, subject to negotiations with each event organizer. The proposed Perris Theater is projected to generate approximately \$119,000 in rental revenue from ticketed events in a stabilized year based on the rental rates below:

- Non-Concert Rate (Community Events, etc.): \$500 per day
- Commercial Rate (Concerts & Shows): \$1,500 per day

Additionally, it is common for the act, promoters, and venue owners to share a percentage of ticket sales with one another instead of the venue charging rent. For the purpose of this analysis, it is assumed that the revenue from a percentage of ticket sales will be equal to rent revenues and therefore interchangeable.

## **Concessions**

Concessions revenue includes food and beverage sales throughout the venue and is based on projected attendance and usage. Industry benchmarks indicate net margins of approximately 35%-40% of gross sales, with the remainder allocated to cover labor, product costs, and vendor profit. In most cases, the venue retains a majority of net concessions revenue after any sharing agreements. Assumed per capita spending is \$5.50 for local events and \$25.00 for commercial events, consistent with comparable U.S. venues.

## **Facility Fees**

Additionally, for any ticket sales that are handled through the venue's box office, many venues will charge additional box office transaction fees (or venue fees) per ticket. Fees can commonly range from \$1.00 to \$5.00 per ticket sold, depending on the venue. For this analysis, it is assumed that a \$1.00 fee will be assessed.

## **Convenience Charge Rebates**

Commercial venues and other such entertainment venues often utilize a third-party ticket seller to handle non-box office ticket sales for their events. Ticket sellers generally collect a convenience charge on each ticket sold, a portion of which can be rebated to the venue. We have assumed that charges would be levied for an average of approximately \$2.00 for commercial events.

## **Other Signage & Advertising**

Venues generate sponsorship and advertising revenue through signage (e.g., exterior, marquee) and promotional assets. Rates depend on event volume, attendance, and the inclusion of additional elements such as program ads and PA announcements.

*Operating expenses expected to be generated by a new Perris Theater include salaries, wages, and benefits, operations/programming costs, utilities, and other expenses. A brief description of each potential major source of expense is provided below.*

## **Salaries, Wages & Benefits**

four (4) full-time employees, including a General Manager, Box Office Manager, and Facility Worker. In addition, we have assumed benefits for each would equal 40% of salary. Lastly, we have assumed approximately \$100,000 per year in part-time and seasonal labor. It is assumed that some salaried leadership staff would be shared from the City of Perris, thus saving on additional staffing expense.

## **Utilities**

Utilities often represent one of the largest expenses incurred by venue operators. Cost estimates for utilities include use of electricity, gas, water, and steam, and are based upon comparable utility costs per square foot at similar facilities.

## **Other Expenses**

Other expenses expected to be incurred by the proposed live performance venue include general and administrative expenses, repairs and maintenance, materials and supplies, marketing/advertising costs, insurance, and other such expenses, as described below:

- Maintenance and repairs for structures, equipment, grounds, etc.
- Materials and supplies for administration and operations of the venue
- General liability insurance to cover the grounds, restrooms, and other such areas (Note: With a private, for-profit operator, we have assumed higher private insurance levels relative to public venue management, however we have also assumed that events and user groups would be required to carry additional insurance)
- Office and administrative expenses, including but not limited to marketing and advertising, telecommunications, travel costs, permits, service fees, and other such operating expenses

These expenses have been estimated based upon expenses at comparable venues.

# ANNUAL OPERATING & CAPITAL COSTS: \$25.4 MILLION CONSTRUCTION COST



	Year:						
	1	5	10	15	20	25	30
<b>Operating Revenues:</b>	\$552,420	\$723,600	\$838,851	\$972,458	\$1,127,345	\$1,306,902	\$1,515,058
<b>Operating Expenses:</b>	\$737,000	\$829,400	\$961,502	\$1,114,644	\$1,292,178	\$1,497,989	\$1,736,579
<b>Estimated Annual Operating Deficit</b>	<b>(\$184,580)</b>	<b>(\$105,800)</b>	<b>(\$122,651)</b>	<b>(\$142,186)</b>	<b>(\$164,833)</b>	<b>(\$191,087)</b>	<b>(\$221,522)</b>
<b>Recommended Annual Capital Reserve*</b>	<b>(\$127,000)</b>	<b>(\$142,940)</b>	<b>(\$165,706)</b>	<b>(\$192,099)</b>	<b>(\$222,695)</b>	<b>(\$258,165)</b>	<b>(\$299,284)</b>
<b>Total Estimated Annual Operating &amp; Capital Costs</b>	<b>(\$311,580)</b>	<b>(\$248,740)</b>	<b>(\$288,357)</b>	<b>(\$334,285)</b>	<b>(\$387,528)</b>	<b>(\$449,251)</b>	<b>(\$520,806)</b>

**Notes:**

\*In addition to the annual operations of a new Perris Theater, current industry best practices recommend budgeting for long-term capital improvement needs. We typically recommend that an amount equal to at least 0.5% of facility construction (preliminarily assumed to be \$25.4 million in this scenario), adjusted annually for inflation, should be contributed annually to a capital reserve fund. This capital reserve fund can be drawn upon by the project owner to pay for necessary capital maintenance and improvements as the facilities age.

As shown above, it is not expected that annual operating income could reliably be depended as the primary source for funding annual debt service.

The construction estimate for the facility could be \$25.4 million (according to AUX Architects in this scenario). Current industry best practices for long-term capital maintenance needs is to annually contribute to a reserve fund each year an amount equal to at least 0.5% of facility construction costs (or \$127,000 in Year 1 based on a \$25.4 million construction cost) increased annually for inflation. This capital reserve fund can be drawn upon by the City of Perris to pay for necessary capital maintenance and improvements as the facility ages.



# ANNUAL OPERATING & CAPITAL COSTS: \$48.1 MILLION CONSTRUCTION COST



	Year:						
	1	5	10	15	20	25	30
<b>Operating Revenues:</b>	\$552,420	\$723,600	\$838,851	\$972,458	\$1,127,345	\$1,306,902	\$1,515,058
<b>Operating Expenses:</b>	\$737,000	\$829,400	\$961,502	\$1,114,644	\$1,292,178	\$1,497,989	\$1,736,579
<b>Estimated Annual Operating Deficit</b>	<b>(\$184,580)</b>	<b>(\$105,800)</b>	<b>(\$122,651)</b>	<b>(\$142,186)</b>	<b>(\$164,833)</b>	<b>(\$191,087)</b>	<b>(\$221,522)</b>
<b>Recommended Annual Capital Reserve*</b>	<b>(\$240,500)</b>	<b>(\$270,685)</b>	<b>(\$313,798)</b>	<b>(\$363,778)</b>	<b>(\$421,718)</b>	<b>(\$488,887)</b>	<b>(\$566,754)</b>
<b>Total Estimated Annual Operating &amp; Capital Costs</b>	<b>(\$425,080)</b>	<b>(\$376,485)</b>	<b>(\$436,449)</b>	<b>(\$505,964)</b>	<b>(\$586,551)</b>	<b>(\$679,974)</b>	<b>(\$788,276)</b>

**Notes:**

\*In addition to the annual operations of a new Perris Theater, current industry best practices recommend budgeting for long-term capital improvement needs. We typically recommend that an amount equal to at least 0.5% of facility construction (preliminarily assumed to be \$48.1 million in this scenario), adjusted annually for inflation, should be contributed annually to a capital reserve fund. This capital reserve fund can be drawn upon by the project owner to pay for necessary capital maintenance and improvements as the facilities age.

The construction estimate for the facility could be \$48.1 million (according to AUX Architects in this scenario). Current industry best practices for long-term capital maintenance needs is to annually contribute to a reserve fund each year an amount equal to at least 0.5% of facility construction costs (or \$240,500 in Year 1 based on a \$48.1 million construction cost) increased annually for inflation. This capital reserve fund can be drawn upon by the City of Perris to pay for necessary capital maintenance and improvements as the facility ages.

## 6. POTENTIAL OPERATING MODELS

The purpose of this section is to present an overview of options regarding the management and operations of a new Perris Theater.

The following section provides an overview of each potential facility management structure.

- Public Management
- Private Management
- Non-Profit Management

Publicly-owned facilities have the option of being operated by the public entity that owns the venue or contracting out operations to a private entity, including both for-profit and non-profit groups. Both options have associated advantages and disadvantages.

Facility operational control within a government is typically done either by creating a separate department that is responsible for facility management or by designating responsibility to an existing department within the government.

**Advantages** of public management include owner control, financial support, and sharing of staff and support functions, among other factors. Within this structure, the management's primary responsibility is to the governmental agency and the facility. The ability to combine the purchase of goods and services with other governmental departments provides a distinct advantage in maximizing purchasing power and rate structures. The ability to use governmental employees from other departments can be advantageous. Lastly, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a private management contractor is not required.

**Disadvantages** of public management include lack of private sector support, civic service constraints, and changing political policies. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate operating decisions. The decisions made regarding the operation of a facility may also be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures.

A summary of key advantages and disadvantages to the public sector associated with public management is shown below:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"><li>• Owner control</li><li>• Financial support</li><li>• Coordinating/sharing of staff/support functions</li><li>• Bulk-price purchasing</li><li>• No management fees</li><li>• Public programming for City residents can be given priority</li></ul>	<ul style="list-style-type: none"><li>• Lack of private sector financial support</li><li>• Civic service constraints</li><li>• Contract approval requirements</li><li>• Changing political policies</li><li>• Lack of incentive compensation</li><li>• Limited flexibility</li><li>• Possible lack of expertise and access in arts industry</li><li>• Limited for private groups/events</li></ul>

## PRIVATE CONTRACT MANAGEMENT

Facilities that are publicly-owned also have the option to utilize a private facility operator. Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for facilities to break even operationally has caused some governments to consider changes in the fundamental process of managing cultural venues. As a result, numerous venues across the country have contracted day-to-day operations to a private management company under fee-based management agreements. However, it should be noted that many communities still prefer to utilize a public management team that focuses on community usage and benefit rather than having facility operating decisions made by a private operator based upon private profit incentives.

Under typical private management, the facility owner retains all of the rights and privileges of ownership while the private management firm performs assigned management functions. The public owner sets policies while the private management firm establishes procedures in order to implement the policies. The private management firm is often compensated with a flat annual fee plus incentive payments designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the public owner of the facility for approval. The public owner is responsible for providing the funds necessary to operate the facility.

Private management firms are typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and routine maintenance/repairs. However, the public owner is typically responsible for long-term capital needs, including capital maintenance and working capital. In addition to the day-to-day operations of the venue, a number of private management firms also offer project services such as pre-opening management services, operational audit services, and marketing support as alternatives to full facility management. Common operators for performing arts venues include ASM Global and VenueTech, among others.

A summary of key advantages and disadvantages associated with private management is shown below:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Incentives for efficiency or performance</li> <li>• Network of booking relationships</li> <li>• Internal network of facility knowledge/experience</li> <li>• More independence in negotiations</li> <li>• Greater staffing resources</li> <li>• More objective criteria for accountability</li> <li>• More efficient procurement process</li> <li>• Design support &amp; pre-opening services</li> <li>• Less financial risk for owner</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of direct control by owner</li> <li>• Profit motive vs, local benefit motive</li> <li>• Less access for affordable public use</li> <li>• Facility management fees</li> <li>• Management personnel turnover</li> <li>• Corporate resources spread among several facilities</li> <li>• Public responsible for long-term capital</li> </ul>

In some cases, a public owner will allocate management of a facility to a third-party via a long-term community non-profit organization.

Non-profit organizations typically negotiate a long-term usage agreement with a government on an annual basis and sometimes pay a small fixed annual fee. In exchange, the organization will typically have exclusive or priority access to the entire facility throughout the year. As a result, other groups/programs typically have restricted access relative to the non-profit. The non-profit organization is responsible for most operational expenses including maintenance and staffing. However, they also receive most or all revenue streams including, but not limited to: net concessions, merchandise, sponsorships/advertising, parking revenue, etc. The government, however, is often responsible for long-term capital maintenance.

A summary of key advantages and disadvantages associated with non-profit operations is shown on the next page:

## ADVANTAGES

- Consistent, predictable usage for owner, without having to pay management fees or handle day-to-day operations/maintenance
- More independence in negotiations
- Community's best interest at heart
- Limited use of public funds to maintain operations

## DISADVANTAGES

- Loss of direct control by owner
- Non-profit operators tend to limit access to outside groups that are not part of their group/program
- Lack of diverse interest groups
- Owner still responsible for long-term, capital maintenance



## 7. PARTNERSHIP & FUNDING OPTIONS ANALYSIS

In this section Victus Advisors will review and summarize the following types of funding options and potential partnerships for the City of Perris:

## **Public Funding Options**

- General Obligation Bonds
- Revenue Bonds

## **Partnership Options**

- Naming Rights
- Non-Profit Funding
- Public-Private Project Delivery
- Public-Public Development Options



# PUBLIC FUNDING OPTIONS: GENERAL OBLIGATION BONDS



The City of Perris may use the full faith and credit of the municipality to issue **General Obligation (GO) Bonds** to pay for new and/or improved performing arts venue. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

The primary advantage of GO bonds is that they typically carry a lower interest rate, assuming the issuing government entity carries a strong credit rating. Generally speaking, the better the issuer's credit rating, the lower the interest rate. Another advantage of GO bonds is that the annual operations of the built venue does not necessarily need to break-even annually, as the repayment of the bonds is not linked directly to the annual cash flows stemming directly from the venue project. The primary disadvantage associated with GO bond financing is that the GO indebtedness reduces the municipality's available bonding capacity for other potential capital projects.

## **APPLICATION FOR PERRIS**

A GO bond issue for theater projects may be difficult to pass if it is perceived as taking away funds that could be allocated to other uses that the public may favor, such as other capital projects, improvements to services or infrastructure, etc.

# PUBLIC FUNDING OPTIONS: REVENUE BONDS



**Revenue Bonds** are payable solely from a dedicated revenue source, often: a) an available tax source, or b) from the revenues of the public project that is being financed. Since debt service is tied to particular revenue streams, rather than the general obligation of the taxing authority, revenue bonds are considered to have a much higher risk of default than GO bonds and thus carry a higher interest rate. As shown below, depending on the interest rate and debt coverage ratio, it is generally estimated that for every \$1 million of annual revenue that is applicable to debt service, 30-year revenue bonds could fund anywhere from approximately \$7.7 million to \$15.7 million in project costs:

Interest Rate	Bond Term (Yr)	Funding Capacity per \$1M of Available Incremental Income			
		Debt Coverage Ratio:			
		1.25x	1.5x	1.75x	2.0x
3%	30	\$15,680,353	\$13,066,961	\$11,200,252	\$9,800,221
4%	30	\$13,833,627	\$11,528,022	\$9,881,162	\$8,646,017
5%	30	\$12,297,961	\$10,248,301	\$8,784,258	\$7,686,226

## APPLICATION FOR PERRIS

One advantage to revenue bonds is that they are project specific, and thus do not diminish the City's bonding capacity for future GO bonds. One disadvantage is that they typically carry a higher interest rate than GO bonds, and due to debt service reserve requirements and other credit enhancements, the bonds are usually larger with higher payment terms. However, the biggest disadvantage in this case is that if the annual operations of the proposed theater requires annual financial support, operating revenues are not likely to be a viable funding source for debt service payments. Therefore, any revenue bonds would need to be funded by a dedicated tax revenue source.

# PARTNERSHIP OPTIONS: NAMING RIGHTS



Contractually obligated revenue is venue-related revenue that is typically generated by multi-year contracts such as venue naming rights or commercial space leases with private entities:

- Naming Rights:** Private sector corporations often purchase long-term naming rights on arts venues. When a public venue owner sells venue naming rights, it is often dedicated to upfront capital costs rather than annual operations. Victus maintains a database of performing arts venue/theater naming rights agreements across the country for which naming terms are publicly available, as shown below:

Venue	Location	Buyer	Industry	Total Price	Term	Annual Average
Cobb Energy Performing Arts Centre	Atlanta, GA	Cobb Energy	Energy	\$20,000,000	20	\$1,000,000
SAFE Credit Union Performing Arts Center	Sacramento, CA	SAFE Credit Union	Financial Services	\$23,000,000	25	\$920,000
Eccles Theater	Salt Lake City, UT	George S. & Dolores Doré Eccles Foundation	Private	\$15,000,000	Life	\$750,000
Martin Marrieta Center for the Performing Arts	Raleigh, NC	Martin Marrieta	Buildin Materials	\$14,000,000	20	\$700,000
Altria Theater	Richmond, VA	Altria Group	Tobacco Products	\$10,000,000	20	\$500,000
Associated Bank Center	Milwaukee, WI	Associated Bank	Financial Services	\$10,000,000	20	\$500,000
Durham Performing Arts Center	Durham, NC	First Horizon Bank	Financial Services	\$5,000,000	10	\$500,000
NewDay USA Center	Milledgeville, GA	NewDay USA	Financial Services	\$2,000,000	Life	\$100,000
URSB Carteret Performing Arts & Events Center	Carteret, NJ	United Roosevelt Savings Bank	Financial Services	\$1,000,000	10	\$100,000
<b>AVERAGE</b>				<b>\$11,111,111</b>		<b>\$563,333</b>
<b>MEDIAN</b>				<b>\$10,000,000</b>		<b>\$500,000</b>

Source: Victus research

Notes: (1) Sorted by Annual Average in descending order (2) This is only a sample of select performing arts facilities with naming rights (\*) For naming rights agreement with a lifetime term, we have assumed 20 years is the primary period over which the naming benefits will be earned

As shown above, current naming rights deals for performing arts facilities average just over \$563,000 in annual value.

## PARTNERSHIP OPTIONS: NAMING RIGHTS (CONT.)



Naming rights partners for comparable facilities tend to come from established firms in stable industries with a strong geographic presence. Of the partners in the previously identified Victus database, the following industries were represented:

- Five (5) Financial Services
- One (1) Energy
- One (1) Building Materials
- One (1) Tobacco Products
- One (1) Philanthropic Organization

On the following slide, Victus has identified a representative set of potential naming rights partners for the Perris Theater based on one (1) or more of the following criteria:

- Geographic connection to Perris and Riverside County
- Sufficient operational scale to meet financial terms of a partnership
- History of naming rights partnerships in California, preferably in or near Riverside County

# PARTNERSHIP OPTIONS: NAMING RIGHTS (CONT.)



Victus has prepared the following list of potential naming rights partners that fit at least one (1) of the given criteria:

Company Name	Industry	Reasoning
Ace Tax and Real Estate	Financial Services	Local business in Perris
Altura Credit Union	Financial Services	Credit union in Riverside County with operations in Perris
Cardinale Auto Group	Automotive	Large regional auto group with past naming rights deals
Kaiser Permanente	Healthcare	Extensive history of naming rights deals in California
Kindred Hospital	Healthcare	Regional health care provider with location in Perris
Martigon Dental	Healthcare	Local business in Perris
MVP Dental	Healthcare	Local business in Perris
Perris Raceway	Sports & Entertainment	Major event center in Perris in the entertainment industry
Skydive Perris	Sports & Entertainment	Local entertainment business in Perris

This list is representative of the types and scale of companies and organizations that have the capacity for and history of sponsor naming rights for comparable facilities. Please note that this list is not intended to be a comprehensive inventory of all potential naming rights partners.

## APPLICATION FOR PERRIS

As shown on the previous pages, performing arts facilities have been able to obtain significant naming rights deals. The City, could approach similarly-sized corporations and/or private donors (such as family foundations) in the Riverside area to gauge interest in naming rights opportunities for the proposed venue.

# PARTNERSHIP OPTIONS: NON-PROFIT FUNDING



Non-profit funding can serve as a capital and/or operating source for performing arts facilities through partnerships with private foundations, philanthropic organizations, and mission-driven donors focused on arts, culture, and community development. These entities typically support projects that demonstrate strong community impact, including arts education, accessibility, and cultural equity, and may fund specific components such as performance spaces, community programming areas, or artist support facilities.

Philanthropic arts funding is often tied to broader community development goals, including affordable creative space, workforce development, and expanded access for underserved populations. These partnerships may include naming opportunities, programmatic support, or operating subsidies, but are typically guided by mission-driven priorities that can influence programming, pricing, and overall facility operations.

## **APPLICATION FOR PERRIS**

The City of Perris could pursue partnerships with regional and national philanthropic organizations to support capital development and community-focused programming for a new theater. Potential funding could support performance space, arts education, or subsidized community use. However, these partnerships may include conditions such as below-market rental rates, prioritized access for non-profit users, or required community programming, which could impact revenue generation and operational flexibility and should be evaluated as part of the overall funding strategy.

# PARTNERSHIP OPTIONS: PUBLIC-PRIVATE PROJECT DELIVERY



Some theater and performing arts venues across the country have been funded with a combination of public and private funds. These public-private partnerships, commonly referred to as “P3” development, usually involve a contract between a public sector agency and a private party, and the contract is typically structured so the private party assumes substantial project development and/or financial operations risk (typically in exchange for profit opportunity).

There are a variety of ways to structure a P3 development, depending upon the profit opportunity and parties involved. The most important part of establishing a P3 project is finding private sector investors that are interested in working with the public entity on the particular proposed project. Local government funders would need to identify potential partners early in the project in order to construct an effective partnership. In most public assembly venue projects, a P3 partner would likely require mixed-use revenue streams (such as retail, residential, etc.), in addition to venue-related revenue streams, in order to generate a sufficient return on capital.

Typical incentives for a governing body to utilize a P3 model for development include:

- Preservation of government body debt capacity for other projects,
- Reduction of the government body’s risk associated with the project by transferring operational risk and debt service risk to the private sector, and/or
- Expedited project delivery by moving responsibility for purchasing and procurement from governmental processes to the private sector.

## APPLICATION FOR PERRIS

The proposed venue is located in a premier downtown location located close to restaurants and retail. A new Perris Theater could be planned to integrate with the surrounding developments with the aim of bolstering Perris' downtown. These potential partnerships create the opportunity for both financial and operational support for a new Perris Theater.

## MULTI-JURISDICTIONAL PARTNERSHIPS

Public ownership and development of a performing arts venue is not necessarily limited to ownership by the City alone. Many public facilities throughout the country are owned by multi-jurisdictional authorities established for the long-term funding, operations, and maintenance of such venues.

### APPLICATION FOR PERRIS

It is unlikely that a neighboring city would be viable option, but Riverside County could potentially serve as a strategic public-sector partner in the development of a new Perris Theater, similar to county-city partnerships observed in other markets. As a regional entity, the County could support the project through a combination of capital funding, cultural or tourism-based funding programs, and participation in long-term operating support mechanisms, particularly if the venue is positioned as serving a broader countywide population. In addition, the County could help facilitate regional programming partnerships, marketing support, and coordination with arts organizations, while also assisting with infrastructure improvements such as parking or access. This type of partnership structure would allow the City of Perris to leverage County resources while positioning the theater as a shared cultural asset that enhances regional arts access and economic activity.

## STATE & FEDERAL SUPPORT

California offers a decentralized but robust framework of state and regional funding programs that support arts and cultural facilities through a combination of operational, programming, and capital-focused resources. While not governed by a single statewide strategic plan like Utah, these programs collectively provide meaningful support for arts infrastructure and community-based cultural initiatives.

The **California Arts Council (CAC)** serves as the State's primary arts agency, providing grant funding to municipalities, non-profits, and cultural organizations. Key programs include **General Operating Support**, **Impact Projects**, and **State-Local Partnership funding**, all of which are designed to enhance access to the arts, support organizational sustainability, and expand community programming.

In addition, California has implemented targeted funding programs such as the **Non-profit Performing Arts Grant Program** and the **Performing Arts Equitable Payroll Fund**, which provide financial support for workforce development, operational stability, and recovery within the performing arts sector.

For historic facilities, the **California Office of Historic Preservation (OHP)** administers grant programs such as the **Certified Local Government (CLG) Program**, which can support planning, preservation, and rehabilitation efforts for historic structures such as the Perris Theater.

## STATE & FEDERAL SUPPORT (CONT.)

At the Federal level, programs such as the **National Endowment for the Arts (NEA)** provide grant funding for community-based arts programming, cultural access initiatives, and creative placemaking efforts. In addition, historic theater projects often utilize a combination of **federal historic tax credits and preservation funding** sources to support capital investment and redevelopment.



## APPLICATION FOR PERRIS

The City of Perris has an opportunity to leverage a layered funding strategy that combines State and Federal resources to support both the development and long-term operation of a renovated theater. At the State level, Perris could pursue California Arts Council funding for programming and operations, along with historic preservation grants to support rehabilitation of the existing facility. At the Federal level, programs such as the National Endowment for the Arts and historic tax credit programs can provide additional support for programming, placemaking, and capital investment. By aligning the project with broader goals related to community access, cultural equity, and regional impact, Perris can strengthen its competitiveness for funding while positioning the theater as a sustainable, community-oriented cultural asset.



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