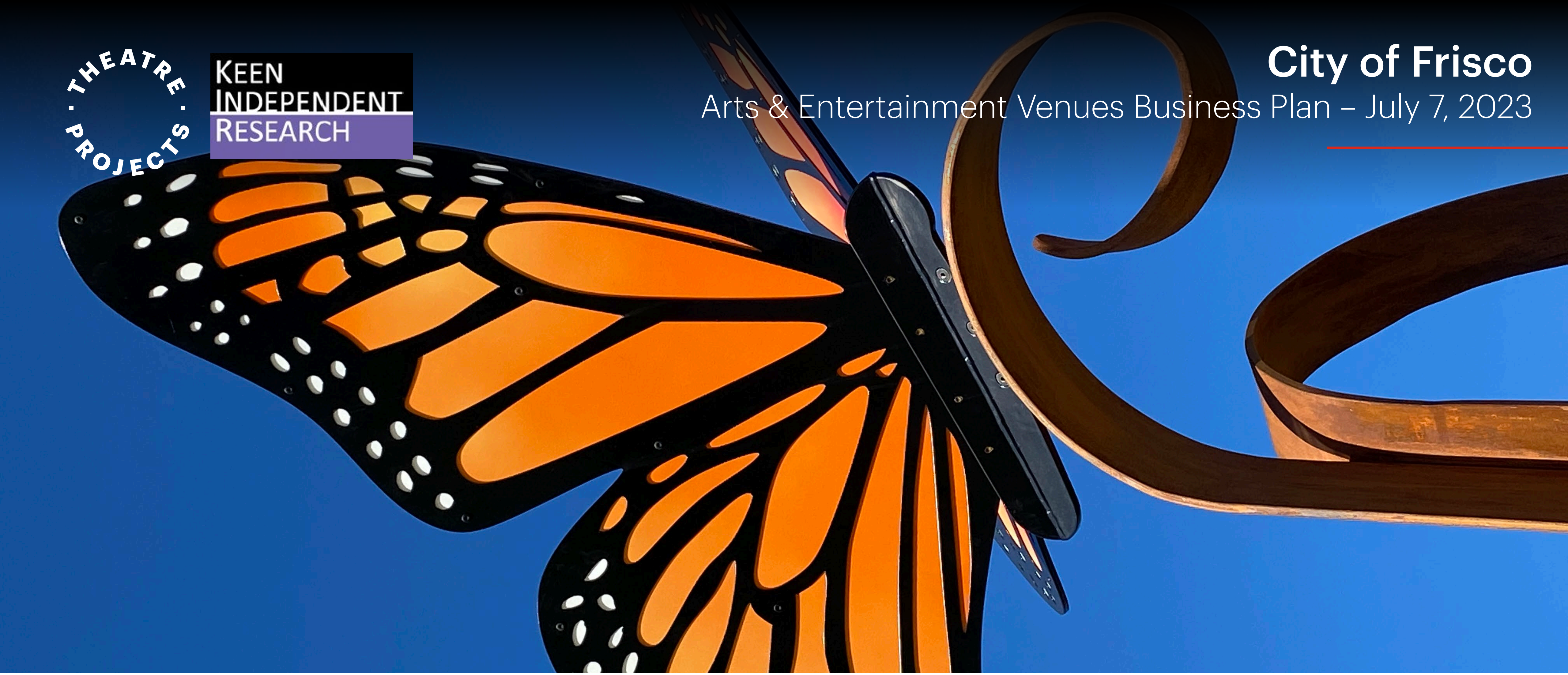
City of Frisco

Arts & Entertainment Venues Business Plan – July 7, 2023



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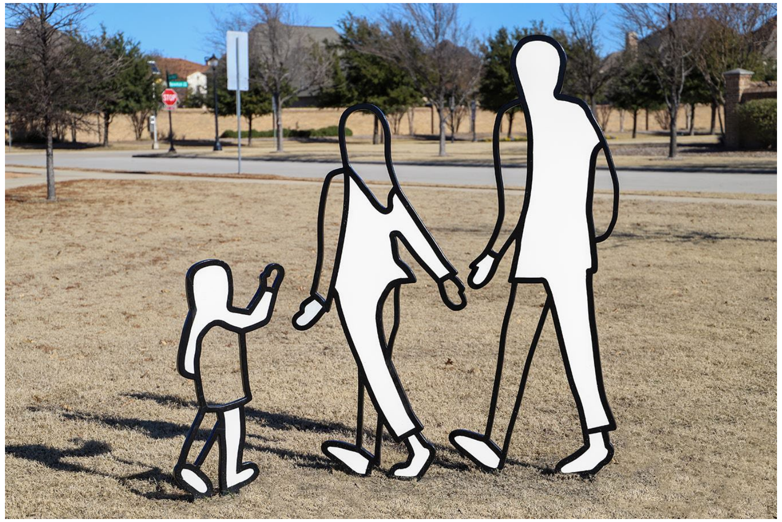
Executive summary

Following the conclusion of our 2021 feasibility assessment work with Frisco Arts, Theatre Projects and Keen Independent Research were jointly engaged by the City of Frisco to develop a viable business plan for future arts and entertainment infrastructure in Frisco, TX. Building on the Frisco Arts study work, where we worked to determine the demand for arts, culture, and entertainment in Frisco, TX, and in review of the six other feasibility studies and assessments previously conducted by varying Frisco stakeholders, this business plan has developed a management and operational outlook for a proposed Frisco Performing Arts Complex. The goal of our work was to review and synthesize the previous findings—updating where necessary—to determine the current viability of utilization types and develop management and operational business plans for the recommended venues.

Working together with City of Frisco leadership, community leaders, and arts and entertainment constituents, our work developed a utilization strategy, management approach, and business plan for two phases of necessary arts and entertainment infrastructure. This includes:

Phase one: multi-venue performing arts complex
Location: Hall Park (to be determined)
This facility should be the top priority for the City of Frisco—it will help serve the immediate needs of Frisco's developing cultural community, deliver critical economic impact to the Hall Park area, and provide for a revenue-generating main hall. This facility would include three main performance and events spaces in addition to the necessary support spaces:

- 2,000+-seat fixed-seat proscenium theatre
  - Primary utilization: Broadway and national touring content
  - Seating capacity larger than 2,000 seats
- 650-seat flexible community theatre
  - Primary utilization: Frisco and regional arts organizations
  - City-presented performing arts series
  - Flexible stage and seating configurations
- 100-seat community event room
  - Primary utilization: local arts organizations and community
  - Ability to be used for meetings, rehearsals, and small performances


Source: Friscotexas.gov

Phase two: community theatre
Location: to be determined
This facility could support the eventual needs of Frisco's developing creative community but is not an immediate critical need. As community needs develop and the other non-city-funded arts and entertainment infrastructure grows, the eventual need for this type of space should be addressed. Based on the growth of the Frisco Independent School District (ISD) and their performing arts venues, a potential partnership could also be an option. This facility would include:

- 1,250-seat fixed-seat proscenium theatre
    - Primary utilization: Frisco and regional arts organizations
    - City-presented performing arts series

The two-phase approach recommended in this report is the result of these initial questions posed by the City of Frisco leadership to better understand and identify the long-term management and operational costs of a City-owned facility.

- How does the demand for arts, culture, and entertainment in Frisco change in the future?
- What types of venues and support spaces does Frisco's creative arts community need today? How do those needs change into the future?
- Is there opportunity for programming at the venue? What types of opportunities exist?
- What is the right size of venue for Frisco?
- What is the management and operational plan that best supports a viable and sustainable future of city-owned and -operated facilities in Frisco?

For the phase one arts complex, we expect a year one operational budget that ranges from $13M to $14.6M in gross income, and $12.9M to $14.5M in gross expenses. This includes a potential necessary City contribution ranging between $550,000 and $1.7M for a facility ranging between 250,000 and 280,000 gross square feet (multi-venue). Over five years, the financials models show the potential of a larger cost recovery model where the City contribution is greatly reduced. The success of this 5-year model focuses on the anticipated growth of the competitive Broadway series. Further detail on the operational models are included in this report.

Previous study work review

The most important changes since the previous study concluded is that the Frisco ISD partnership is no longer active and Frisco ISD is currently moving forward with planning and design for a school-focused, 1,250-seat performing arts theatre. Outside of the FISD changes, the previous study work reached the following conclusions:

- A 1,750- to 2,500-seat roadhouse-style venue could be beneficial to Frisco's growing community.
- The Frisco area market can support a venue large enough for large-scale touring productions, including touring Broadway, attractions, concerts, comedy, etc.
- Broadway touring of popular and recent titles would require a venue larger than 2,000 seats in order to be competitive with the roadhouse venues already in the Dallas-Forth Worth area.
- The needs of the community could be served by a variety of venue sizes and types, including:
  - 350-seat community use venue
  - 1,500-seat flexible entertainment venue (with community support spaces)
  - 2,000-seat proscenium venue (roadhouse)
- A programming profile and management structure needs to be developed to better understand the financial needs and impact for a city-owned facility.

Free Flight: David Hickman

Source: Friscotexas.gov

Demand projections

The community demand for arts and entertainment in Frisco will continue to grow as the area population grows. The Keen Independent market analysis indicates that unconstrained demand for Frisco arts activities will increase by about 134 to 170 percent between 2021 and 2050. Further details of the market review are included on pages 10-26, and the demand projections for Frisco relative to 2021 demand are outlined to the right.

Frisco demand allows us to recommend the design of competitive venues to support the growing needs of the local arts community, residents, and visitors. Frisco's challenge will be in making this venue a draw for audiences, supporters, and artists that sets Frisco apart from other DFW metroplex venues. Venue capacity, amenities, local demand, and overall design are considerations. The proposed concept of a club model will require further study, as the current proposed model (similar in scope to the Cowboys Club but unique to the arts setting) is not typically found in a performing arts setting with operations outside of event amenity timing; however, we believe that if created correctly, could also be a key differentiation for the Frisco venue setting.

Our engagement locally and with City Council has also informed our work, where we have modeled a competitive Broadway touring and popular entertainment programming strategy into the business plan. The Frisco demand projections allow us to confidently recommend pursuing a mainstage arts and entertainment programming model that will be competitive within the region. It should be noted that potential partnerships with national touring industry promoters such as Broadway Across America, Nederlander Concerts, AEG, Live Nation, and others could help Frisco attract touring content. Once the business plan is finalized, it can be used as a tool for an RFP process with these potential booking and programming partnerships.

1. Arts demand projections for Frisco relative to 2021 demand

	2021	2030	2040	2050
Art exhibits	0 %	32 %	79 %	141 %
Art museums and galleries	0	28	77	138
Ballet	0	27	80	143
Classical music	0	37	91	163
Craft/visual art festivals	0	30	80	142
Dance (other than ballet)	0	27	74	141
Film	0	29	75	137
Jazz music	0	30	78	141
Latin, Spanish or salsa music	0	27	74	134
Live music performances	0	30	78	140
Musical plays	0	31	82	147
Non-musical plays	0	32	85	150
Opera	0	38	99	170
Outdoor festivals	0	30	80	142

Note: Live music performances includes rock, country, R&B, soul and other music genres.
Source: Texas Demographic Center, 2017 Survey of Public Participation in the Arts, Keen Independent Research

THEATRE PROJECTS KEEN INDEPENDENT RESEARCH

Projected utilization—year one

Projecting future use of each of the venue types in the performing arts complex, we have created three scenarios of potential utilization. Our year one projections allow the City of Frisco to plan for the measured growth required for venue use and audience development. These scenarios include:

Lean:

- The beginnings of a Broadway and popular entertainment series in the large hall, with community events beginning to grow in the community hall and flexible spaces. An anticipated 300–325 event days across all venues, plus an additional 138 rehearsal days.

Moderate:

- Heavier investment into the large hall programming model, including a one-week run of a Broadway show, plus increased community utilization for performances/events across all venues. An anticipated 335 event days across all venues, plus an additional 149 rehearsal days.

Maximum:

- This represents the fullest expression of a feasible year one of venue utilization, where the live arts and entertainment series figures remain the same but use by commercial and community users increases. An anticipated 419 event days across all venues, plus an additional 201 rehearsal days.

2. Frisco Arts Complex Utilization Year 1 Lean/Moderate/Maximum by Activity Type

Frisco Arts Complex Utilization Year 1 Days by Activity Type	Lean	Moderate	Maximum
Large Hall (2000+ seats)			
Broadway Shows - event	20	28	28
Broadway Shows - tech	8	10	10
Popular Entertainment - event	15	35	50
Popular Entertainment - tech	3	5	5
Nonprofit Rental - event	5	10	15
Nonprofit Rental - rehearsal	5	7	7
Commercial Rental - event	4	10	15
Commercial Rental - prep/strike	1	2	3
Total Days	**61**	**107**	**133**
Percentage of year	17%	29%	36%
Community Hall (650 seats)			
Presented Series - event	5	8	10
Presented Series - tech	1	1	2
Nonprofit Rental - event	135	155	185
Nonprofit Rental - rehearsal	25	30	35
Commercial Rental - event	2	4	8
Commercial Rental - prep/strike	0	0	2
Total Days	**168**	**198**	**242**
Percentage of year	46%	54%	66%
Flexible Event and Rehearsal Hall (100 - 200 seats)			
Nonprofit Rental - event	68	78	98
Nonprofit Rental - rehearsal	95	109	137
Commercial Rental - event	5	5	5
City Events & Meetings	5	5	5
Total Days	**172**	196	245
Percentage of year	47%	54%	67%

Source: Theatre Projects

Projected utilization—year five

The projected utilization for year five is modeled using the arts demand projections and programming audience development strategy assumptions to build out the following year-five scenarios:

Lean:

- Large hall growth of 32% from year one, increasing the number of performances in a five-show Broadway season and slightly increasing popular entertainment programming. Commercial and nonprofit uses see little growth.
- Community hall growth of 15% from year one, focused on additional performance/event days.
- Flexible hall growth of 12% from year one, with increase to nonprofit performance and rehearsal use.

Moderate:

- Large hall growth of 44% from year one attributed to larger Broadway and popular entertainment programming risk.
- Community hall and flexible hall growth averages about 20% growth from year one by adding additional nonprofit performance and rehearsal days, while coming close to maximizing total available days.

Maximum:

- Larger hall growth represents a much more aggressive Broadway and popular entertainment model, with a six-show Broadway series (including 2-week runs of two titles), and 75 popular music, comedy, and family performances. This represents 42% growth from year one.
- Community hall and flexible hall growth remains similar to the moderate scenario, while pushing available days of community use to the fullest expression of use.

3. Frisco Arts Complex Utilization Year 5 Lean/Moderate/Maximum by Activity Type

Frisco Arts Complex Utilization Year 5 Days by Activity Type	Lean	Moderate	Maximum
Large Hall (2000+ seats)			
Broadway Shows - event	28	39	64
Broadway Shows - tech	10	14	16
Popular Entertainment - event	25	60	75
Popular Entertainment - tech	5	6	8
Nonprofit Rental - event	7	16	27
Nonprofit Rental - rehearsal	7	7	9
Commercial Rental - event	5	16	28
Commercial Rental - prep/strike	2	2	4
Total Days	**90**	**160**	**231**
Percentage of year	25%	44%	63%
Growth over 5 years	*32%*	*33%*	*42%*
Community Hall (650 seats)			
Presented Series - event	8	12	12
Presented Series - tech	1	2	2
Nonprofit Rental - event	155	194	241
Nonprofit Rental - rehearsal	30	35	40
Commercial Rental - event	4	6	6
Commercial Rental - prep/strike	0	2	2
Total Days	**198**	**251**	**303**
Growth over 5 years	*15%*	*21%*	*20%*
Flexible Event and Rehearsal Hall (100-200 seats)			
Nonprofit Rental - event	78	97	122
Nonprofit Rental - rehearsal	109	136	171
Commercial Rental - event	5	5	5
City Events & Meetings	5	5	5
Total Days	196	243	304
Growth over 5 years	12%	19%	19%

Source: Theatre Projects

Operational pro forma comparison

4. Operational Pro Forma

Operational Pro Forma | Arts Complex

	Y1 Moderate	Y1 Maximum	Y5 Moderate	Y5 Maximum
REVENUE PROJECTIONS				
Earned Income	$ 10,032,431	$ 12,262,617	$ 15,083,526	$ 19,034,663
City Subsidy / Investment	$ 1,650,000	$ 550,000	$ -	$ -
Contributed Income	$ 1,504,865	$ 1,839,392	$ 3,016,705	$ 3,806,933
GROSS INCOME	$ 13,187,295	$ 14,652,009	$ 18,100,232	$ 22,841,595
EXPENSE PROJECTIONS				
Artist Fees & Expenses	$ 5,207,000	$ 6,687,000	$ 7,077,468	$ 9,424,183
Building Maintenance & Repairs	$ 658,912	$ 658,912	$ 741,611	$ 741,611
Credit Card Fees	$ 455,726	$ 489,337	$ 593,072	$ 682,519
Insurance	$ 305,232	$ 305,232	$ 343,541	$ 343,541
Marketing & Publicity (general)	$ 150,000	$ 150,000	$ 182,326	$ 182,326
Professional Services	$ 75,000	$ 75,000	$ 91,163	$ 91,163
Salary, Wages, Benefits	$ 4,935,000	$ 4,935,000	$ 5,998,523	$ 5,998,523
Software Fees + Maintenance	$ 178,000	$ 178,000	$ 216,360	$ 216,360
Supplies & Equipment	$ 185,000	$ 185,000	$ 200,000	$ 200,000
Training & Travel	$ 150,000	$ 150,000	$ 175,000	$ 175,000
Utilities	$ 352,066	$ 352,066	$ 396,253	$ 396,253
Facility Management Contract (variable)	$ 250,000	$ 250,000	$ 303,877	$ 303,877
GROSS EXPENSE	$ 12,901,936	$ 14,415,546	$ 16,319,195	$ 18,755,357
OUTCOME	$ 285,360	$ 236,463	$ 1,781,037	$ 4,086,238
Less Capital Asset Contribution	$ (200,000)	$ (200,000)	$ (750,000)	$ (750,000)
NET OUTCOME	$ 85,360	$ 36,463	$ 1,031,037	$ 3,336,238

Y1 represented in 2023 dollars with inflationary adjustments for costs of goods and service (4.8%) applied annually.

Source: Theatre Projects

Pro forma operational assumptions

Earned income: These figures represent income generated through programming (ticket sales), ticketing fees, commissions, facility rentals, concessions, and parking.

City subsidy/investment: These assumptions represent the potential need of city funding and investment to build the program, operations, and audience. By year five, both models assume the city funding is reduced to nearly zero, while a payback of investment might be necessary.

Contributed income: These projections target an 85:15 (earned to contributed ratio) in year one, and an 80:20 ratio by year five. Contributed income will include individual gifts (donations), grants, government support, and sponsorships. Should the facility be city-operated, establishing a nonprofit foundation with a mission to raise funds to support the programming and operations of the complex is a traditional model found for city- owned-and-operated facilities; using this model, the ratio could change based on the philanthropic potential of the market.

Staffing model: These scenarios represent a range of staffing—between 13 and 21 FTEs at fullest expression in year five—equating to approximately $6M in annual salaries and benefits. The staffing model is further explained on page 41 – 43.

Size of facility: Costs for utilities, maintenance and repairs, insurance, and security is based on a potential complex footprint of approximately 282,622 gross square feet.

Facility management: Options exist to engage a professional facility management company (cost plus fee model), have a full complement of city staff (city-operated), or form a nonprofit organization that would be tasked with the programming, management, and overall operations of the complex. Based on Council feedback, we recommend a facility management company or nonprofit management structure over a city-operated facility. The pro forma includes a base fee for these services in addition to potential profit-share requirements based on the chosen management company. ASM Global, OVG360, and Professional Facility Management (PFM) are all potential management companies that could be interested in the arts complex if a nonprofit operational is not preferred. Because there is a not an existing local nonprofit venue operator in the community, we have built the pro forma to represent the most realistic choice as of today.

Programming: City Council expressed interest in a competitive and aggressive programming model that would include Broadway and popular entertainment, with an emphasis on finding the right partners for that programming content. The pro forma assumptions include the revenue and expense models related to this level of programming and could be adjusted based on future partnership interest with booking entities such as Broadway Across America and others. We have also included a small city-presented series in the Community Hall that was of interest to the City of Frisco's Cultural Arts division manager. These smaller community-based programs would require city funding for accessible tickets and quality artists/acts.

Market review

Market review

Market area analysis

As part of this market analysis, Keen Independent developed three market areas based on drive time to Hall Park, the potential future location of this venue. These market areas are as follows:

- Primary market area (within about 15 minutes of driving);
- Secondary market area (within about 30 minutes of driving); and
- Tertiary market area (within about 45 minutes of driving).

Source: Adobe Stock.

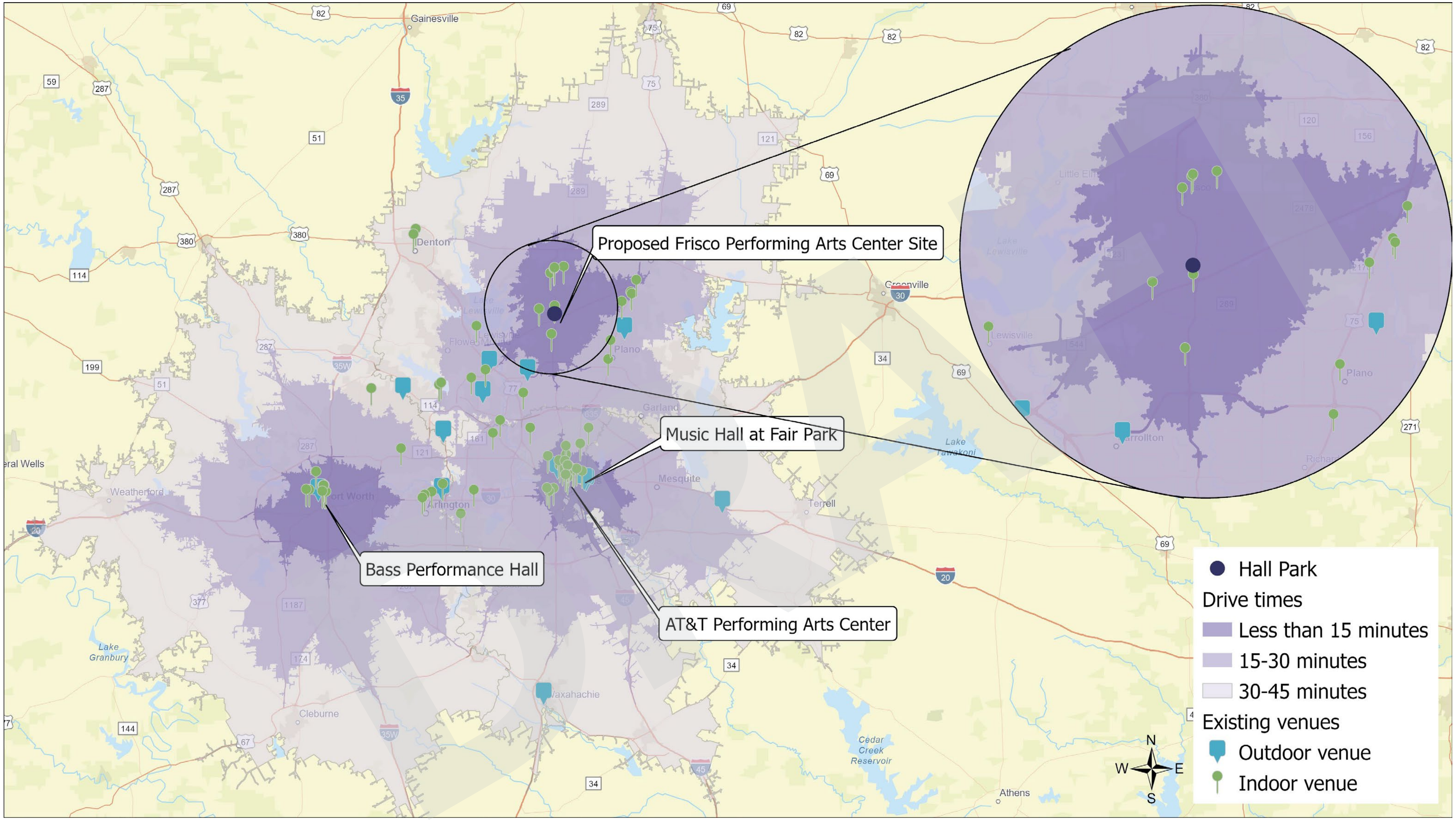
Figure 5 on the following page illustrates these market areas and how they compare to the market areas of potential competitors in Dallas and Fort Worth. To better illustrate the market for large venues, Figure 6 on the following page illustrates just the performing arts venues with a capacity of 1,000 or more.

Venue inventory. Additionally, we inventoried these venues in the surrounding area and gathered data on size, capacity, and distance from the potential new performing arts center in Frisco.

Characteristics of market area residents. Keen Independent gathered demographic, spending, and market potential information about the population within each of the market areas.

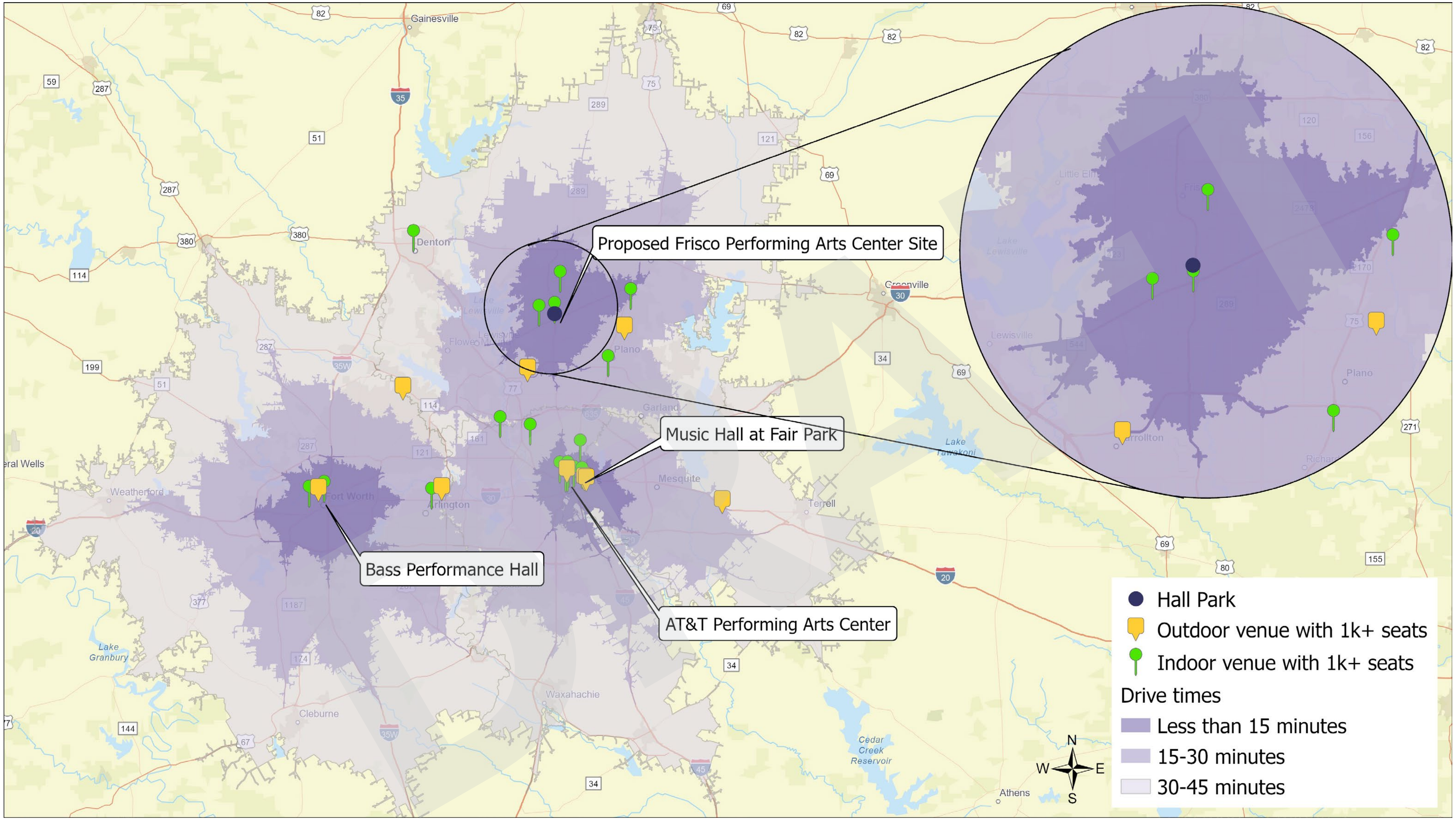
Population and demand projections. With population projections from the Texas Demographic Center and attendance data provided by the National Endowment for the Arts, we also projected potential demand for various types of art out to 2050.

5. Map of market areas as well as performing arts venues in and near Frisco



Source: Texas Parks & Wildlife, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS, City of Frisco, City of Plano, City of Rockwall GIS, Keen Independent Research.

6. Map of market areas as well as performing arts venues with 1,000 seats or more in and near Frisco



Source: Texas Parks & Wildlife, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS, City of Frisco, City of Plano, City of Rockwall GIS, Keen Independent Research.

Nearby venues

To provide an overview of the market, Keen Independent searched for performing arts venues in the Frisco and Dallas-Fort Worth (DFW) area. Figure 6 presents an inventory of various performing arts venues near Frisco. Dallas, Arlington, Forth Worth, and other nearby cities have dozens of performing arts venues.

7. Inventory of venues by their distance from Hall Park

Name	Occupancy	Venue type	Distance from Hall Park (mi.)
Frisco ISD Performing Arts Center*	1,250	Indoor venue	TBD
The Box Garden at Legacy Hall	1,500	Indoor venue	1.6
Lava Cantina The Colony	1,500	Indoor venue	3.5
Nack Theater	200	Indoor venue	3.5
Play Frisco Black Box Theater	100	Indoor venue	3.6
Frisco Performing Arts Center	120	Indoor venue	4.0
Willow Bend Center of the Arts			4.8
Mainstage Theatre	170	Indoor venue	
Rodenbaugh Mainstage	282	Indoor venue	
Theatre Frisco	200	Indoor venue	5.1
Lewisville Grand Theater	294	Indoor venue	10.4
Fairview Youth Theatre	180	Indoor venue	10.6
Carrollton Amphitheater	1,000	Outdoor venue	11.3
Amphitheater at Oak Point Park	2,000	Outdoor venue	12.0
Allen ISD Performing Arts Center			12.2
Main Theater	1,500	Indoor venue	
Lowery Auditorium	850	Indoor venue	
Courtyard Theater	321	Indoor venue	12.9
Coppell Arts Center			14.7
Main Hall	440	Indoor venue	
Wheelice Wilson Jr. Theatre	124	Indoor venue	
Eisemann Center			15.1
Bank of America Theatre	400	Indoor venue	
Hill Performance Hall	1,563	Indoor venue	
The Firehouse Theatre	195	Indoor venue	16.7

Source: Keen Independent Research.

7. Inventory of venues by their distance from Hall Park (continued)

Name	Occupancy	Venue type	Distance from Hall Park (mi.)
Rogers-O'Brien Amphitheater	100	Outdoor venue	17.7
Palace Arts Center			18.2
Lancaster Theatre	200	Indoor venue	
Palace Theatre	432	Indoor venue	
Runway Theatre	102	Indoor venue	20.1
AT&T Performing Arts Center Kalita Humphreys Theater	497	Indoor venue	20.3
Dallas Children's Theater			21.0
Baker Theater	400	Indoor venue	
Studio Theater	150	Indoor venue	
Stereo Live Dallas	1,400	Indoor venue	21.1
AT&T Performing Arts Center Strauss Square	1,200	Outdoor venue	21.6
Design District Amphitheater, Dallas*	1,000	Outdoor venue	21.7
Granada Theater	1,000	Indoor venue	21.7
The Echo Lounge & Music Hall	1,000	Indoor venue	22.1
The Epic Theater	108	Indoor venue	22.2
Theatre 3			22.2
Norma Young Arena Stage	196	Indoor venue	
Theatre Too	80	Indoor venue	
El Centro College Performance Hall	450	Indoor venue	22.4
Trinity River Arts Center	160	Indoor venue	22.4
House of Blues Dallas Music Hall	700	Indoor venue	22.8
AT&T Performing Arts Center			22.9
Hamon Hall	200	Indoor venue	
Moody Performance Hall	750	Indoor venue	
Winspear Opera House	2,300	Indoor venue	
Wyly Theatre Potter Rose Performance Hall	575	Indoor venue	
Wyly Theatre Studio Theatre	200	Indoor venue	

Source: Keen Independent Research.

7. Inventory of venues by their distance from Hall Park (continued)

Name	Occupancy	Venue type	Distance from Hall Park (mi.)
Toyota Music Factory			23.0
Boutique amphitheater	8,000	Outdoor venue	
Indoor theater	4,000	Indoor venue	
Intimate theater	2,500	Indoor venue	
Majestic Theater	1,704	Indoor venue	23.2
Kay Bailey Hutchison Convention Center Dallas Theater	1,750	Indoor venue	23.7
The Black Academy of Arts and Letters			24.0
Clarence Muse Café Theatre	250	Indoor venue	
Naomi Bruton Main Stage	1,750	Indoor venue	
Irving Arts Center			24.4
Carpenter Hall	711	Indoor venue	
Dupree Theater	257	Indoor venue	
The Bomb Factory	4,300	Indoor venue	24.9
Canton Hall	750	Indoor venue	25.0
Club Dada Dallas	400	Indoor venue	25.0
Trees Dallas	600	Indoor venue	25.1
Undermain Theatre	90	Indoor venue	25.5
Revelers Hall	100	Indoor venue	26.1
The Kessler Theater	500	Indoor venue	26.4
Bishop Arts Theatre Center	170	Indoor venue	26.7
Music Hall at Fair Park	3,420	Indoor venue	26.8
Aria Amphitheater	1,500	Outdoor venue	27.0
Fair Park Band Shell	4,042	Outdoor venue	27.1
Euless Amphitheater	150	Outdoor venue	27.4
Dos Equis Pavilion	20,000	Outdoor venue	27.5
Margo Jones Performance Hall	262	Indoor venue	28.0
Theatre Denton	1,074	Indoor venue	28.6
Uptown Theater in Grand Prairie	402	Indoor venue	31.9
Artisan Center Theater	187	Indoor venue	32.0
The David Blackburn Southern Palace	950	Indoor venue	33.7
Music Mill Amphitheatre	10,000	Outdoor venue	34.9

Source: Keen Independent Research.

7. Inventory of venues by their distance from Hall Park (continued)

Name	Occupancy	Venue type	Distance from Hall Park (mi.)
Arlington ISD Center for Visual and Performing Arts			35.9
CVPA Theater	400	Indoor venue	
Robert G. Copeland Hall	1,250	Indoor venue	
Theatre Arlington	180	Indoor venue	37.1
University of Texas at Arlington			37.7
Mainstage Theatre	426	Indoor venue	
Studio Theatre	150	Indoor venue	
Fort Worth Community Arts Center			39.5
Sanders Theatre	100	Indoor venue	
W.E. Scott Theatre	468	Indoor venue	
Spellman Amphitheater at Forney Community Park	5,000	Outdoor venue	41.7
Bass Performance Hall	2,042	Indoor venue	43.6
Jubilee Theatre	131	Indoor venue	43.7
Circle Theatre	125	Indoor venue	43.7
Panther Island Pavilion			44.1
North Shore Stage	4,000	Outdoor venue	
The Shack	1,000	Outdoor venue	
South Shore Stage	1,500	Outdoor venue	
Amphibian Stage	100	Indoor venue	44.3
Tulips Fort Worth	550	Indoor venue	44.4
Stage West Theatre			44.6
Evelyn Wheeler Swenson Theatre	200	Indoor venue	
Jerry Russell Theatre	144	Indoor venue	
Rose Marine Theater	254	Indoor venue	45.1
Casa Mañana			45.8
Cabaret Theater	100	Indoor venue	
Main Stage	1,049	Indoor venue	

Source: Keen Independent Research.

Figures 8 and 9 present the demographics of the Frisco market areas in 2022.

Income and education. Income and educational attainment of the primary market residents are higher than the secondary and tertiary market areas and even higher compared to the national average.

Age, race, and ethnicity. The Frisco market area residents are younger and more racially diverse than the national average. Nearly a quarter of the primary market area population is Asian American, which is a proportion four times greater than the national average.

8. Households by annual household income and educational attainment of the population over age 25 by Frisco market areas, 2022

	Primary Market	Secondary Market	Tertiary Market	United States
Total households	**245,254**	**783,321**	**981,437**	**128,586,317**
Household income				
$24,999 or less	5.6 %	7.2 %	7.7 %	15.8 %
$25,000 to $49,999	11.6	13.8	13.8	18.6
$50,000 to $74,999	13.4	15.6	15.6	16.9
$75,000 to $99,999	12.8	13.8	13.8	13.2
$100,000 to $199,999	35.3	33.9	33.6	25.6
$200,000 or more	21.2	15.7	15.4	9.9
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Median household income	**$ 111,691**	**$ 99,051**	**$ 97,896**	**$ 72,406**
Education (population age 25+)				
Less than high school	2.9 %	6.3 %	6.6 %	10.1 %
High school	10.8	15.3	16.3	27.1
Some college	21.7	24.6	25.5	27.7
Bachelor's degree	40.3	35.0	33.8	21.7
Graduate degree	24.2	18.8	17.8	13.4
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Esri, American Community Survey, Keen Independent Research.

9. Population by age, race and ethnicity by Frisco market areas, 2022

	Primary Market	Secondary Market	Tertiary Market	United States
Total population	**648,240**	**2,106,516**	**2,680,046**	**335,541,003**
Age				
Up to 10 years old	14.7 %	13.8 %	13.7 %	11.9 %
10 to 19 years old	14.1	13.6	13.8	12.5
20 to 29 years old	12.6	13.4	13.8	13.5
30 to 39 years old	16.2	15.6	15.2	13.6
40 to 54 years old	22.4	20.7	20.4	18.2
55 to 69 years old	14.2	15.5	15.7	18.5
70 or more years old	5.9	7.5	7.5	11.8
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Median Age	**35.7**	**36.0**	**35.9**	**38.9**
Race				
African American	11.2 %	11.6 %	11.0 %	12.4 %
Asian American	24.6	17.0	15.0	6.1
Native American	0.6	0.8	0.8	1.1
Pacific Islander	0.1	0.1	0.1	0.2
Other race	4.7	7.8	7.9	8.6
Two or more races	10.9	12.8	12.9	10.6
White	48.0	50.1	52.4	61.0
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Ethnicity (of any race)				
Hispanic American	13.7 %	20.4 %	20.8 %	19.0 %
Non-Hispanic	86.3	79.7	79.2	81.0
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Esri, American Community Survey, Keen Independent Research

Entertainment spending. Figure 10 illustrates spending potential indices (SPI) of the Frisco market areas. Note that the SPI compares the average amount spent locally for a product to the average amount spent nationally. An index of 100 reflects the average; an SPI of 70, for example, indicates that average spending by local consumers is 30 percent below the national average.

Entertainment spending is higher than the national average for all categories and in all market areas, with the spending potential being highest among primary market residents in all categories. This bodes well for a new performing arts center in this area, as nearby residents may be more willing to pay higher ticket prices.

10. SPI for certain types of entertainment spending in the Frisco market areas, 2022

	Primary Market	Secondary Market	Tertiary Market	United States
Entertainment/recreation				
Index	*140*	*123*	*122*	*100*
Average	$ 5,141	$ 4,524	$ 4,496	$ 3,698
Entertainment/recreation fees/admissions				
Index	*154*	*132*	*131*	*100*
Average	$ 1,293	$ 1,112	$ 1,098	$ 825
Tickets to theater/operas/concerts				
Index	*141*	*124*	*123*	*100*
Average	$ 130	$ 114	$ 113	$ 90
Live entertainment - catered affairs				
Index	*150*	*126*	*123*	*100*
Average	$ 22	$ 19	$ 18	$ 14
Tickets to movies				
Index	*162*	*140*	*139*	*100*
Average	$ 102	$ 89	$ 88	$ 63

Source: Esri's U.S. Consumer spending data based on the Consumer Expenditure Survey (CEX) from the U.S. Bureau of Labor Statistics.

Market potential. Figure 11 illustrates market potential indices (MPI) of Frisco's market areas. MPI measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.

Residents of Frisco's market areas are more likely to attend various types of performing arts than the national average. Attendance to a live theater, classical/opera performance, and rock music performance appear to be notably higher than the national average compared to other forms of entertainment.

11. MPI for attending certain activities by the population in the Frisco market areas, 2022

	Primary Market	Secondary Market	Tertiary Market	United States
Danced or went dancing	108	107	106	100
Went to live theater	134	122	120	100
Attended a…				
Classical/opera performance	135	121	118	100
Country music performance	103	105	107	100
Dance performance	111	109	108	100
Movie (6 months)	114	110	110	100
Rock music performance	124	117	115	100

Source: Esri's U.S. Market Potential data based on survey data from MRI-Simmons.

Methodology
Local demand for arts activities is likely to grow as the Frisco area grows in population. Keen Independent examined population forecasts for Collin and Denton counties as well as DFW developed by the Texas Demographic Center.

Population forecasts. The Texas Demographic Center forecasts DFW to grow from about 7.8 million residents in 2021 to 13.1 million in 2050, about a 68 percent increase in total residents (see Figure 12 on the following page). According to these data, the DFW population is expected to increase at a rate of about 1.8 percent annually.

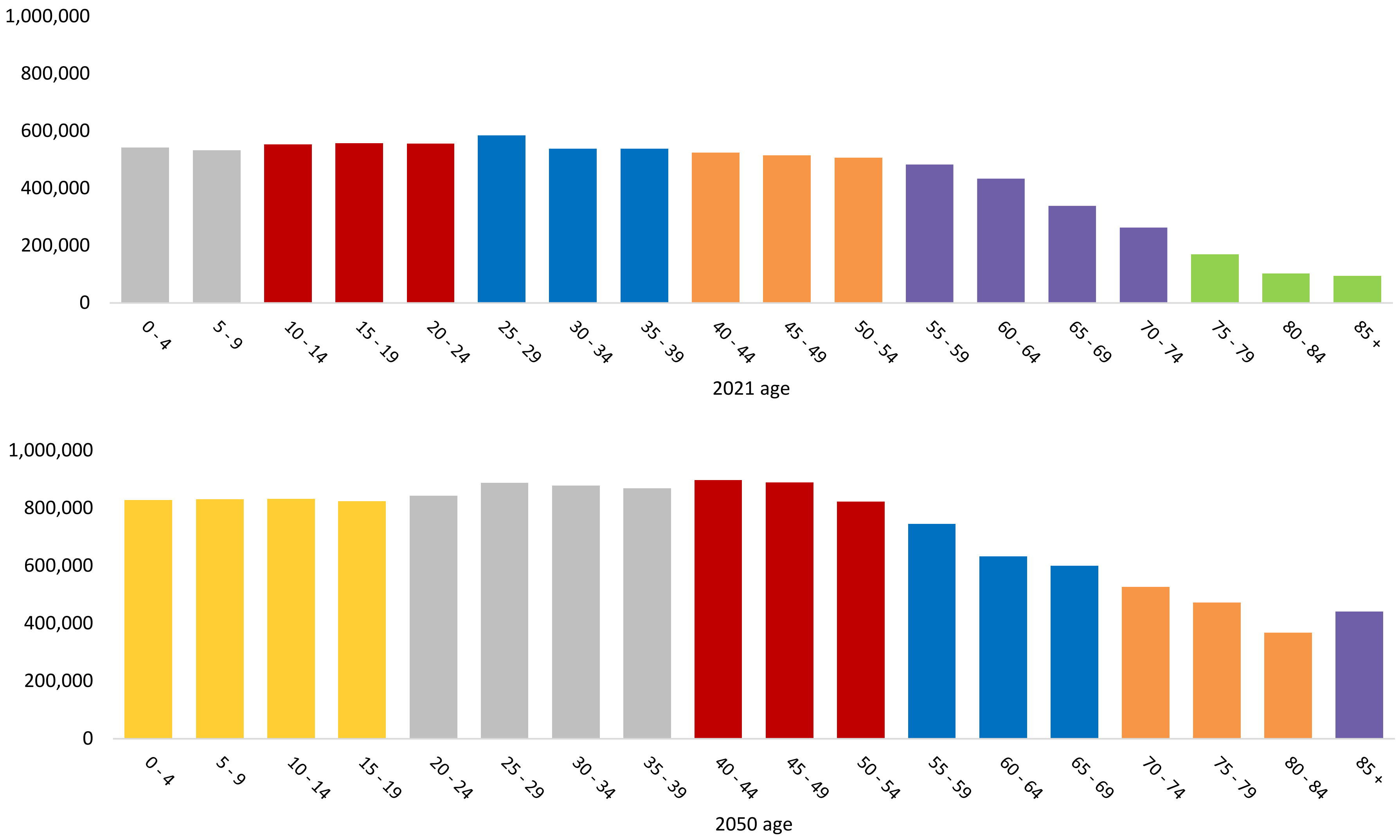
To develop population forecasts for Frisco, Keen Independent applied the growth rate for each age group for Collin and Denton counties to the Frisco population by age group. Based on this methodology, Frisco population is forecasted to grow from about 193,000 residents in 2021 to 455,000 in 2050, about a 135 percent increase in total residents (see Figure 13 on the following page). According to these data, the Frisco population is expected to increase at a rate of about 3 percent annually.

Population by age in 2020. The age profile of local residents also affects demand for arts activities. Figure 14 on a following page illustrates the age distribution of DFW, and Figure 15 shows the age distribution of Frisco. The graph shows the population grouped according to widely recognized generations beginning with the Silent Generation (born between 1926 and 1945) to Gen Z (born between 1996 and 2010) and the Alpha Generation (born in 2011 and later years).

Population by age in 2050. Figure 14 also presents the projected age distribution for DFW in 2050 based on the Texas Demographic Center projections for the area, and Figure 15 shows the projected age distribution for Frisco in 2050. Note that Keen Independent shows a cohort of people who will be born between 2031 and 2045 as "Beta Gen" (name invented to follow the "Alpha Gen" generation now being born).

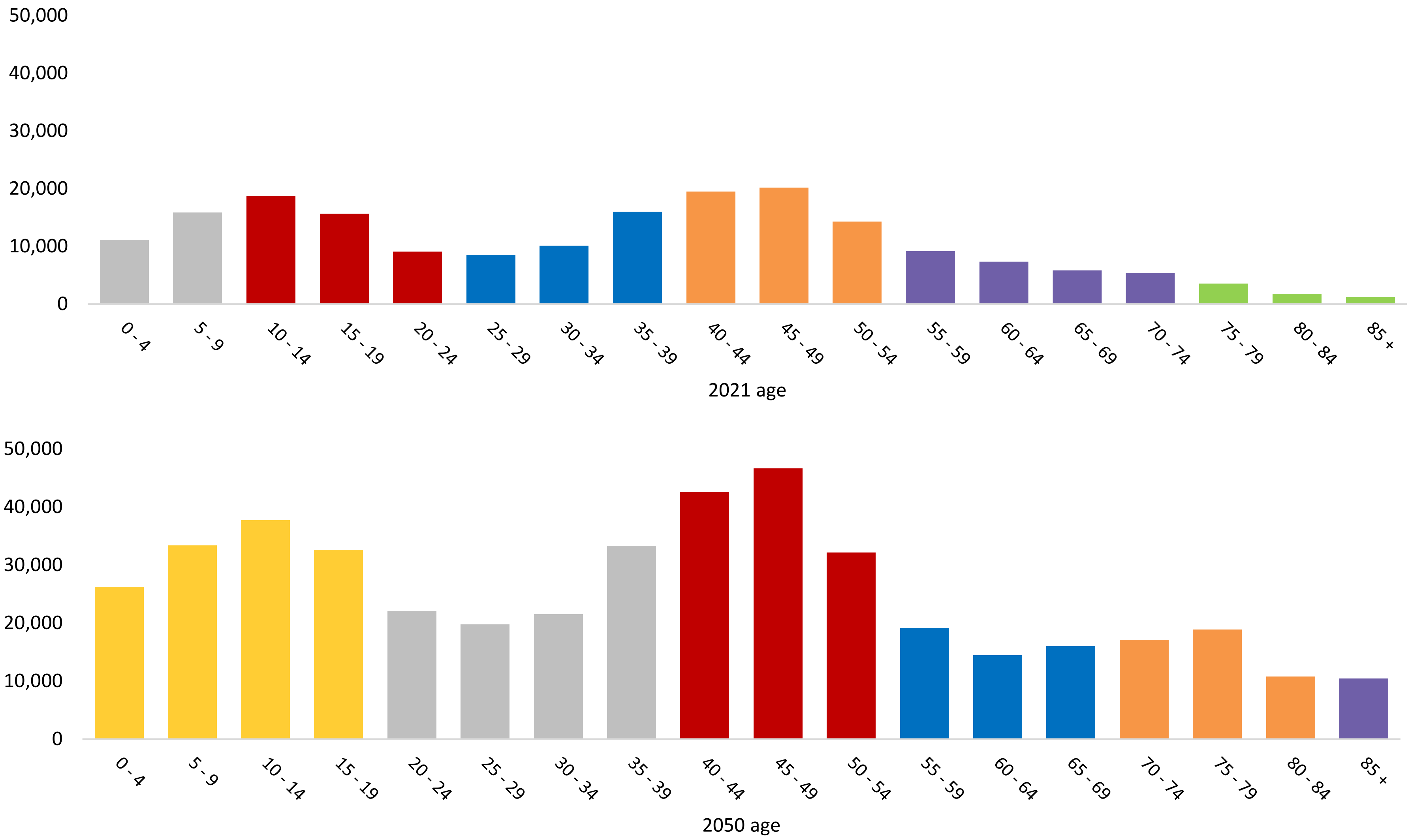
Compared to DFW projections, the Frisco population is projected to have an increase in children and middle-aged individuals. A new performing arts center might serve the community with family-friendly programming. There also appears to be a notable forecasted increase in the portion of individuals in their 70s in Frisco.

12. Population for DFW by age, 2021 and 2050



Source: Texas Demographic Center, Keen Independent Research.

13. Population for Frisco by age, 2021 and 2050



Source: Texas Demographic Center, Keen Independent Research.

Demand projections
Keen Independent developed a demand scenario for DFW and Frisco from the Texas Demographic Center population projections and national attendance data generated by the National Endowment for the Arts (NEA) 2017 Survey of Public Participation in the Arts (SPPA).

Key assumptions. These demand projections assume that the 2017 rates for arts participation do not change and that the national trends of age-specific rates of attendance are consistent with the DFW and Frisco population. Although COVID-19 has had a major impact on arts attendance across the country, these projections assume that this is a temporary phenomenon.

Demand projections. Keen Independent projects that unconstrained demand for DFW arts activities will increase by about 67 to 89 percent between 2021 and 2050. For example, demand for attending musicals is projected to increase by 75 percent over the next 30 years. Keen Independent projects that unconstrained demand for Frisco arts activities will increase by about 134 to 170 percent between 2021 and 2050.

The demand is "unconstrained," as it does not include any reductions or limitations of venues or their size. Figure 14 (on the following page) summarizes projected percentage increases in unconstrained demand for DFW, and Figure 15 (on the following page) summarizes projected percentage increases in unconstrained demand for Frisco.

Please note the following:

- Demand change is at 0 percent for 2021, because that is the starting year from which change is measured;
- These demand changes are based on pre-pandemic demand;
- Projections reflect projected demand of the residents of DFW and Frisco, not tourists; and
- Demand changes are relative to current attendance. Relative changes in categories with small numbers of current participants can appear to be more substantial than they are. For example, a small absolute change in the number of people interested in opera can result in a large percentage change. Absolute demand is presented in Figures 18 and 19 on following pages.

14. Arts demand projections for DFW relative to 2021 demand

	2021	2030	2040	2050
Art exhibits	0 %	20 %	42 %	70 %
Art museums and galleries	0	20	42	70
Ballet	0	21	47	75
Classical music	0	24	52	84
Craft/visual art festivals	0	20	44	72
Dance (other than ballet)	0	19	43	72
Film	0	19	41	69
Jazz music	0	20	43	71
Latin, Spanish or salsa music	0	19	41	67
Live music performances	0	20	43	71
Musical plays	0	21	46	75
Non-musical plays	0	22	48	77
Opera	0	26	56	89
Outdoor festivals	0	20	44	72

Note: Live music performances includes rock, country, R&B, soul and other music genres.
Source: Texas Demographic Center, 2017 Survey of Public Participation in the Arts, Keen Independent Research

15. Arts demand projections for Frisco relative to 2021 demand

	2021	2030	2040	2050
Art exhibits	0 %	32 %	79 %	141 %
Art museums and galleries	0	28	77	138
Ballet	0	27	80	143
Classical music	0	37	91	163
Craft/visual art festivals	0	30	80	142
Dance (other than ballet)	0	27	74	141
Film	0	29	75	137
Jazz music	0	30	78	141
Latin, Spanish or salsa music	0	27	74	134
Live music performances	0	30	78	140
Musical plays	0	31	82	147
Non-musical plays	0	32	85	150
Opera	0	38	99	170
Outdoor festivals	0	30	80	142

Note: Live music performances includes rock, country, R&B, soul and other music genres.
Source: Texas Demographic Center, 2017 Survey of Public Participation in the Arts, Keen Independent Research

Absolute demand. Keen Independent presents unconstrained absolute demand for arts activities in the DFW metro area (Figure 16) and Frisco (Figure 17). The figures display the estimated number of annual attendances of each type of event over the next 30 years. Please note that demand projections are based on national attendance trends and are not necessarily reflective of local consumption behaviors.

16. Unconstrained number of attendances at arts events of DFW population

	2021	2030	2040	2050
Art exhibits	7,484,859	8,982,169	10,644,055	12,717,999
Art museums and galleries	4,400,792	5,268,277	6,266,793	7,466,561
Ballet	301,666	365,365	442,052	528,746
Classical music	1,258,424	1,561,730	1,911,470	2,318,670
Craft/visual art festivals	1,174,314	1,414,872	1,692,380	2,023,939
Dance (other than ballet)	792,738	943,422	1,130,894	1,364,367
Film	33,467,301	39,894,690	47,211,383	56,407,024
Jazz music	1,486,907	1,780,768	2,123,476	2,545,971
Latin, Spanish or salsa music	681,746	809,834	959,768	1,140,786
Live music performances	16,892,253	20,256,681	24,092,015	28,817,357
Musical plays	2,090,645	2,533,181	3,047,950	3,657,978
Non-musical plays	1,276,811	1,556,964	1,884,081	2,264,010
Opera	201,636	253,790	315,027	381,326
Outdoor festivals	1,174,314	1,414,872	1,692,380	2,023,939

Note: Consumption trends for film have changed significantly post-pandemic and are not reflected in this model.[1] As of Spring 2023, it is not clear whether film will recover its audiences at a rate consistent with pre-pandemic attendance trends.

Source: Texas Demographic Center, 2017 Survey of Public Participation in the Arts, Keen Independent Research.

1. https://www.cnbc.com/2023/04/05/box-office-almost-back-to-pre-covid-levels.html

Behind film, live music performance visits are expected to increase by more than 10 million in the DFW metro area and more than 500,000 in Frisco. Visits to musical plays and non-musical plays are also projected to increase substantially between 2021 and 2050 in both DFW and Frisco, albeit more modestly than live music performances.

17. Unconstrained number of attendances at arts events of Frisco population

	2021	2030	2040	2050
Art exhibits	170,061	223,832	304,251	409,104
Art museums and galleries	104,718	134,334	185,365	248,771
Ballet	7,429	9,469	13,352	18,081
Classical music	29,076	39,692	55,584	76,525
Craft/visual art festivals	27,418	35,764	49,308	66,378
Dance (other than ballet)	19,407	24,555	33,834	46,768
Film	782,763	1,006,090	1,371,656	1,858,285
Jazz music	34,544	44,924	61,427	83,247
Latin, Spanish or salsa music	16,206	20,511	28,279	37,860
Live music performances	392,460	510,162	697,600	943,003
Musical plays	49,210	64,540	89,649	121,414
Non-musical plays	30,050	39,733	55,606	75,251
Opera	4,633	6,407	9,220	12,521
Outdoor festivals	27,418	35,764	49,308	66,378

Note: Consumption trends for film have changed significantly post-pandemic and are not reflected in this model.[2] As of Spring 2023, it is not clear whether film will recover its audiences at a rate consistent with pre-pandemic attendance trends.

Source: Texas Demographic Center, 2017 Survey of Public Participation in the Arts, Keen Independent Research.

2. Ibid,

Demand forecast by category. Figures 18 and 19 present forecasted changes in absolute demand in various arts categories. Darker color bands represent the highest volume categories in both current and forecasted absolute numbers.

Note that there is little forecasted change in the popularity of various genres. Forecasts suggest that classical music may garner a slightly larger increase in potential audience size in absolute numbers while potential non-musical play attendance increases might be slightly smaller resulting in a swap in places in their listings.

18. Absolute changes in arts demand for DFW from 2021 to 2050

	Current demand (2021)	Forecasted demand (2050)
1	Film	Film
2	Live music performances	Live music performances
3	Art exhibits	Art exhibits
4	Art museums and galleries	Art museums and galleries
5	Musical plays	Musical plays
6	Jazz music	Jazz music
7	Non-musical plays	Classical music △
8	Classical music	Non-musical plays ▽
9	Craft/visual art festivals	Craft/visual art festivals
10	Outdoor festivals	Outdoor festivals
11	Dance (other than ballet)	Dance (other than ballet)
12	Latin, Spanish or salsa music	Latin, Spanish or salsa music
13	Ballet	Ballet
14	Opera	Opera

Percent of audience
10 +
5-10
2-5
0-2

Note: Color bands represent greatest to least increases in absolute demand. Data from museum types other than art museums were not available as part of this survey.

Source: National Endowment for the Arts 2017 Survey of Public Participation in the Arts, Arizona Office of Economic Opportunity, Keen Independent Research.

19. Absolute changes in arts demand for Frisco from 2021 to 2050

	Current demand (2021)	Forecasted demand (2050)
1	Film	Film
2	Live music performances	Live music performances
3	Art exhibits	Art exhibits
4	Art museums and galleries	Art museums and galleries
5	Musical plays	Musical plays
6	Jazz music	Jazz music
7	Non-musical plays	Classical music △
8	Classical music	Non-musical plays ▽
9	Craft/visual art festivals	Craft/visual art festivals
10	Outdoor festivals	Outdoor festivals
11	Dance (other than ballet)	Dance (other than ballet)
12	Latin, Spanish or salsa music	Latin, Spanish or salsa music
13	Ballet	Ballet
14	Opera	Opera

Percent of audience
10 +
5-10
2-5
0-2

Note: Color bands represent greatest to least increases in absolute demand. Data from museum types other than art museums were not available as part of this survey.

Source: National Endowment for the Arts 2017 Survey of Public Participation in the Arts, Arizona Office of Economic Opportunity, Keen Independent Research.

Utilization verification

Community engagement

In early 2023, consultants from Theatre Projects and Keen Independent Research travelled to Frisco, Texas, to conduct in-person interviews, facilitate community discussions, and tour the area in order to better inform the process. These engagement sessions included:

Digital future users survey:

- Open from March 2, 2023 to April 18, 2023
- 8 responses

Community focus groups:

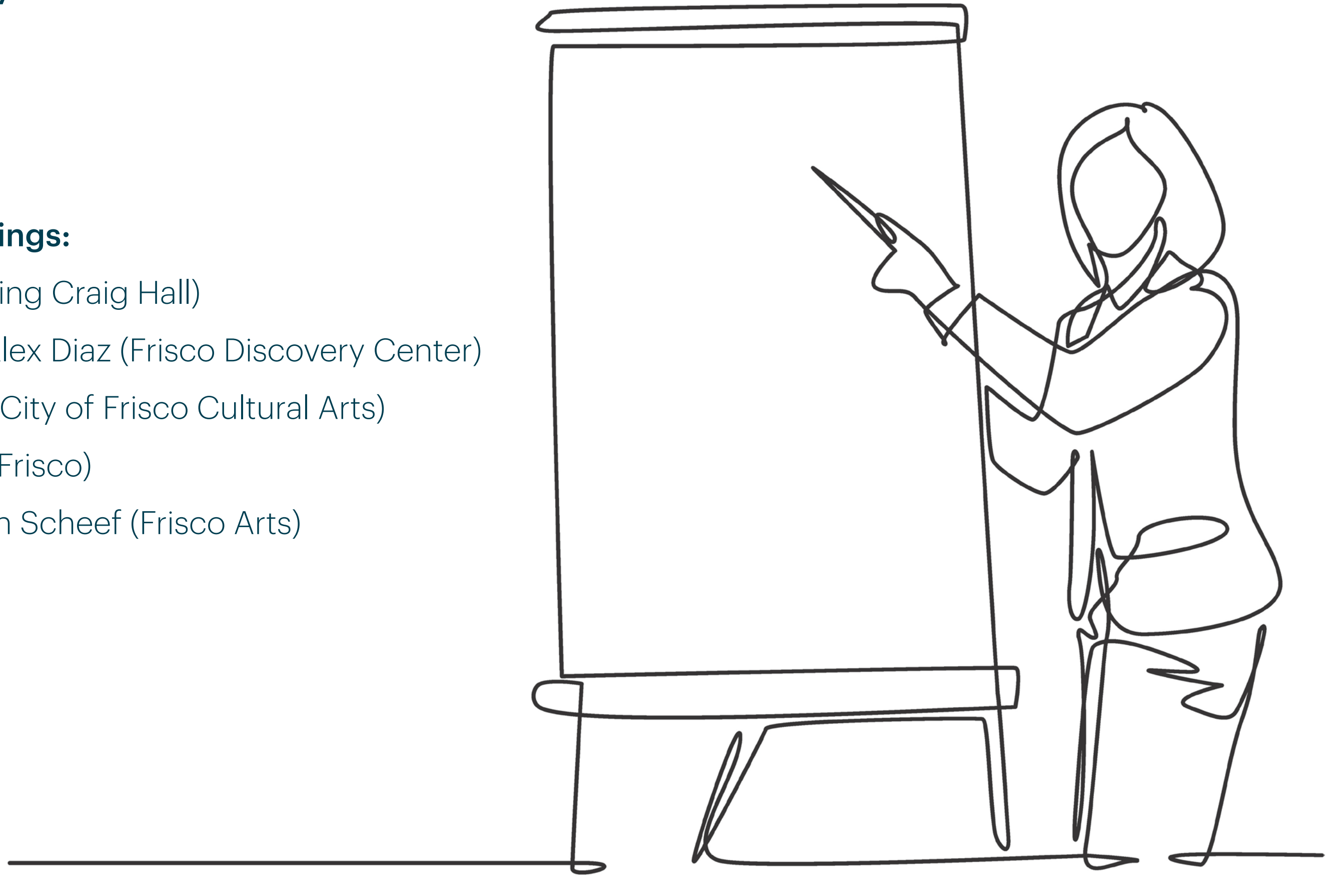
- February 6, 2023
- February 7, 2023
- February 8, 2023

City Council study session:

- May 23, 2023

Community meetings:

- Hall Park (including Craig Hall)
- Paige Points & Alex Diaz (Frisco Discovery Center)
- Michelle Norris (City of Frisco Cultural Arts)
- Marla Roe (Visit Frisco)
- Will Pearce & Jon Scheef (Frisco Arts)



Commercial touring viability

Community engagement and feedback from local resident companies identified a lack of current interest in the 2,000+ venue; however, there is still a viable commercial entertainment market in the Frisco area. We believe that a successful Broadway model in addition to popular entertainment touring content (music, comedy, family) can be developed in the Large Hall, assuming the seating capacity exceeds 2,000 seats. This will allow it to have a competitive edge against some of the larger DFW venues, including Bass Hall (Fort Worth) and Eisenmann Center (Richardson).

- **Popular Entertainment:** The opportunity for national touring acts exists if the venue capacity exceeds 2,000 seats, and while several commercial touring venues and casinos exist in the DFW market, Frisco's market area will need this level of popular entertainment for the type of acts that can fill between 2,000 and 3,000s seats nationally. This content can be programmed/presented by the venue operator, or through partnership with regional and national promoters such as AEG, Live Nation, and Outback Concerts.
  - Live music and concerts
  - Comedy
  - Family entertainment and attractions

- **Broadway touring potential:** Broadway Dallas (Broadway Across America) and Broadway at the Bass (Performing Arts Fort Worth) dominate the market currently. Breaking into market will require significant investment, partnership building, and accepting of risk, and it may take many years to fully develop Broadway program (including subscriber base).
  - 5-show popular/current Broadway title series
  - Multiple performances of title
  - Ability to grow subscriber base to support multiple weeks in a more competitive way

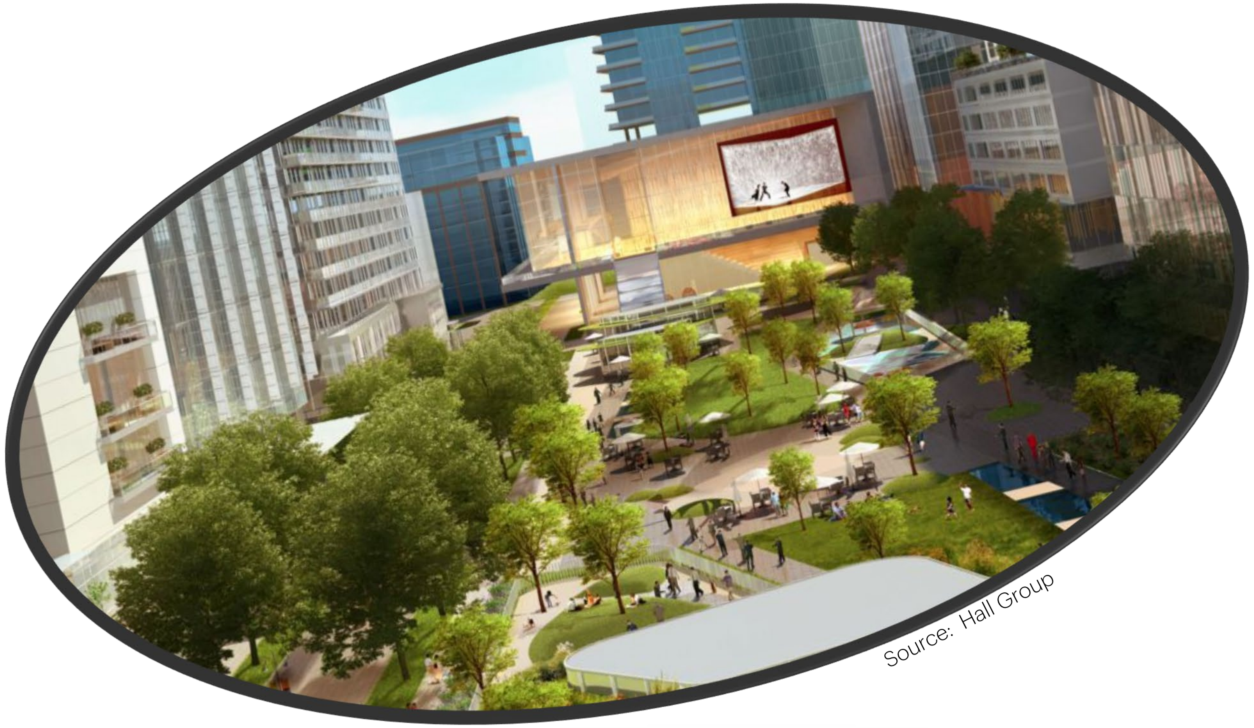
- **Addition interest expressed:** Other potential professional venue management companies, commercial promotors, and entertainment agents are interested in a 2,000+ seat venue, where the capacity of the venue will be the most impactful part of their decision to use the venue.

Hall Group vision

Through our investigatory process, the project team also met in person with Craig Hall and members of the Hall Group planning team. The Hall Group continues to be keenly interested in supporting the project to bring major performing arts infrastructure to Frisco.

The following are takeaways from that meeting and should be considered through the next steps of project development.

- There are site options in Hall Park that can include donated land
- The need and desire for a 2,000+ seat proscenium-style theatre is strongly present in their vision.
- This 2,000+ seat theatre should:
  - Have high-quality programming
  - Attract touring Broadway shows
  - Have possible community utilization
- A multi-venue complex is also of interest should the concept be deemed viable
- The Hall Group may offer up to $20,000,000 in capital support



Source: Hall Group

Utilization projections

We drew a number of conclusions from the future user survey administered in March and April; however, only eight organizations provided information on their interest in a potential new arts center in the Frisco area. This current interest was synthesized with previous community interest to draw the following utilization conclusions:

- **Cultural community need:** The developing cultural community in the area needs arts and cultural inventory in order to help propel their growth. A potential new arts center in the area would give these organizations the location they are currently lacking to showcase their events.
- **Need for event space:** Nonprofit arts organization in the Frisco area indicated that they do have a need for performance, event, education, and rehearsal space.
- **Black box:** The Discovery Center Black Box is highly utilized. In addition to its high rate of events, many users have outgrown this black box space. These companies currently travel outside of Frisco for larger venues that fit their needs. An option in the Frisco area would keep these groups local.
- **Interest:** The local community organizations indicated that their strongest interest lies in 350-seat to 750-seat venues. No current anchor residents are interested in a 2,000+ venue, as they would not be able to fill it with their current patrons.
- **Touring:** The touring industry’s interest is for a venue is in the 2,000+ seat range.

Projected utilization—year one

Projecting future use of each of the venue types in the performing arts complex, we have created three scenarios of potential utilization. Our year one projections allow the City of Frisco to plan for the measured growth required for venue use and audience development. These scenarios include:

Lean:

- The beginnings of a Broadway and popular entertainment series in the large hall, with community events beginning to grow in the community hall and flexible spaces. An anticipated 300–325 event days across all venues, plus an additional 138 rehearsal days.

Moderate:

- Heavier investment into the large hall programming model, including a one-week run of a Broadway show, plus increased community utilization for performances/events across all venues. An anticipated 335 event days across all venues, plus an additional 149 rehearsal days.

Maximum:

- This represents the fullest expression of a feasible year one of venue utilization, where the live arts and entertainment series figures remain the same but use by commercial and community users increases. An anticipated 419 event days across all venues, plus an additional 201 rehearsal days.

2. Frisco Arts Complex Utilization Year 1 Lean/Moderate/Maximum by Activity Type

Frisco Arts Complex Utilization Year 1 Days by Activity Type	Lean	Moderate	Maximum
Large Hall (2000+ seats)			
Broadway Shows - event	20	28	28
Broadway Shows - tech	8	10	10
Popular Entertainment - event	15	35	50
Popular Entertainment - tech	3	5	5
Nonprofit Rental - event	5	10	15
Nonprofit Rental - rehearsal	5	7	7
Commercial Rental - event	4	10	15
Commercial Rental - prep/strike	1	2	3
Total Days	61	107	133
Percentage of year	17%	29%	36%
Community Hall (650 seats)			
Presented Series - event	5	8	10
Presented Series - tech	1	1	2
Nonprofit Rental - event	135	155	185
Nonprofit Rental - rehearsal	25	30	35
Commercial Rental - event	2	4	8
Commercial Rental - prep/strike	0	0	2
Total Days	168	198	242
Percentage of year	46%	54%	66%
Flexible Event and Rehearsal Hall (100 - 200 seats)			
Nonprofit Rental - event	68	78	98
Nonprofit Rental - rehearsal	95	109	137
Commercial Rental - event	5	5	5
City Events & Meetings	5	5	5
Total Days	172	196	245
Percentage of year	47%	54%	67%

Source: Theatre Projects

Projected utilization—year five

The projected utilization for year five is modeled using the arts demand projections and programming audience development strategy assumptions to build out the following year-five scenarios:

Lean:
- Large hall growth of 32% from year one, increasing the number of performances in a five-show Broadway season and slightly increasing popular entertainment programming. Commercial and nonprofit uses see little growth.
- Community hall growth of 15% from year one, focused on additional performance/event days.
- Flexible hall growth of 12% from year one, with increase to nonprofit performance and rehearsal use.

Moderate:
- Large hall growth of 44% from year one attributed to larger Broadway and popular entertainment programming risk.
- Community hall and flexible hall growth averages about 20% growth from year one by adding additional nonprofit performance and rehearsal days, while coming close to maximizing total available days.

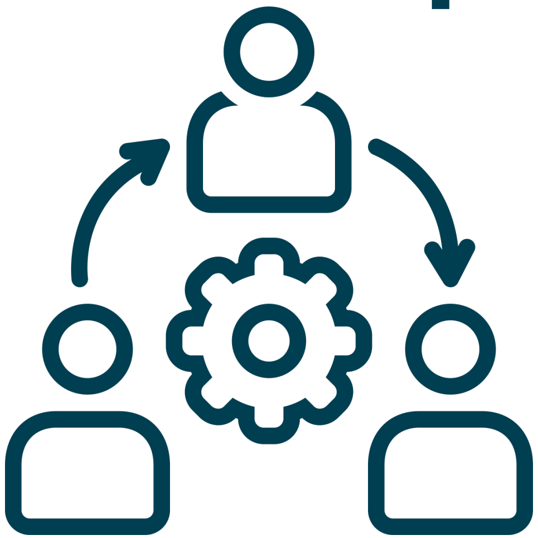
Maximum:
- Larger hall growth represents a much more aggressive Broadway and popular entertainment model, with a six-show Broadway series (including 2-week runs of two titles), and 75 popular music, comedy, and family performances. This represents 42% growth from year one.
- Community hall and flexible hall growth remains similar to the moderate scenario, while pushing available days of community use to the fullest expression of use.

3. Frisco Arts Complex Utilization Year 5 Lean/Moderate/Maximum by Activity Type

Frisco Arts Complex Utilization Year 5 Days by Activity Type	Lean	Moderate	Maximum
Large Hall (2000+ seats)			
Broadway Shows - event	28	39	64
Broadway Shows - tech	10	14	16
Popular Entertainment - event	25	60	75
Popular Entertainment - tech	5	6	8
Nonprofit Rental - event	7	16	27
Nonprofit Rental - rehearsal	7	7	9
Commercial Rental - event	5	16	28
Commercial Rental - prep/strike	2	2	4
Total Days	**90**	**160**	**231**
Percentage of year	25%	44%	63%
Growth over 5 years	*32%*	*33%*	*42%*
Community Hall (650 seats)			
Presented Series - event	8	12	12
Presented Series - tech	1	2	2
Nonprofit Rental - event	155	194	241
Nonprofit Rental - rehearsal	30	35	40
Commercial Rental - event	4	6	6
Commercial Rental - prep/strike	0	2	2
Total Days	**198**	**251**	**303**
Growth over 5 years	*15%*	*21%*	*20%*
Flexible Event and Rehearsal Hall (100-200 seats)			
Nonprofit Rental - event	78	97	122
Nonprofit Rental - rehearsal	109	136	171
Commercial Rental - event	5	5	5
City Events & Meetings	5	5	5
Total Days	196	243	304
Growth over 5 years	12%	19%	19%

Source: Theatre Projects

Business plan



Phase one business plan

To help the City of Frisco understand the necessary operational framework for a city-owned performing arts center complex, we have developed a business plan for the first five years of the proposed facility. The basis of this business plan is a thriving multi-venue arts complex in Hall Park that hosts national and international touring acts while also serving the community through affordable access to a variety of venue sizes and support spaces.

Included in the pro forma scenarios are:

Annual operating expenses

- Facility management options
- Staffing models including full-and-part time personnel, taxes, payroll fees and benefits
- Facility costs for utilities, security, insurance, maintenance and repairs
- Administrative and office costs
- Ticketing system and other venue management software needs

Annual operating revenue

- Contributed income industry standard targets
- Community utilization
- Ticket sales
- Ancillary revenue (parking, concessions, etc.)
- On-going City contribution

The models presented are reliant on an ambitious growth of Broadway and popular entertainment ticket revenue in the large hall, in addition to a growing facility rental model for all three facilities. While our models do show the potential for a significant reduction to the City contribution by year five, it should be noted that this reduction is associated with growth of other funding streams including philanthropic support on the local level. Should the City continue to move forward with this concept, we recommend further study into the fundraising capacity of Frisco for on-going support.

Pro forma operational assumptions

Earned income: These figures represent income generated through programming (ticket sales), ticketing fees, commissions, facility rentals, concessions, and parking.

City subsidy/investment: These assumptions represent the potential need of city funding and investment to build the program, operations, and audience. By year five, both models assume city funding is reduced to nearly zero, while a payback of investment might be necessary.

Contributed income: These projections target an 85:15 (earned-to-contributed ratio) in year one, and an 80:20 ratio by year five. Contributed income will include individual gifts (donations), grants, government support, and sponsorships. Should the facility be city-operated, establishing a nonprofit foundation with a mission to raise funds to support the programming and operations of the complex is a traditional model found for city-owned-and-operated facilities; using this model, this ratio could change based on the philanthropic potential of the market.

Staffing model: These scenarios represent a range of staffing—between 13 and 21 FTEs at fullest expression in year five—equating to approximately $6M in annual salaries and benefits. The staffing model is further explained on pages 41 – 43.

Size of facility: Costs for utilities, maintenance and repairs, insurance, and security is based on a potential complex footprint of approximately 282,622 gross square feet.

Facility management: Options exist to engage a professional facility management company (cost plus fee model), have a full complement of city staff (city operated), or form a nonprofit organization that would be tasked with the programming, management, and overall operations of the complex. Based on Council feedback, we recommend a facility management company or nonprofit management structure over a city-operated facility. The pro forma includes a base fee for these services in addition to potential profit-share requirements based on the chosen management company. ASM Global, OVG360, and Professional Facility Management (PFM) are all potential management companies that could be interested in the arts complex if a nonprofit operational is not preferred. Because there is a not an existing local nonprofit venue operator in the community, we have built the pro forma to represent the most realistic choice as of today.

Programming: City Council expressed interest in a competitive and aggressive programming model that would include Broadway and popular entertainment, with an emphasis on finding the right partners for that programming content. The pro forma assumptions include the revenue and expense models related to this level of programming and could be adjusted based on future partnership interest with booking entities such as Broadway Across America and others. We have also included a small city-presented series in the Community Hall that was of interest to the City of Frisco's Cultural Arts division manager. These smaller community-based programs would require city funding for accessible tickets and quality artists/acts.

Operational pro forma comparison—Year 1

Ticket sales: Year one ticket sales range from 145,000 to 233,000 tickets sold depending on the ability to access ample Broadway and popular entertainment product in the first year. An average ticket price in these models ranges between $45 and $60.

Ticket fees and commissions: Collected on all tickets sold at the complex including an assumed $4.00 per ticket facility fee, for total tickets sold ranging from 192,000 to 241,000 annually.

Facility rent: Benchmark rates as outlined on page 39 for a combination of commercial and nonprofit facility rentals of all three venues.

Concessions: Represented as a net figure based on total annual attendance ranging from 150,000 to 240,000 people per year.

Parking: Estimated for paid parking (shown as net) for on-site garage or surface lot parking in partnership with Hall Group.

City contribution: Early investment in growth of facility use and revenue models ranges between $550,000 and $1.5M.

Contributed income: Includes assumptions for individual donations, grants, sponsorships, and other government support at an 85:15 earned to contributed ratio.

Capital asset contribution: Assumed moderate for the first year after opening and set aside for future asset needs.

20. Operational Pro Forma Comparison Year 1

Operational Pro Forma | Arts Complex

	Y1 Moderate	Y1 Maximum
REVENUE PROJECTIONS		
Earned Income		
Ticket Sales	$ 7,213,565	$ 8,668,565
Ticket Fees & Commissions	$ 800,390	$ 1,168,700
Facility Rental & Fees	$ 908,884	$ 1,172,814
Concessions (net)	$ 774,865	$ 849,602
Parking (net)	$ 334,727	$ 402,936
City Subsidy / Investment	$ 1,650,000	$ 550,000
Contributed Income	$ 1,504,865	$ 1,839,392
GROSS INCOME	$ 13,187,295	$ 14,652,009
EXPENSE PROJECTIONS		
Artist Fees & Expenses	$ 5,207,000	$ 6,687,000
Building Maintenance & Repairs	$ 658,912	$ 658,912
Credit Card Fees	$ 455,726	$ 489,337
Insurance	$ 305,232	$ 305,232
Marketing & Publicity (general)	$ 150,000	$ 150,000
Professional Services	$ 75,000	$ 75,000
Salary, Wages, Benefits	$ 4,935,000	$ 4,935,000
Software Fees + Maintenance	$ 178,000	$ 178,000
Supplies & Equipment	$ 185,000	$ 185,000
Training & Travel	$ 150,000	$ 150,000
Utilities	$ 352,066	$ 352,066
Facility Management Contract (variable)	$ 250,000	$ 250,000
GROSS EXPENSE	$ 12,901,936	$ 14,415,546
OUTCOME	$ 285,360	$ 236,463
Less Capital Asset Contribution	$ (200,000)	$ (200,000)
NET OUTCOME	$ 85,360	$ 36,463

Y1 base (in 2023 dollars)

Source: Theatre Projects

Operational pro forma comparison—Year 5

Ticket sales: Year five ticket sales range from 233,876 to 345,000 tickets sold with moderate to aggressive growth found for the Broadway and popular entertainment models, alongside moderate growth of sales for community hall City-presented series.

Ticket fees and commissions: Total tickets sold ranging from 346,000 to 481,000 annually.

Facility Rent: Utilization increases and associated annual rent increases as outlined on page 39.

Concessions: Represented as a net figure based on total annual attendance ranging from 245,000 to 370,000 people per year.

Parking: Increase associated with growth of attendance.

City contribution: Early investment in growth of facility use and revenue may allow contribution to significantly decrease over time.

Contributed income: Includes assumptions for individual donations, grants, sponsorships, and other government support at an 80:20 earned to contributed ratio.

Capital asset contribution: Year five recommended increase to range between $500,000 and $750,000 depending on level of production technology and replacement life cycles included in venue design.

21. Operational Pro Forma Comparison Year 5

Operational Pro Forma | Arts Complex

	Y5 Moderate	Y5 Maximum
REVENUE PROJECTIONS		
Earned Income		
Ticket Sales	$ 10,381,362	$ 13,142,958
Ticket Fees & Commissions	$ 1,437,915	$ 1,785,007
Facility Rental & Fees	$ 1,440,507	$ 1,967,906
Concessions (net)	$ 1,284,732	$ 1,480,135
Parking (net)	$ 539,009	$ 658,657
City Subsidy / Investment	$ -	$ -
Contributed Income	$ 3,016,705	$ 3,806,933
GROSS INCOME	$ 18,100,232	$ 22,841,595
EXPENSE PROJECTIONS		
Artist Fees & Expenses	$ 7,077,468	$ 9,424,183
Building Maintenance & Repairs	$ 741,611	$ 741,611
Credit Card Fees	$ 593,072	$ 682,519
Insurance	$ 343,541	$ 343,541
Marketing & Publicity (general)	$ 182,326	$ 182,326
Professional Services	$ 91,163	$ 91,163
Salary, Wages, Benefits	$ 5,998,523	$ 5,998,523
Software Fees + Maintenance	$ 216,360	$ 216,360
Supplies & Equipment	$ 200,000	$ 200,000
Training & Travel	$ 175,000	$ 175,000
Utilities	$ 396,253	$ 396,253
Facility Management Contract (variable)	$ 303,877	$ 303,877
GROSS EXPENSE	$ 16,319,195	$ 18,755,357
OUTCOME	$ 1,781,037	$ 4,086,238
Less Capital Asset Contribution	$ (750,000)	$ (750,000)
NET OUTCOME	$ 1,031,037	$ 3,336,238

Y1 base (in 2023 dollars) escalated by 4.8% annual inflation rate.

Source: Theatre Projects

Facility rental revenue model

Recommendations for the facility rental rates are based on local research of similar facilities as outlined in Appendix A. The figures illustrated in Figure 22 are the base day rates before hourly labor, equipment charges, cleaning and setup fees are charged based on the needs of the individual events.

The pro forma calculations are based on the figures in Figure 22 and include:

Nonprofit event: Charged for nonprofit organizations on event days with invited or ticketed attendees.

Nonprofit rehearsal: Reduced rent, except for the Large Hall, for organization use for rehearsals, set-up, and load out where ticket sales revenue will not help to off-set a higher daily rate.

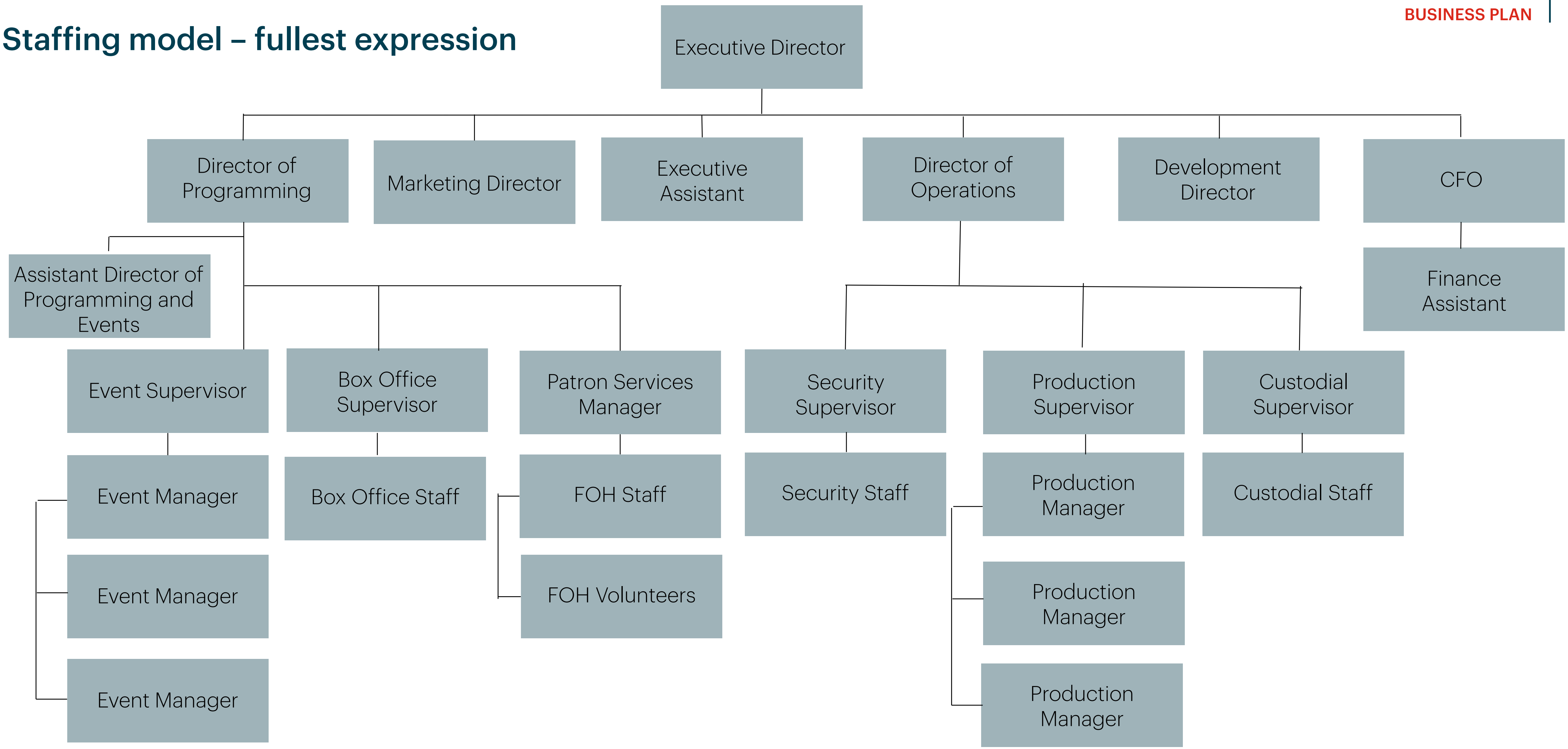
Commercial rent: For-profit and other commercial entities.

22. Facility Rental Rate Projections (daily rate)

	Y1 Rates	Y2 Rates	Y3 Rates	Y4 Rates	Y5 Rates
LARGE HALL (2,000+ seats)					
Non-Profit Daily Rent - event	$ 4,500	$ 4,500	$ 4,950	$ 4,950	$ 5,450
Non-Profit Daily Rent - rehearsal	$ 4,500	$ 4,500	$ 4,950	$ 4,950	$ 5,450
Commercial Daily Rent - all	$ 12,500	$ 12,500	$ 14,000	$ 14,000	$ 15,500
COMMUNITY HALL (650-seats)					
Non-Profit Daily Rent - event	$ 1,850	$ 1,820	$ 2,000	$ 2,000	$ 2,250
Non-Profit Daily Rent - rehearsal	$ 1,000	$ 1,000	$ 1,100	$ 1,100	$ 1,250
Commercial Daily Rent - all	$ 5,000	$ 5,000	$ 5,750	$ 5,750	$ 6,250
FLEXIBLE HALL (100-seats)					
Non-Profit Daily Rent - event	$ 270	$ 270	$ 300	$ 300	$ 325
Non-Profit Daily Rent - rehearsal	$ 350	$ 350	$ 385	$ 385	$ 425
Commercial Daily Rent - all	$ 720	$ 720	$ 800	$ 825	$ 900

Source: Theatre Projects

Staffing model – fullest expression



This staffing model is a recommendation based on the moderate level of facility operations, representing a range of 13 to 21 FTEs at fullest expression in year five (approximately $6M in annual salaries and benefits) if the maximum utilization model is executed. Certain positions are assumed to be part-time and/or part-time-as-needed, allowing for measured staffing growth as indicated below, where we describe the positions and the assumptions made when creating the staffing model.

Executive Director: The position will be responsible for the overall vision, mission, and goals of the facility and the organization. The Executive Director will be responsible for operational, financial, and business oversight.

Executive Assistant to the Executive Director: This position provides support to the ED in any way they need. Depending on the ED's workload, this position could be part-time and could also take on a business management role.

Director of Programming: The Director of Programming will be responsible for booking of the venue's events, including Broadway programming, popular entertainment booking, and additional mission-based programming. This position will potentially interface with programming partners such as Broadway Across America, AEG, and others based on the final programming management profile decisions.

Assistant Director of Programming and Events: This position will assist the Director Programming and will also be responsible for the booking of venue rentals and oversight of the event team in the execution of the events. Duties may include contract management, calendar management, and fielding rental inquiries.

Event Supervisor: This position manages the Event department, overseeing the Event Managers. This role includes calendar management, event manager supervision, and maintaining client relations.

Event Manager: The staffing model above includes 3 Event Managers at fullest expression of utilization. The number of positions and workload depends on facility activation. These positions are responsible for event management, client management, building sales, and general event needs.

Box Office Supervisor: This position is responsible for maintaining the Box Office and supervising the box office staff, including management of the ticketing system, internet sales, event set-ups, and event ticketing.

Box Office Staff: These positions can be on a part-time, as-needed basis. Staff is responsible for box office hours and general will call during showtimes, and may vary based on level of technology and mobile ticketing.

Patron Services Manager: The Patron Services Manager is responsible for the front-of-house operations. This role supervises all front-of-house (FOH) staff and maintains a pleasant FOH experience for all patrons. This role will also be responsible for finding and maintaining a volunteer usher pool.

Front-of-House (FOH) Staff: FOH staff are part-time, as-needed. They are responsible for assisting patrons before, during, and after events.

FOH Volunteers: Ushers will be necessary for the flow of events. These volunteers will help create a pleasant experience for event patrons.

Marketing Director: This role will be responsible for managing and executing all marketing materials, including individual show marketing, venue and organizational brand standards, and website content.

Director of Operations: This role will supervise production, custodial, and security. This person will be responsible for maintaining the operational flow of the campus and may interface with vendors and contractors.

Security Supervisor: The Security Supervisor will be responsible for the security of the campus and will supervise all security staff.

Security Staff: Security staff members will be part-time, as-needed. These can come from a contract company, if that is the preference.

Production Supervisor: The Production Supervisor will be responsible for all back-of-house (BOH) operations and technical production relative to the events.

Production Manager: The staffing model includes 3 Production Managers. This is an assumption of the fullest expression of the facility. If all 3 venues are activated at the same time, 3 Production Managers may be needed; much like the Event Managers, these roles are dependent on workload and facility activation. These roles are responsible for BOH technical and event needs.

Custodial Supervisor: The Custodial Supervisor will be responsible for the cleanliness of the facility. This role will supervise custodial staff.

Custodial Staff: These staff members will be part-time, as-needed, depending on facility activation. These roles can come from a contract company if that is the preference.

Development Director: The Development Director is responsible for identifying and securing public and private funding for the facility. The funds brought in by the Development Director will help support the facility's operations.

Chief Financial Officer (CFO): This role is dependent on the city's ability to absorb this role as well as the workload generated by the facility. This role is responsible for maintaining the facility's finances.

Assistant to the CFO: Much like the other assistant roles, this role can be part-time, depending on workload. If the finances are maintained elsewhere, this role is unnecessary.

APPENDIX A
Support Materials

Venue rental

To provide an understanding of the DFW space rental market, Keen Independent collected rental rates for venues in the DFW area. Figure 23 provides a comparison of the daily rental rates at these venues. To provide a more side-by-side comparison of venues with different capacities, we also illustrate these prices per capita (i.e., per number of seats available in the venue).

Many venues provide a lower rental rate for nonprofit organizations. Based on Figure 23, daily rates for nonprofit rentals most commonly range between one and two dollars per capita with a median per capita rate of $1.76. Daily rates for for-profit rentals commonly range between two and four dollars per capita with a median per capita rate of $2.87.

23. Daily venue rental rates for venues in the DFW area

		Nonprofit rate		For-profit rate	
Name	Capacity	Daily	Per capita	Daily	Per capita
Lewisville Grand Theater Performance Hall	294	$ 620	$ 2.11	$ 708	$ 2.41
Courtyard Theater	321	568	1.77	784	2.44
Eisemann Center Bank of America Theatre	395	578	1.46	800	2.03
Uptown Theater in Grand Prairie	402	1,500	3.73	1,500	3.73
Wyly Theatre Potter Rose Hall	560	4,000	7.14	4,000	7.14
Arlington ISD Center for Visual and Performing Arts	1,250	2,000	1.60	4,000	3.20
Allen ISD Performing Arts Center	1,500	2,640	1.76	5,280	3.52
Eisemann Center Margaret and Al Hill Performance Hall	1,563	2,475	1.58	3,975	2.54
Red Tail Pavillion	2,000	800	0.40	800	0.40
Winspear Opera House	2,200	16,500	7.50	16,500	7.50
Median		**$ 1,750**	**$ 1.76**	**$ 2,738**	**$ 2.87**
Average		**3,168**	**2.91**	**3,835**	**3.49**

Source: Keen Independent Research.

Staffing and equipment fees

Some venues are more inclusive of staffing and equipment, while others charge for labor and equipment separately. Venues with more inclusions tend to have a higher space rental rate, because the estimated labor and equipment costs are part of the space rental fees.

In Figures 26 through 28 on the following pages, we provide the rates of other equipment and staffing costs. Venues that do not specify staffing and equipment charges may have those amenities included in their space rental fees. Venues that did not specify certain fees in their publicly available rental packet might still charge these fees.

Lewisville Grand Theater and Allen ISD Performing Arts Center charge for various staffing needs outside of their space rental rates.

Venues such as the Wyly Theatre Potter Rose Hall and Winspear Opera House indicate several inclusions in their rental fees such as standard sound and lighting equipment as well as box office, security, janitorial, and front-of-house staff. These theatres indicate in their rental packet that there will be a separate charge for stagehand labor, but do not specify rates.

24. Staffing and security rental rates at venues in the DFW area

Name	Occupancy	Item	Price	Unit
Show staff				
Lewisville Grand Theater Performance Hall	294	Control board operator	$ 36	hour
Lewisville Grand Theater Performance Hall	294	Porter service	15	hour
Courtyard Theater	321	Technical staff	17	hour
Allen ISD Performing Arts Center	1,250	Box office	25	hour
Allen ISD Performing Arts Center	1,250	Custodian	25	hour
Allen ISD Performing Arts Center	1,250	Manager on duty	50	hour
Allen ISD Performing Arts Center	1,250	Staging setup	15	hour
Allen ISD Performing Arts Center	1,250	Supervisory staff	35	hour
Red Tail Pavillion	2,000	Technical staff	20	hour
Red Tail Pavillion	2,000	Custodian	300	4 hour block
Security				
Courtyard Theater	321	Event security	15	hour
Allen ISD Performing Arts Center	1,500	Security	45	hour
Red Tail Pavillion	2,000	Event security	18	hour
Red Tail Pavillion	2,000	Off duty police	70	hour

Source: Keen Independent Research.

25. Sound and lighting equipment rental rates at venues in the DFW area

Name	Occupancy	Item	Price	Unit
Sound				
Lewisville Grand Theater Performance Hall	294	In-ear monitor	$ 50	day
Lewisville Grand Theater Performance Hall	294	Portable sound system	120	day
Lewisville Grand Theater Performance Hall	294	Wired microphone	12	day
Lewisville Grand Theater Performance Hall	294	Wireless handheld mic	32	day
Lewisville Grand Theater Performance Hall	294	Wireless lapel mic	48	day
Courtyard Theater	321	Wireless microphone	25	day
Allen ISD Performing Arts Center	1,250	Intermediate audio	250	day
Lighting				
Lewisville Grand Theater Performance Hall	294	Hazer	$ 40	day
Lewisville Grand Theater Performance Hall	294	Hazer fluid (2-liters)	60	bottle
Lewisville Grand Theater Performance Hall	294	Side lighting booms	120	day
Lewisville Grand Theater Performance Hall	294	Spotlight room access	50	day
Courtyard Theater	321	Custom light plot	600	contract
Courtyard Theater	321	Follow spot	30	day
Courtyard Theater	321	Hazer	25	day
Allen ISD Performing Arts Center	1,250	Intermediate lighting (LED, incandescent)	250	day
Allen ISD Performing Arts Center	1,250	Advanced lighting (LED, incandescent, robotic)	450	day

Source: Keen Independent Research.

26. Other equipment rental rates at venues in the DFW area

Name	Occupancy	Item	Price	Unit
Video				
Lewisville Grand Theater Performance Hall	294	Projector	$ 120	day
Lewisville Grand Theater Performance Hall	294	Projector cart (large) and screen	100	day
Lewisville Grand Theater Performance Hall	294	Projector cart (small) and screen	150	day
Lewisville Grand Theater Performance Hall	294	Stage monitor	18	day
Lewisville Grand Theater Performance Hall	294	Video monitor	100	day
Courtyard Theater	321	Projector	150	day
Allen ISD Performing Arts Center	1,250	Projector (center or side)	150	day
Allen ISD Performing Arts Center	1,250	Projectors (all three)	250	day
Musical elements				
Lewisville Grand Theater Performance Hall	294	Music stands	$ 3	stand
Lewisville Grand Theater Performance Hall	294	Orchestra shell set	450	day
Lewisville Grand Theater Performance Hall	294	Piano (baby grand)	150	day
Lewisville Grand Theater Performance Hall	294	Piano (grand)	300	day
Lewisville Grand Theater Performance Hall	294	Piano (upright)	50	day
Lewisville Grand Theater Performance Hall	294	Piano tuning	120	day
Courtyard Theater	321	Piano (grand)	300	day
Allen ISD Performing Arts Center	1,250	Choral riser	15	day
Allen ISD Performing Arts Center	1,250	Music stand light	1	day
Allen ISD Performing Arts Center	1,250	Percussion equipment	300	day
Allen ISD Performing Arts Center	1,250	Performance shell	15	day
Allen ISD Performing Arts Center	1,250	Piano (grand)	300	day
Allen ISD Performing Arts Center	1,250	Piano (upright)	100	day
Allen ISD Performing Arts Center	1,250	Piano tuning	150	day

Source: Keen Independent Research.

27. Other equipment rental rates at venues in the DFW area (continued)

Name	Occupancy	Item	Price	Unit
Other				
Lewisville Grand Theater Performance Hall	294	Banquet package A (10-13 round tables, 80-104 chairs)	$ 240	day
Lewisville Grand Theater Performance Hall	294	Banquet package B (14-17 round tables, 112-136 chairs)	336	day
Lewisville Grand Theater Performance Hall	294	Batteries	20	box
Lewisville Grand Theater Performance Hall	294	Chair	3	chair
Lewisville Grand Theater Performance Hall	294	Easel (plain)	3	day
Lewisville Grand Theater Performance Hall	294	Easel (whiteboard)	5	day
Lewisville Grand Theater Performance Hall	294	Marley dance floor	495	day
Lewisville Grand Theater Performance Hall	294	Mirror	15	mirror
Lewisville Grand Theater Performance Hall	294	Pipe and drape	5	lateral bar
Lewisville Grand Theater Performance Hall	294	Platforms	36	platform
Lewisville Grand Theater Performance Hall	294	Portable bar	30	bar
Lewisville Grand Theater Performance Hall	294	Portable wall	20	wall
Lewisville Grand Theater Performance Hall	294	Table	5	table
Lewisville Grand Theater Performance Hall	294	Tablecloth	8	tablecloth
Lewisville Grand Theater Performance Hall	294	Tape (gaff)	16	roll
Lewisville Grand Theater Performance Hall	294	Tape (spike)	10	roll
Courtyard Theater	321	House modification	115	contract
Courtyard Theater	321	Marley dance floor	200	contract
Allen ISD Performing Arts Center	1,250	Dance floor	200	day
Allen ISD Performing Arts Center	1,250	Dressing mirror	5	day
Allen ISD Performing Arts Center	1,250	Costume z-rack	3	day
Allen ISD Performing Arts Center	1,250	One act play set	400	day
Allen ISD Performing Arts Center	1,250	Pipe and drape section	40	day
Allen ISD Performing Arts Center	1,250	Portable shell	15	day

Source: Keen Independent Research.