

# FEASIBILITY STUDY FOR ADDITIONAL EVENT SPACE TUCSON, AZ



SUBMITTED TO: FOX TUCSON THEATRE  
August 13th, 2025



**JOHNSON**  
CONSULTING

## TABLE OF CONTENTS

TRANSMITTAL LETTER .....	0
SECTION I	
COMPETITIVE LANDSCAPE .....	1
SECTION II	
RECOMMENDATIONS & PROJECTIONS .....	8
SECTION III	
ECONOMIC & FISCAL IMPACT ANALYSIS .....	28
APPENDIX	
APPENDIX A: COMPARISON WITH PRIOR 2022 PROJECTIONS .....	38
APPENDIX B: DEVELOPMENT SCENARIOS .....	40

## TRANSMITTAL LETTER

August 13<sup>th</sup>, 2025

Ms. Bonnie Schock  
Fox Tucson Theatre  
17 W. Congress St.  
Tucson, AZ 85701

Re: Fox Tucson Theatre Expansion Study and Pro Forma Update Addendum

Dear Ms. Schock:

**Johnson Consulting, Inc.**, is pleased to provide this addendum report as a follow up to the May 20, 2022, market study for the expansion of the Fox Tucson Theatre, and the Addendum published in November 2022. Since the May 2022 report and the subsequent addendum in 2022, there have been significant advancements in the planning efforts, resulting in multiple potential scenarios for the expansion, that require an update to the demand and financial analysis that is presented in this addendum. Additionally, an economic and fiscal impact study has been completed based upon the updated projections to help quantify the return on investment the expanded Fox Tucson Theatre will have on the regional economy and community. Based on our understanding of Fox Theatre's objectives for this engagement, we are using proven methodologies for preparing accurate analysis and projections so that the Theatre can confidently make the most informed decision on the feasibility of the proposed event venue. This report provides findings that support the recommendation to develop the new lobby and event space.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

**FINAL DRAFT**

C.H. JOHNSON CONSULTING, INC.



SECTION I  
COMPETITIVE LANDSCAPE

## MARKET ANALYSIS

This section analyzes the market opportunity for the latest expansion recommendations for the Fox Tucson Theatre (Fox Theatre). Johnson Consulting undertook a detailed analysis of market conditions in Tucson and the broader region within a 30-minute, 60-minute, and 90-minute drive in the 2022 report. The key objectives of our analysis were to identify structural factors, strengths and weaknesses that may affect the market's ongoing competitive position and to gauge the level of support that exists for event space and other development for Fox Theatre.

Since the report in 2022, the landscape of competitive facilities in the region has slightly shifted, as some venues have closed or opened over the last couple years, and some facilities are currently being planned or under construction. This section will review the capacity of the market to provide ongoing support for facilities and activities, and how the inventory of facilities in the market currently will influence the proposed expansion of the Fox Theatre.

## DOWNTOWN TUCSON ECONOMIC DEVELOPMENT PROJECTS

The Fox Theatre is in a prime downtown location in the heart of the Rio Nuevo TIF district, which has helped stimulate significant economic development and real estate projects. There are numerous projects in various planning stages in the area surrounding the Fox Theatre including hotels, office, retail space, restaurants, and streetscape improvements. Below is a summary of key current and upcoming projects:

- The Grand, created in partnership by HighWire Tucson and Johnny Gibson's Market, is Tucson's latest event center. The venue is 6,000 SF of rentable event space, about a 5-minute walk from the Fox Theatre.
- The Treasury 1929 is currently under construction, but accepting event booking for 2025. The venue was formerly a bank with luxurious finishes and this \$12 million project will revitalize the space into an elite event space with a total capacity of 200 guests. This venue is located across the street from the Fox Theatre.
- The Tucson Convention Center and the Tucson Convention Center Arena both underwent recent renovations. The improvements include new locker rooms, sound and video system, renovated bathrooms, lighting and interior wall upgrades, new press box, weight room facilities, concession stand, and seat upgrades. These enhancements have assisted Tucson in welcoming the Roadrunners Hockey team and the Tucson Sugar Skulls football team as anchor tenants.
- Just south of the Tucson Convention Center is the historical landmark, Teatro Carmen. The theatre was originally built in 1915 as a cultural center for Hispanic, Anglo, and African American populations, and closed in the 1920s. Plans for rehabilitating the property, led by Stratford Art Works, Inc. include reactivating the theatre as a 250-300 seat performance space and cultural resource, as well as an attached restaurant with indoor and outdoor space. Current timelines project a grand reopening in 2024-2025.

- Across the street from the Fox Theatre, one of the most prominent buildings in Tucson, a mixed-use development at 1 S. Church Avenue was completed in 2023. The building is 23 stories, 240,000 SF of rentable, with the first 9 floors featuring the Leo Kent Hotel.
- A multi-use building at 44 E. Broadway is was recently upgraded to new office spaces and penthouse condos. There is also 18,325 square feet of retail space at street-level.
- The Rio Nuevo Board approved a \$72.5 million dollar investment into one of the largest mixed-use development in the district's history. The Bautista project will create 16,500 square feet of retail space, 253 residential units, and a restaurant. The plaza will also allow visitors and residents to walk to the Santa Cruz River, slated to be completed within the next year.

Existing infrastructure continues to be upgraded with the support of Rio Nuevo. Many of these projects began the planning stage prior to the pandemic, but are all slated to be completed soon if they have not been already. The ongoing development from pre-pandemic times shows that the local Tucson economy is equipped to facilitate growth, harboring a healthy market for new spaces.

These event venues are meaningful. There is a coalescing of energy in Rio Nuevo that is fueling these types of projects. While competitive on some levels, they will accumulate strong energy and recognize a level of business that has not been achieved downtown historically.

## INVENTORY OF EXISTING EVENT FACILITIES

Figure 1 - 1 on the following page summarizes existing event venues throughout Tucson, illustrating an inventory that includes a variety of event spaces, which are key to understanding the opportunity in the market place for the proposed expanded event space at the Fox Theater.

Figure 1-1

Tucson Event & Entertainment Facilities		
Capacity of over 200		
Facility	Type	Total Capacity
Community Performance and Art Center (CPAC)	Auditorium/Theater	200
Treasury 1929*	Event Center	200
Holsclaw Hall	Auditorium/Theater	204
The Grand Tucson	Event Center	225
The Gaslight Theatre	Auditorium/Theater	242
Arizona Repertory Theatre (ART) Tornabene Theatre	Auditorium/Theater	270
Sea of Glass - Center for the Arts	Club	280
CATALYST Creative Collective by SAACA	Auditorium/Theater	300
University of Arizona Stevie Eller Dance Theatre	Auditorium/Theater	300
Arizona History Museum	Event Center	300
Arizona Repertory Theatre (ART) Marroney Theatre	Auditorium/Theater	324
Pima Air & Space Museum	Event Center	400
Desert View Performing Arts Center	Auditorium/Theater	488
Berger Performing Arts Center	Auditorium/Theater	496
191 Toole	Club	500
House of Bards	Club	525
Crowder Hall	Auditorium/Theater	544
Arizona Repertory Theatre (ART) Virginia G Piper Repertory Theater	Auditorium/Theater	550
Leo Rich Theatre	Auditorium/Theater	551
Catalina Foothills HS	Auditorium/Theater	565
The Rock	Club	600
Arizona Theatre Company (ATC) Alice Holsclaw Theatre	Auditorium/Theater	619
Temple of Music and Art	Auditorium/Theater	623
Club Congress	Club	700
Tucson Convention Center	Convention Center	762
Sabino HS	Auditorium/Theater	1,132
Rialto Theatre	Club	1,300
<b>Fox Tucson Theatre</b>	<b>Auditorium/Theater</b>	<b>1,164</b>
Linda Ronstadt Music Hall	Auditorium/Theater	2,289
Centennial Hall	Auditorium/Theater	2,496
Anselmo Valencia Tori Amphitheater	Amphitheatre	5,000
Tucson Expo Center	Convention Center	7,000
Tucson Arena	Arena	8,962
Kino Sports Complex	Stadium	13,000
McKale Memorial Center	Arena	14,000
*Under Construction		
Sources: Visit Tucson, Pollstar, NorthStar Meetings Group, Relevant Facilities, Johnson Consulting		

Figure 1 - 2 summarizes existing hotels in the market that feature at least one meeting and event space with a minimum of 1,000 SF. While this list is extensive, hotel venues are not as competitive to the Fox Theatre as the difference in product types is vast, and as such, the hotels in the market and the Fox Theatre should have a mutually beneficial relationship where event attendees will generate room nights and hotel event spaces can be used for synergistic programming opportunities for groups.

**Figure 1-2**

Tucson Hotel Meeting & Event Facilities				
Largest Meeting Space < 1,000 SF				
Facility	# of Guest Rooms	# of Meeting Rooms	Largest Meeting Space (SF)	Total Meeting Space (SF)
Residence Inn by Marriott Tucson Airport	344	1	1,000	1,000
Hotel Congress	40	1	1,200	1,200
The Leo Kent Hotel	145	2	1,019	1,299
Best Western InnSuites Tucson Foothills	158	2	1,500	1,500
The Original Wild Horse Ranch	34	1	1,500	1,500
aloft Tucson University	154	1	1,723	1,723
Miraval Arizona Resort & Spa	117	2	1,700	1,800
Doubletree Suites Williams Center	142	4	1,800	1,800
The Lodge at Ventana Canyon	50	2	1,305	1,972
Holiday Inn Express & Suites Tucson Mall	105	3	1,050	2,030
La Posada Lodge & Casitas Boutique Hotel	73	3	1,100	2,192
Graduate Tucson	164	1	2,800	2,800
Embassy Suites Tucson-Paloma Village	120	5	2,048	3,326
Lodge on the Desert	100	5	15,030	3,733
DoubleTree by Hilton-Tucson Convention Center	170	5	2,600	3,799
Ramada by Wyndham Tucson Airport	172	2	3,910	3,910
Hilton Garden Inn Airport	125	15	4,488	4,488
La Quinta Inn 7 Suites Tucson Reid Park	148	4	2,784	4,996
AZ Inn	89	4	2,400	5,000
Tucson International Airport Hotel	167	6	2,200	6,000
Tanque Verde Ranch	74	5	2,304	6,171
Hacienda Del Sol Guest Ranch Resort	59	3	5,100	7,121
Desert Diamond Casino & Hotel-Tucson	148	4	5,658	8,451
Ramada Tucson	133	9	3,500	8,700
DoubleTree Suites by Hilton® Hotel Tucson Airport	204	13	4,788	9,478
Hilton® Tucson East	232	15	4,743	10,623
Westward Look Resort	241	16	4,312	11,608
Sheraton Tucson Hotel & Suites/ Global Restaurant	216	8	2,703	12,726
Ramada by Wyndham Viscount Suites	215	10	2,508	13,125
Marriott Tucson University Park Hotel	250	10	2,368	16,000
Doubletree by Hilton Tucson Reid Park	276	16	7,372	16,205
Embassy Suites By Hilton Tucson East	200	10	3,354	16,500
Casino Del Sol Resort, Spa and Conference Center	215	8	18,000	20,642
Omni Tucson National Resort	130	12	6,000	26,629
JW Marriott Tucson Starr Pass Resort & Spa	610	10	19,836	41,170
El Conquistador Tucson, A Hilton Resort	428	33	11,900	42,362
Loews Ventana Canyon Resort	398	30	5,400	45,112
The Westin La Paloma Resort & Spa	487	21	17,479	73,084

Sources: Visit Tucson, Cvent, NorthStar Meetings Group, Relevant Facilities, Johnson Consulting

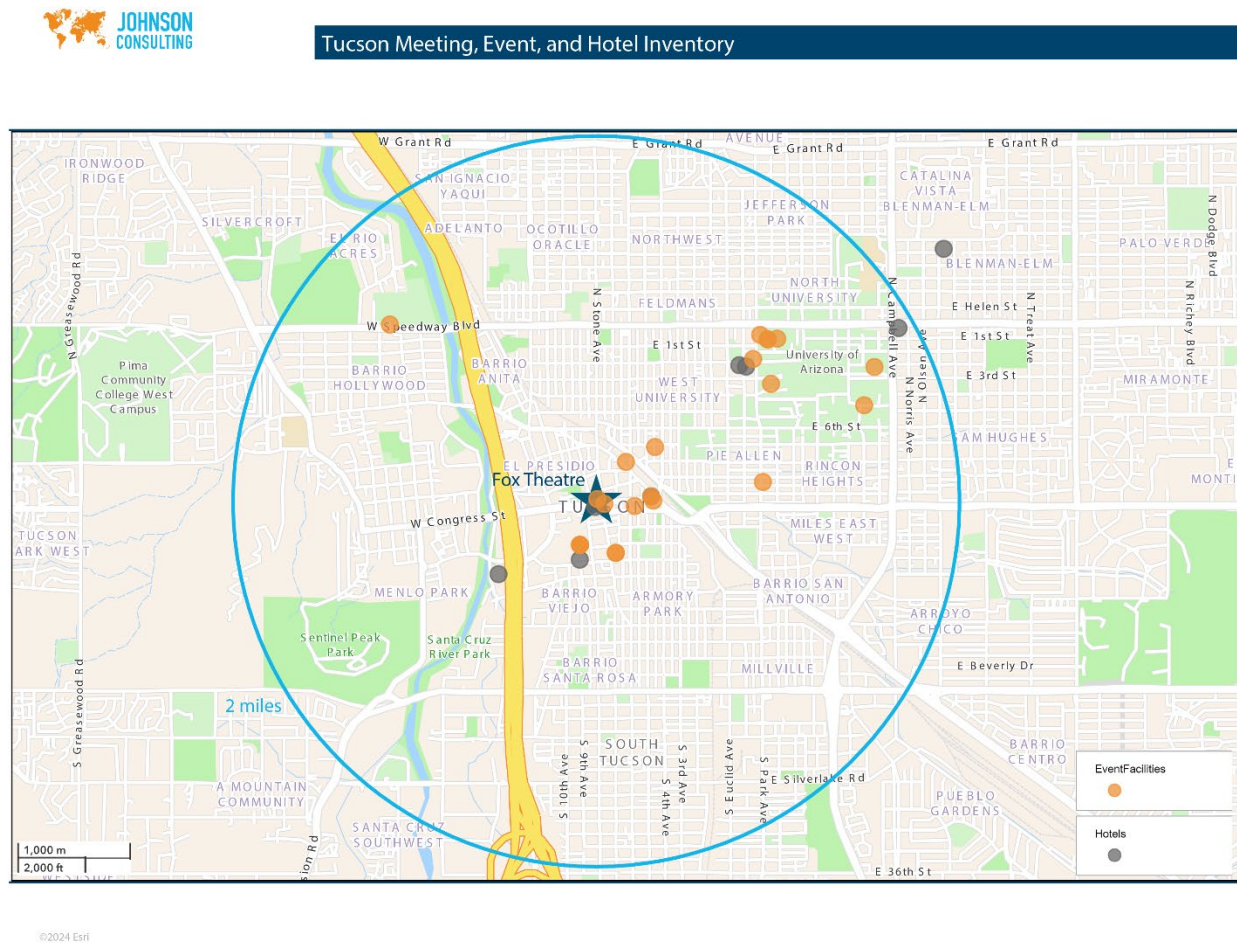


As shown, there are a variety of event venues in Tucson, but not many are historic performing art spaces like the Fox Theatre, and most are not located in the core of downtown Tucson. The non hotel venues with the largest capacities are stadiums, arenas, and the Tucson Expo Center. While these facilities can host upwards of 7,000 guests, these spaces are programmed for sports, consumer shows, and other event types that would not compete for space at the Fox Theatre. The smaller spaces include the new and planned additions to downtown Tucson, including the Treasure 1929 and The Grand Tucson. Both of these new event centers will be located nearby the Fox Theatre and may influence the volume of social events coming through the Fox, but will not be a hinderance to the performing arts book of programming. This inventory further highlights that the Fox Theatre is a unique offering in Tucson as it is a historical theatre with a capacity of over 1,000 guests, while also offering additional event space and amenities, which cannot be said for comparable theatres and performance spaces in the area, especially with the proposed improvements.

Based upon our facility inventory and our experience in similar markets, it is our assessment that overall, the Fox Theatre expansion project will provide an exclusive offering that will have limited non-hotel event space competition.

The facilities listed in Figure 1-1 and Figure 1-2 were mapped on the following page. The venues within less than 2 miles of the Fox Theater are shown in Figure 1--3 and are either incomparable in size, further from the downtown core, or do not offer the type of space for the proposed expansion or performing arts, which is a significant opportunity for the Fox Theater expansion project.

### Figure 1-3



## OBSERVATIONS

Tucson, as the second largest city in the state of Arizona, has many of the key demographic and socioeconomic characteristics necessary to support additional event space. Arts, culture, and social events are a prominent facet to the Tucson community, supported by an established and prominent cultural, arts and event community, including numerous arts groups, as well as extensive programming in local schools and universities. This creates a demand for event space that an expanded Fox Theatre can provide, as well as other regional events that focus on the Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) sectors that can be targeted to use the space.

Given the relatively limited supply of event venues in the target size category, a lack of available dates, and a strong and growing population, the proposed event space expansion will be well received and help address space limitations that have severely challenged the customer experience for Fox Theatre. It will also allow for new and larger event types to be pursued by the sales and marketing team. Even with the new event center spaces coming online during this process, those spaces have a target audience and event type and should not cannibalize rental business for the Fox Theatre. If designed appropriately, the venue will also serve to support local events and help to fill a gap in the marketplace, while contributing to the overall cultural fabric of the community and driving visitors to downtown Tucson.

## SECTION II

### RECOMMENDATIONS & PROJECTIONS

## RECOMMENDATIONS AND PROJECTIONS

This section discusses the latest expansion recommendations for the Fox Tucson Theatre (Fox Theatre), and the estimated event demand, attendance, and operating revenue and expenses potentially resulting from the expansion.

### EXPANSION RECOMMENDATIONS

With the proposed acquisition of a 10,000 square foot parcel of land on Stone Street, the Theatre is looking to expand the facility by expanding the lobby area and adding an event space. The size of the additional land allows for additional spaces for such functions, indicated preliminarily as 6,000 square feet of Lobby space and 6,000 square feet of Event Space in the May 2022 expansion plans, which in November 2022 were detailed further, and more recently in April 2024 were modified to include three development options, size-wise that are detailed in the following pages (*See Appendix B for further detail*). Nevertheless, the key objectives of the expansion remain the same, which are to allow for the creation of new event demand for the venue, to increase revenue opportunities, and to address some current functionality and accessibility limitations, among other enhancements.

Key justifications for the proposed lobby and event space include the following:

- Right sizing the existing lobby to industry standards and maximizing revenue potential.
- ADA improvements.
- Bathroom additions and improvements.
- A myriad of reuse potential of existing spaces to permit better use, more patron, fan, and performer amenities.
- Selling the new lobby and event space for special events that include Social, Military, Education, Religious, Fraternal and Ethnic events (SMERFE) + Corporate + Non-profit events during non-show dates
- Selling the new event space during ticketed events, either as part of the show or as part of an independent event. This may require a separate event space entrance if not associated with the performance.
- Limited inventory of special event venues in the core of downtown Tucson and with the balance being integrated with a hotel. None are integrated with a historic Theatre in the heart of downtown.
- Most special event and meeting inventory of this size are located at the TCC or area hotels.
- Proposed site of expansion allows for much better exposure to the facility and will provide a much better guest experience and sense of arrival.



- Highest & best use of the subject site from the Board and operators' perspective, compared to another developer buying and using the space for something else that doesn't directly enhance the mission of the Fox Theatre.
- Providing additional back of house and storage to rectify the small amount in the existing venue.
- Other benefits and requirements, as identified.

Some other considerations to plan for include:

- Limiting consumption of space for non-revenue generating activity such as a green room, etc.
- Potential need for additional staff to sell and operate the space.
- Ensuring that the space rentals are maximized to support the cost of land acquisition and operations.
- Continued recovery from Covid-19 pandemic and competition from area bars and restaurants as well as new and proposed venues that will compete for the target demand categories for the proposed expansion.

Figure 2-1 summarizes and compares the September 2022 and April 2024 expansion program recommendations, showing the existing and additional net square footage, as well as the total build-out. As previously noted, there are three development options in the April 2024 expansion program: (A) Full Scope option (budgeted at \$26.8 million), which is most comparable to the September 2022 plan, and (B) 2½ Story option budgeted at \$21.3 million and (C) 1½ Story option budgeted at \$14 million, both of which have reduced programs compared to the Full Scope option.

Figure 2-1

Fox Tucson Theatre Facility Expansion Program (NSF)*									
	Existing NSF**	September 2022 Recommendation		April 2024 Recommendation					
		Additional NSF	Total Built-Out NSF upon Expansion	A Full Scope		B 2½ Story		C 1½ Story	
				Additional NSF	Total Built-Out NSF upon Expansion	Additional NSF	Total Built-Out NSF upon Expansion	Additional NSF	Total Built-Out NSF upon Expansion
Theater (1,164 seats)	7,996	-	7,996	-	7,996	-	7,996	-	7,996
Stage	1,986	-	1,986	-	1,986	-	1,986	-	1,986
<b>1st Floor</b>									
Historic Lobby	2,180	-	2,180	-	2,180	-	2,180	-	2,180
Grand Lobby	-	3,600	3,600	4,365	4,365	3,640	3,640	3,620	3,620
<b>2nd Floor</b>									
Mezzanine Lounge & Bar	2,105	-	2,105	-	2,105	-	2,105	-	2,105
New Event/ Performance Space	-	2,429	2,429	2,550	2,550	2,825	2,825	-	-
2nd Floor Lobby	-	816	816	760	760	635	635	1,000	1,000
<b>3rd Floor</b>									
Rooftop Bar	-	3,250	3,250	2,680	2,680	1,475	1,475	-	-
<b>Lower Level</b>									
Downstair Donor's Lounge	1,308	-	1,308	-	1,308	-	1,308	-	1,308
New Access Lobby	-	129	129	300	300	-	-	-	-
<b>Total</b>	<b>15,575</b>	<b>10,224</b>	<b>25,799</b>	<b>10,655</b>	<b>26,230</b>	<b>8,575</b>	<b>24,150</b>	<b>4,620</b>	<b>20,195</b>
<b>Estimated Development Costs***</b>		\$17,500,000		\$26,825,000		\$21,260,000		\$14,000,000	

\*NSF refers to net square footage of function space only  
 \*\*Updated, reflecting greater measurement accuracy.  
 \*\*\*Including construction, land, FFE, design/contractor fees, and other miscellaneous building costs.  
 Source: Fox Tucson Theatre, Johnson Consulting

The Full Scope program is the largest expansion plan but this analysis focuses on the 2½ Story option. As shown, the 2½ Story expansion is expected to increase the net square footage of the Theatre to approximately 24,150 net square feet of function space. The additional spaces in the expansion plan – primarily the Grand Lobby on the First Floor, the new Performance Center and Lobby on the Second Floor (with or without the Mezzanine Lounge), and the Rooftop Bar – are expected to allow the Theatre to host more events and increase the capacity of the lobby spaces to sell more and better concessions. For example:

- The Historic Lobby, the Grand Lobby on the First Floor:
  - On non-performance days, they will be able to all be used as a single event for a total of 5,820 square feet of event space.
  - On performance days, these lobbies will all be part of the performance, resulting in an increase in F&B concessions per cap assumption from the full-service bar and catering kitchen.
- The Mezzanine Lounge and Bar and the new Performance Space and Lobby on the Second Floor:
  - On non-performance days, they will all be available as one rental unit with 5,565 square feet of leasable space

- On performance days, only the new Performance Space (capacity: 252 seats) and Lobby of 3,460 square feet will be available for rent as a special event space for the production.
- The Rooftop Bar on the Third Floor:
  - On non-performance days, will be rentable in full, offering 1,475 square feet of space
  - On performance days, will be additional food and beverage location (similar to the Grand Lobby on the First Floor) or available for a buyout.

The new Performance Space and the Rooftop Bar are not available in the 1½ Story option. Full plans of the Full Scope, 2½ Story, and 1½ Story options are included in the Appendix.

Additionally, some of the other program elements that are included in the expansion project are:

- Clearly marked accessible restrooms
- Appropriate back of house space to support expansion, including, additional dressing rooms, a green room and storage
- Front of house elevator and back of house elevator
- Potential for upstairs event space to have a convertible indoor/outdoor capability
- Creation of a loading/pullout zone on Stone Avenue, which is essential.

## EXPANSION AND THE FOX THEATRE MISSION & VISION

In addition to the rational and justification of the proposed expansion of the Fox Theatre outlined above, is the positive impact the expansion will have on advancing the mission and vision of the Fox Theatre. Presented below are the mission and vision statements for the Fox Theatre:

### MISSION

“We enliven Tucson, fostering community growth and connections by shaping exceptional, live arts experiences in a celebrated setting.”

### VISION

“Our vision is to serve as a leader and collaborative partner in a thriving Tucson cultural landscape. Central to our purpose is the ongoing enjoyment and continued vitality of a cherished and historically significant venue. Our success rests in how the theatre and its programs embody and facilitate a positive sense of place and connectedness, holding cherished memories and creating transformational new arts experiences for Tucsonans of all ages and backgrounds.”

How does the proposed expansion advance the Fox Theatre mission, vision, and the community? As Tucson has evolved over the last 20+ years, the arts and cultural communities have become larger and

more vibrant, especially with the Fox Tucson's reopening in 2006. The proposed expansion is the continuation of the mission and vision that drove the community to invest in the reopening of the Fox Theatre and will help to continue the mission and vision into the future with the retention of current users and a diversification of groups attracted to the Fox Theatre for a fuller, richer, and more unique experience for all.

There is also a transformation of space types in the performing arts and theatre industry that are now considered critical parts of facility development. These include new and flexible performance and event spaces that are in addition to the larger performance space, expanded lobbies and pre-function areas, and design that promotes a better user experience. The proposed expansion is not simply the addition of a new event center, it provides the types of spaces being developed by industry leading venues across the country.

The expanded Fox Theatre will be a unique venue in the Tucson market, distinct from a nightclub, meeting room at a hotel or an event space at the Tucson Convention Center. The flexibility of the new spaces, combined with the historic Fox Theatre, will ensure that the venue is the primary arts and cultural venue in the Tucson market and a best-in-class facility at the national level. The expanded Fox Theatre will also allow for new demand and financial opportunities that are presented below.

## UPDATED HISTORICAL OPERATING STATISTICS

Projections for demand and financial opportunities at the expanded Fox Theatre are based on historical statistics at the existing facility. Figure 2-2 summarizes historical demand at the Fox Tucson Theater from early 2018 through May 31, 2024, including the period during which the Covid-19 pandemic forced closures of many theaters and performing arts centers in early 2020, resulting in an incomplete picture for the year 2020 and 2021. Post pandemic, the Theater hosted 89 shows and 21 rentals, selling 52,048 tickets in the 12-month period ending May 31, 2023, and hosted 112 shows and 41 rentals, selling 71,913 tickets in the 12-month period ending May 31, 2024.

Figure 2-2

Fox Tucson Theatre Historical Event Demand						
	Fox Events	Rentals	Total Occupied Days	Tickets Sold	Rentals Attendees	Total Attendees
4/1/2018 – 3/31/2019*	109	76	185	72,163	20,903	93,066
4/1/2019 – 3/31/2020*	84	72	156	60,699	31,071	91,770
6/1/2021 – 5/31/2022**	100	32	132	77,000	9,785	86,785
6/1/2022 – 5/31/2023	89	29	118	52,048	15,941	67,989
6/1/2023 – 5/31/2024	112	41	153	71,913	18,659	90,572

*\*Due to pandemic related closure in March 2020, these years are reported as 12 months ending in March to provide most recent 12 continuous months and comparable comparison for the prior period.*

*\*\*Post pandemic reopening, reporting period transitions to the typical 12 month annual season of activities.*

*Source: Fox Tucson Theater*

Figure 2-3 summarizes the profit and loss statements of the Fox Tucson Theater Foundation for the Fiscal Year Ending (FYE) 2018, 2019, and 2022 (as budgeted with adjustments, serving as baseline in November 2022 study), as well as FYE 2023 and FYE 2024. As shown, in FYE 2023, the theater has operated at break-even. In FYE 2024, the Theater operated at a net operating loss of \$104,000, after capital purchases and depreciation. (This proforma structure will serve as the basis for our financial projections of an expanded Fox Tucson Theater operation.)



Figure 2-3

<b>Fox Tucson Theatre Foundation Profit and Loss Statements (\$000)</b>					
	<b>2018</b>	<b>2019</b>	<b>2022*</b>	<b>2023</b>	<b>2024**</b>
<b>Revenue</b>					
Earned Revenue	\$3,303	\$2,861	\$3,353	\$3,881	\$4,802
Contributed Revenue	814	801	1,100	2,070	801
Special Events, Net	54	206	196	218	246
Other Income	13	9	0	14	35
Net Assets Released from Restriction	0	0	0	0	0
Total Revenue	<b>\$4,183</b>	<b>\$3,877</b>	<b>\$4,649</b>	<b>\$6,183</b>	<b>\$5,883</b>
<b>Cost of Goods Sold</b>	<b>\$133</b>	<b>\$110</b>	<b>\$86</b>	<b>\$115</b>	<b>\$139</b>
<b>Gross Profit</b>	<b>\$4,050</b>	<b>\$3,767</b>	<b>\$4,563</b>	<b>\$6,069</b>	<b>\$5,745</b>
<b>Expenditures</b>					
Payroll Expenses	\$776	\$913	\$1,309	\$1,402	\$1,356
Program Expenses	2,000	1,472	1,690	2,377	3,029
Occupancy	264	251	296	259	238
Advertising & Promotion	485	442	518	506	466
Materials & Supplies	0	0	52	27	49
Information Technology	96	100	103	119	144
Office & General Administrative Expenses	177	217	177	307	227
Contract & Professional Fees	121	82	176	819	146
Insurance	44	38	44	69	60
Travel, Conferences & Meetings	0	0	19	26	20
Capital Purchases & Depreciation	53	47	105	150	114
Total Expenditures	<b>\$4,015</b>	<b>\$3,563</b>	<b>\$4,488</b>	<b>\$6,060</b>	<b>\$5,849</b>
<b>Net Operating Revenue</b>	<b>\$34</b>	<b>\$204</b>	<b>\$75</b>	<b>\$9</b>	<b>(\$104)</b>
<i>*As budgeted with adjustment, serving as a baseline in November 2022 study</i>					
<i>**Based on projected revenue expense actuals for the operating year as of 10/15/2024.</i>					
<i>Source: Fox Tucson Theater</i>					

A significant portion of the revenue is Earned Revenue, which includes those from ticket sales, rental fees, (other) fees, concessions, merchandise, and others. Figure 2-4 details the distribution. The largest Earned Revenue comes from ticket sales (\$3.2 million in 2024), followed by fees (\$847,000), concessions (\$448,000), and rental fees (\$274,000 in 2024).

Figure 2-4

<b>Fox Tucson Theatre Foundation Details of Earned Revenue (\$000)</b>					
	<b>2018</b>	<b>2019</b>	<b>2022*</b>	<b>2023</b>	<b>2024**</b>
<b>Earned Revenue</b>					
Ticket Sales	\$2,730	\$1,706	\$2,353	\$2,595	\$3,201
Rental Fees	313	383	200	237	274
Fees	429	447	487	626	847
Concessions	345	311	286	383	448
Merchandise	0	13	23	23	28
Other Earned Revenue	(514)	0	4	18	3
<b>Total</b>	<b>\$3,303</b>	<b>\$2,861</b>	<b>\$3,353</b>	<b>\$3,881</b>	<b>\$4,802</b>
<i>*As budgeted with adjustment, serving as a baseline in November 2022 study</i>					
<i>**Based on projected revenue expense actuals for the operating year as of 10/15/2024.</i>					
<i>Source: Fox Tucson Theater</i>					

Some of these categories will be impacted by the planned expansion, more than the others.

## DEMAND PROJECTIONS – 2½ STORY OPTION

Demand projections for an expanded Fox Tucson Theatre are derived from the most recent historical data of a full year Theatre operation, which is 2023-24 Season. Thus, the baseline typical year includes 112 performances/ shows and 41 rental days, leaving 211 days within the year in which the Theatre is unoccupied for events. The planned expansion of the Theatre is expected to increase the facility's ability and attractiveness for holding events, primarily on those unoccupied days, and on show days as well, in the new spaces.

Among the three options, the 2½ Story option (budgeted at \$21.3 million) is currently the focus of planning consideration. The Full Scope option is deemed too expensive, while the 1½ Story option is not expected to result in sufficient operational benefits to justify the investment. Therefore, the following discussions focus on the 2½ Story option.

## INCREASED EVENTS AND ATTENDANCE

The following subsection discusses the estimated new events and attendance resulting from the 2½ Story expansion. As a starting point, Figure 2-5 shows the breakdown of the 112 show days and 41 rental days currently experienced at the existing Fox Tucson Theatre (which generated a total of 90,572 attendees, combined), and the remaining 211 unoccupied days that remain available for rental, based on the 2023-24 Season event demand distribution.

Figure 2-5

Fox Tucson Theatre Baseline Typical Season Demand (Year Ended 5/31/2024)				
	Performance Days	Rental Days	Non- Performance Days*	Total
<b># of Events</b>				
<b>By Day</b>				
Monday	2	3	47	52
Tuesday	12	6	34	52
Wednesday	23	2	27	52
Thursday	11	9	32	52
Friday	19	4	29	52
Saturday	26	10	16	52
Sunday	19	7	26	52
<b>Total</b>	<b>112</b>	<b>41</b>	<b>211</b>	<b>364</b>
<b>By Prime vs. Non-Prime Day</b>				
Prime Days**	56	23	77	156
Non-Prime Days	56	18	134	208
<b>Total</b>	<b>112</b>	<b>41</b>	<b>211</b>	<b>364</b>
<b>By Weekday vs. Weekend</b>				
Weekdays	67	24	169	260
Weekend Days	45	17	42	104
<b>Total</b>	<b>112</b>	<b>41</b>	<b>211</b>	<b>364</b>
<b>Attendance</b>	<b>71,913</b>	<b>18,659</b>	<b>0</b>	<b>90,572</b>
*Or unoccupied days				
**Thursday, Friday, and Saturday				
Source: Fox Tucson Theatre, Johnson Consulting				

As shown, in the assumed baseline, typical year, the Theatre is unoccupied for 211 days during an average year. Based on the 2023-24 Season event demand distribution, those unoccupied/ non-performance days include 42 weekend days and 169 weekdays. These unoccupied days open opportunities for more rentals, which bring additional rental and F&B concessions revenues.

Figure 2-6 shows the potential increase in event demand resulting from the 2½ Story expansion of the Fox Tucson Theatre. In summary, while the Theater is expected to host the same number of performances and events in its Main Theatre, the expanded facility is expected to accommodate a number of Fox-presented events and smaller community performances to be held at the new Performance Space on the Second Floor. Additionally, there will be a significant number of additional rentals on the various new and/or improved spaces on the First, Second, and Rooftop Floors in the 2½ Story option, leaving only 60 unoccupied days, significantly smaller than the current (FYE 2024 baseline) experience at the Fox Tucson Theatre.

Figure 2-6

Fox Tucson Theatre Baseline and Expanded Event Demand - 2½ Story Option			
	Baseline (Year Ended 5/31/2024)	Additions	Expanded Facility
Theatre Performances	153*	0	153
Performance Space Fox-presented Events	na	94	94
Event Center Rentals	na	220	220
<b>Total Events</b>	<b>153</b>	<b>314</b>	<b>467</b>
Total Occupied Days	153		304
Unoccupied Days	211		60

*\*Including 41 performances that are presented by other organizations.*  
*Source: Fox Tucson Theatre, Johnson Consulting*

Figure 2-7 shows the potential increase in attendance resulting from the 2½ Story expansion of the Fox Tucson Theatre. For the Theatre performances, the estimate is based on the historical average attendance, assuming that the improved facility will be able to attract 15 percent greater attendance. For the Fox-presented events and the rentals at the various new spaces, the estimate is based on the potential capacity based on the room sizes.

Figure 2-7

Fox Tucson Theatre Baseline and Expanded Attendance - 2½ Story Option			
	Baseline (Year Ended 5/31/2024)	Additions	Expanded Facility
Theatre Performances	90,572	13,586	104,158
Performance Space Fox-presented Events	na	20,116	20,116
Event Center Rentals	na	26,010	26,010
<b>Total Attendance</b>	<b>90,572</b>	<b>59,712</b>	<b>150,284</b>

*Source: Fox Tucson Theatre, Johnson Consulting*

As shown, the 2½ Story expansion of Fox Tucson Theatre has the potential to increase annual attendance by approximately 59,700 attendees, annually bringing total attendance of an expanded Fox Tucson Theatre to approximately 150,300, annually.

## INCREASED TICKET SALES

Figure 2-8 shows the estimated increase in ticket sales from the increased attendance to the Theatre performances as well as new attendance to the Fox-presented events.

Figure 2-8

Fox Tucson Theatre Increased Ticket Sales - 2½ Story Option			
	New Attendance	Average Ticket Price	Increased Ticket Sales
Theatre Performances	104,158	\$40	\$4,166,312
Performance Space Fox-presented Events	20,116	\$25	251,450*
<b>Total</b>	<b>124,274</b>		<b>\$4,417,762</b>

*\*Only 50% of Fox-presented events are ticketed events*  
*Source: Fox Tucson Theatre, Johnson Consulting*

As shown, upon the 2½ Story expansion, the ticketed events at the Theatre are expected to generate approximately \$4.4 million in ticket sales.

## INCREASED EVENTS AND RENTAL REVENUES

The following subsection discusses the estimated new rental revenues resulting from the 2½ Story expansion, from (i) new rental of the various spaces during non-performance days, and (ii) new rental of the various spaces during performance days.

### 1. New Rentals during Non-Performance Days

New rental of the various spaces during non-performance days are estimated as shown in Figure 2-9. From the available 211 unoccupied days, it can be expected that the expanded Theatre will be able to fill 42 weekend days and 109 weekdays, with the distribution of events as shown below. The assumed rental rates are based on approximately \$0.99 per square foot for weekend for profit events, \$0.87 for weekend non-profit events, \$0.65 for weekday for profit events, and \$0.54 for weekday non-profit events. As a comparison, current rental rates of the Fox Theatre range from \$0.20 to \$0.61 per square foot and other event spaces in the market are in this range or higher. Therefore, the proposed rental rates for the new space in the expanded Fox Tucson Theatre are still reasonable and conservative.



Figure 2-9

Fox Tucson Theatre Event Spaces for Rent during Non-Performance Days - 2½ Story Option							
		Utilization		Rental Rates			
		Non- Performance Weekend Days	Non- Performance Weekdays	Weekend For Profit	Weekend Non-Profit	Week Day For Profit	Week Day Non-Profit
<b>Available Days</b>		<b>42</b>	<b>169</b>				
<b>Occupied Days (Potential Use)</b>	<i>NSF</i>						
Performance Space Fox-presented Events	2,825	42	52	na	na	na	na
1st Floor: All Spaces	5,820	0	20	\$5,740	\$5,030	\$3,730	\$3,120
2nd Floor: All Spaces	5,565	0	30	\$5,510	\$4,890	\$3,640	\$3,020
3rd Floor: Rooftop Bar	1,475	0	20	\$1,450	\$1,270	\$950	\$770
Lower Level: All Spaces	1,308	0	15	\$1,270	\$1,180	\$820	\$730
<b>Combined Occupied-Days*</b>		<b>42</b>	<b>109</b>				
Total New Rentals		42	137				
<b>% Distribution For Profit vs. Non-Profit</b>				<b>90%</b>	<b>10%</b>	<b>80%</b>	<b>20%</b>
				<b>Weekend For Profit</b>	<b>Weekend Non-Profit</b>	<b>Week Day For Profit</b>	<b>Week Day Non-Profit</b>
<b>Rental Revenue</b>							
Performance Space Fox-presented Events				\$0	\$0	\$0	\$0
1st Floor: All Spaces				0	0	59,680	12,480
2nd Floor: All Spaces				0	0	87,360	18,120
3rd Floor: Rooftop Bar				0	0	15,200	3,080
Lower Level: All Spaces				0	0	9,840	2,190
<b>Total</b>				<b>\$0</b>	<b>\$0</b>	<b>\$172,080</b>	<b>\$35,870</b>
<b>GRAND TOTAL Rental Revenue from New Event Spaces during Non-Performance Days</b>							<b>\$207,950</b>

\*Some rental events may occur simultaneously on the various floor levels.

Source: Fox Tucson Theatre, Johnson Consulting

As shown, these new events are projected to generate a total of approximately \$207,950 in new rental revenue.

## 2. New Rentals during Performance Days

The expansion is also expected to bring new rentals during show performance days, which are expected to stay at 112 days in an expanded season year. Figure 2-10, on the following page, shows the estimated distributions of new rentals during performance days and the resulting additional rental revenues. To be clear, a renter is either a for profit business or a nonprofit organization. Assuming a premium over non-performance day rates due to events in the Theatre, the rental rates for show days are based on approximately \$1.14 per square foot for weekend for-profit events, \$0.75 for weekday for profit events, and \$0.60 for weekday non-profit events. During these events only New Performance Space & Lobby at the Second Floor, the Rooftop Bar, and the Donor's Lounge at the Lower Level will be available for rent since the Historic Lobby on the First Floor, the Mezzanine Lounge & Bar on the Second Floor, and the Rooftop

Bar will be in use for the performance. However, with an expanded lobby, more a full-service bar, and better product offerings, there will also be an increase in the concession revenue generated during performances. This increase in concession revenue is not reflected below but will be presented as part of the financial projections later in this section.

Figure 2-10

Fox Tucson Theatre Event Spaces for Rent during Performance Days - 2½ Story Option							
		Utilization		Rental Rates			
		Weekend Performance Days	Week Day Performance Days	Weekend For Profit	Weekend Non-Profit	Week Day For Profit	Week Day Non-Profit
<b>Available Days</b>		<b>45</b>	<b>67</b>				
<b>Occupied Days (Potential Use)</b>	<i>NSF</i>						
2nd Floor: New Event/ Performance Space	3,460	20	30	\$3,410	na	\$2,240	\$1,810
3rd Floor: Rooftop Bar	1,475	20	25	\$1,950	na	\$1,270	\$1,040
Lower Level: All Spaces	1,308	20	20	\$1,730	na	\$1,180	\$910
<b>Combined Occupied-Days*</b>		<b>40</b>	<b>50</b>				
Total New Rentals		60	75				
<b>% Distribution For Profit vs. Non-Profit</b>				100%	0%	75%	25%
				<b>Weekend For Profit</b>	<b>Weekend Non-Profit</b>	<b>Week Day For Profit</b>	<b>Week Day Non-Profit</b>
<b>Rental Revenue</b>							
2nd Floor: New Event/ Performance Space				\$68,200	\$0	\$50,400	\$13,575
3rd Floor: Rooftop Bar				39,000	0	23,813	6,500
Lower Level: All Spaces				34,600	0	17,700	4,550
<b>Total</b>				<b>\$141,800</b>	<b>\$0</b>	<b>\$91,913</b>	<b>\$24,625</b>
<b>GRAND TOTAL Rental Revenue from Show Event Spaces for Rent</b>							<b>\$258,338</b>

\*Some rental events may occur simultaneously in the Main Event Space and Rooftop Terraces.

Source: Fox Tucson Theatre, Johnson Consulting

As shown, it is expected that during performance days, the 2½ Story expansion will allow the Theatre to add events to 40 weekend days and 50 weekdays. These new events are projected to generate a total of approximately \$258,300 in new rental revenue.

Combined, new rentals during non-performance and performance days are expected to generate over \$466,300 new in rental revenue.

Figure 2-11

Fox Tucson Theatre Estimated New Rental - 2½ Story Option	
	Amount
Rentals during Non-Performance Days	\$207,950
Rentals during Performance Days	258,338
<b>Total</b>	<b>\$466,288</b>
<i>Source: Fox Tucson Theatre, Johnson Consulting</i>	

## INCREASED REVENUE FROM CATERED FOOD AND BEVERAGE EVENTS

Some of the new events are targeted to be functions involving the full-service bar, which will generate revenues from the commissions of the food and beverage sales. Figure 2-12 shows the estimates, derived from the additional event volume as shown in Figure 2-9 and Figure 2-10.

Figure 2-12

Fox Tucson Theatre Estimated New Food and Beverage Sales - 2½ Story Option			
	Baseline Revenue	+ Added Revenue due to Expansion	= Total Revenue
	<i>(15% increase over baseline at increased per cap)</i>		
<b>Theatre Performances (Concessions)</b>	90,572 attendees at \$4.95 per cap	90,572 attendees at \$1.05 increased per cap plus 13,586 attendees at \$6.00 per cap	
	<b>\$448,300</b>	<b>\$176,647</b>	<b>\$624,947</b>
	<i>(94 events x 214 avrg attendance)</i>		
<b>New Performance Space Fox-presented Events (Concessions) (Capacity: 252 seats)</b>	na	20,116 attendees at \$8.00 per cap	
		<b>\$160,928</b>	<b>\$160,928</b>
<b>New Event Center Rentals (Catered Food and Beverage Sales)</b>	na	26,010 attendees at \$25.00 per cap netting a 15% commission	
		<b>\$97,538</b>	<b>\$97,538</b>
<b>Total</b>	<b>\$448,300</b>	<b>\$435,112</b>	<b>\$883,412</b>
<i>Source: Fox Tucson Theatre, Johnson Consulting</i>			

As shown, there are two main F&B revenue sources: (i) Theatre event concessions and (ii) catered food and beverage sales from rentals, which will be by a third-party caterer, and of which the Theatre will receive a 15 percent commission. The new Theater performances and the other Fox-presented events at the Performance Space are estimated to generate approximately \$624,900 and \$160,900 in concessions, respectively. Additionally, the Theatre is expected to receive approximately \$97,500 in 15-percent commissions from the catered food and beverage sales at the rental events.

## IMPROVED PROFIT AND LOSS STATEMENTS

This subsection projects operating income and expenses for the 2½ Story-expanded Fox Tucson Theatre. As previously shown, the expanded facility is estimated to accommodate a total of 467 events and generate approximately 147,200 attendees, annually. The resulting financial projections are presented in Figure 2-13.

Figure 2-13

Fox Tucson Theatre Estimated Annual Demand and Financials Upon Expansion - 2½ Story Option				
	FYE 2024 Baseline*	Addition from Expansion	Expanded Total	
<b>Event Demand</b>				
Theatre Performances	153	-	153	
Performance Space Fox-presented Events	na	94	94	
Roof Top Event Terrace Fox-presented Events	na	-	0	
Event Center Rentals	na	220	220	
Total	153	314	467	
<b>Total Attendees</b>	<b>90,572</b>	<b>59,712</b>	<b>150,284</b>	
<b>Operating Revenue and Expenses (\$000)</b>				
<b>Revenue</b>				
Earned Revenue			<u>% Increase</u>	
Ticket Sales	\$3,201	\$1,217	38%	\$4,418
Rental Fees	274	466	170%	740
Fees	847	322	38%	1,170
Theatre Event Concessions Food - Expanded	448	338	75%	786
Catered F&B Sales (15% Commission)	-	98	-	98
Merchandise	28	9	30%	37
Other	3	-	-	3
Subtotal Earned Revenue	<b>\$4,802</b>	<b>\$2,449</b>		<b>\$7,251</b>
Contributed Revenue	\$836	\$227	27%	\$1,063
Special Events, Net	246	-	-	246
<b>Total Revenue</b>	<b>\$5,883</b>	<b>\$2,676</b>		<b>\$8,559</b>
<b>Cost of Goods Sold</b>	<b>\$139</b>	<b>\$104</b>		<b>\$243</b>
<b>Gross Profit</b>	<b>\$5,745</b>	<b>\$2,572</b>		<b>\$8,316</b>
<b>Expenditures</b>				
			<u>% Increase</u>	
Payroll Expenses	\$1,356	\$651	48%	\$2,007
Program Expenses	3,029	693	23%	3,722
Occupancy	238	65	28%	303
Advertising & Promotion	466	187	40%	653
Materials & Supplies	49	18	37%	67
Information Technology	144	21	15%	165
Office & General Administrative Expenses	227	96	42%	324
Contract & Professional Fees	146	-	0%	146
Insurance	60	53	87%	113
Travel, Conferences & Meetings	20	11	53%	30
<b>Total Expenditures</b>	<b>\$5,735</b>	<b>\$1,794</b>		<b>\$7,529</b>
<b>Net from Operations</b>	<b>\$10</b>	<b>\$777</b>		<b>\$787</b>
Depreciation	\$114	\$206	181%	\$320
<b>Net Operating Revenue after Depreciation</b>	<b>(\$104)</b>	<b>\$571</b>		<b>\$467</b>

\*Financials for existing facility based on projected revenue expense actuals for the operating year as of 10/15/2024.

Source: Fox Tucson Theatre, Johnson Consulting

As shown and calculated previously on the revenue side, the new events are estimated to increase ticket sales revenue by \$1.2 million to reach \$4.4 million. Additionally, the new events are estimated to generate additional \$466,000 in rental revenue, additional \$322,000 in fees, additional \$338,000 in theater event concessions and approximately \$98,000 in net commission from catered food and beverage sales, and \$9,000 in merchandise sales. As the result, total revenue is expected to increase from \$4.8 million in the FYE 2024 baseline year of an unexpanded Theatre to \$7.25 million in the 2½ Story-expanded Fox Theatre. Thus, gross profit is also expected to increase as well, from \$5.7 million in the FYE 2024 baseline year of an unexpanded Theatre to \$8.3 million in the 2½ Story-expanded venue.

On the expense side, the 2½ Story expansion is expected to result in increases in certain operating expenses, as shown on Figure 2-13. The most significant increase is expected on payroll expenses, followed by program expenses. Other expenses are expected to have modest increase as well. Contract and professions fee expenses are expected to remain the same.

At the bottom line, the Theatre expansion is estimated to improve net operating income from break-even to approximately \$787,000 in the expanded Theatre operations, before depreciation.

## PROJECTIONS COMPARISON OF FULL SCOPE, 2½ STORY, AND 1½ STORY OPTIONS

The following tables summarize and compare the event demand amongst options: (A) Full Scope option budgeted at \$26.8 million, (B) 2½ Story option budgeted at \$21.3 million, which is analyzed in the preceding sub-section, and (C) 1½ Story option budgeted at \$14 million.

In summary, compared to the 2½ Story option, the Full Scope option has a slightly smaller Performance Space on the Second Floor but has sufficient space to hold performances on its Rooftop Bar. The 1½ Story option does not have new performance spaces at all. These differences are expected to result in different event distribution across event types, while still aiming to reach a healthy occupancy. The estimated event demand is as follows.

Figure 2-14

Fox Tucson Theatre Estimated Potential New Uses Upon Expansion									
		Existing Facility	Expanded Facility						
			(A) Full Scope		(B) 2½ Story		(C) 1½ Story		
Facility Size (NSF)			Additions	Total Buildout	Additions	Total Buildout	Additions	Total Buildout	
Theater (1,164 seats)		7,996	-	7,996	-	7,996	-	7,996	
Stage		1,986	-	1,986	-	1,986	-	1,986	
Historic Lobby		1st Floor	2,180	-	2,180	-	2,180	-	2,180
Grand Lobby		1st Floor	na	4,365	4,365	3,640	3,640	3,620	3,620
Mezzanine Lounge & Bar		2nd Floor	2,105	-	2,105	-	2,105	-	2,105
New Event/ Performance Space		2nd Floor	na	2,550	2,550	2,825	2,825	-	-
2nd Floor Lobby		2nd Floor	na	760	760	635	635	1,000	1,000
Rooftop Bar		3rd Floor	na	2,680	2,680	1,475	1,475	-	-
Downstair Donor's Lounge		Lower Level	1,308	-	1,308	-	1,308	-	1,308
New Access Lobby		Lower Level	na	300	300	-	-	-	-
Utilization upon Expansion									
			Weekend Days	Weekdays	Weekend Days	Weekdays	Weekend Days	Weekdays	
Existing Theater Performances and Rentals			62	91	62	91	62	91	
New Utilization upon Expansion									
During Non-Performance Days									
Performance Space Fox-presented Events		New Performances	42	52	42	52	0	0	
Roof Top Event Terrace Fox-presented Events		New Performances	0	52	0	0	0	0	
1st Floor: All Spaces		New Rentals	0	20	0	20	8	35	
2nd Floor: All Spaces		New Rentals	0	30	0	30	4	6	
3rd Floor: Rooftop Bar		New Rentals	0	20	0	20	0	0	
Lower Level: All Spaces		New Rentals	0	10	0	15	4	8	
Combined Occupied-Days*			42	131	42	109	11	33	
Total New Rentals			42	184	42	137	16	49	
During Performance Days									
2nd Floor: New Event/ Performance Space		New Rentals	20	35	20	30	2	4	
3rd Floor: Rooftop Bar		New Rentals	20	25	20	25	0	0	
Lower Level: All Spaces		New Rentals	20	20	20	20	10	10	
Combined Occupied-Days*			40	53	40	50	8	9	
Total New Rentals			60	80	60	75	12	14	
Total Occupied Days			104	222	104	200	73	124	
			out of 104	out of 260	out of 104	out of 260	out of 104	out of 260	
Overall Occupancy Rate				90%		83%		54%	
*Some rental events may occur simultaneously on the various floor levels.									
Source: Fox Tucson Theatre, Johnson Consulting									

\*Some rental events may occur simultaneously on the various floor levels.

Source: Fox Tucson Theatre, Johnson Consulting

The following table compares the projected attendance, operating income and expenses for the three options. They use the same set of assumptions, applied to the estimated event demand on each option. On the expense side, adjustments are made to reflect the difference in the size of the expanded facility in the 2½ Story and 1½ Story options.

Figure 2-15

<b>Fox Tucson Theatre Estimated Annual Demand and Financials Upon Expansion</b>				
	<b>FYE 2024 Baseline*</b>	<b>Expanded Total</b>		
		<b>(A) Full Scope</b>	<b>(B) 2½ Story</b>	<b>(C) 1½ Story</b>
<b>Event Demand</b>				
Theatre Performances	153	153	153	153
Performance Space Fox-presented Events	na	94	94	-
Roof Top Event Terrace Fox-presented Events	na	52	-	-
Event Space Rentals	na	220	220	91
<b>Total</b>	<b>153</b>	<b>519</b>	<b>467</b>	<b>244</b>
<b>Total Attendees</b>	<b>90,572</b>	<b>160,804</b>	<b>150,284</b>	<b>108,064</b>
<b>Operating Revenue and Expenses (\$000)</b>				
<b>Revenue</b>				
<b>Earned Revenue</b>				
Ticket Sales	\$3,201	\$4,599	\$4,418	\$3,985
Rental Fees	274	833	740	379
Fees	847	1,217	1,170	1,055
Theatre Event Concessions Food - Expanded	448	813	786	598
Catered F&B Sales (15% Commission)	-	120	98	32
Merchandise	28	37	37	37
Other	3	3	3	3
<b>Subtotal Earned Revenue</b>	<b>\$4,802</b>	<b>\$7,623</b>	<b>\$7,251</b>	<b>\$6,089</b>
Contributed Revenue	\$836	\$1,063	\$1,063	\$836
Special Events, Net	246	246	246	246
<b>Total Revenue</b>	<b>\$5,883</b>	<b>\$8,931</b>	<b>\$8,559</b>	<b>\$7,170</b>
<b>Cost of Goods Sold</b>	<b>\$139</b>	<b>\$252</b>	<b>\$243</b>	<b>\$185</b>
<b>Gross Profit</b>	<b>\$5,745</b>	<b>\$8,680</b>	<b>\$8,316</b>	<b>\$6,985</b>
<b>Expenditures</b>				
Payroll Expenses	\$1,356	\$2,007	\$2,007	\$1,627
Program Expenses	3,029	3,722	3,722	3,624
Occupancy	238	303	303	285
Advertising & Promotion	466	653	653	560
Materials & Supplies	49	67	67	59
Information Technology	144	165	165	158
Office & General Administrative Expenses	227	324	324	273
Contract & Professional Fees	146	146	146	146
Insurance	60	113	113	105
Travel, Conferences & Meetings	20	30	30	29
<b>Total Expenditures</b>	<b>\$5,735</b>	<b>\$7,529</b>	<b>\$7,529</b>	<b>\$6,866</b>
<b>Net from Operations</b>	<b>\$10</b>	<b>\$1,151</b>	<b>\$787</b>	<b>\$119</b>
Depreciation	114	320	320	291
<b>Net Operating Revenue after Depreciation</b>	<b>(\$104)</b>	<b>\$831</b>	<b>\$467</b>	<b>(\$172)</b>

\*Financials for the existing facility are based on FYE 2024 Budget.

Source: Fox Tucson Theatre, Johnson Consulting



As shown, the Full Scope option is expected to eliminate the net operating loss of \$104,000 and result in a net operating income of approximately \$831,000; while the 1½ Story option is expected to result in a net operating loss of approximately \$172,000.

Food and beverage and alcohol sales are quite profitable. The Fox receives 15 percent of all catered food and beverage sales. They can achieve these incremental sales with fixed costs being already borne mostly by the existing facilities and modest building staffing increases. Management realizes that the Fox is no longer just a theater, but will also be one of the most popular and elegant venues in the community.

### SECTION III

#### ECONOMIC & FISCAL IMPACT ANALYSIS

## ECONOMIC AND FISCAL IMPACT ANALYSIS

This report section analyzes total economic and fiscal benefit that is being generated by the expanded Fox Tucson Theatre. There are all kinds of economic, social, economic development, image and social benefits that happen as the result of the presence and operation of the facility. This analysis quantifies the effect of the spending of visitors to this facility, as well as the business operation of the team and facilities, based on historical event demand and attendance and the expected loss of events if the facility is not improved. Additionally, Johnson Consulting's prior development of economic analyses for other performing arts facilities and specific knowledge of the marketplace and State of Arizona contributed into the analysis.

While these are mathematical calculations, which are based on experience seen in numerous other settings, perhaps the most important thing to visualize is what will happen to Tucson as a community. The expansion of Fox Tucson Theatre will allow the facility to keep offering an affordable entertainment activity in the local area as well as spur economic growth via ancillary private sector development. By developing the facility, investments are made that will continue to attract people from outside the region to Tucson, increase the identity of the market by promoting to those visitors, and develop an ever-expanding portfolio of repeat of events. Such a venue will continue to play host to tens of thousands of residents and visitors in the region annually.

### DEFINITIONS

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. For the purpose of this analysis, impact totals are discussed in terms of the City of Tucson economy. The levels of impacts are described as follows:

- **Direct Spending** – is an expression of the spending that occurs as a direct result of the events that occur in the facility. For example, a performance attendee's expenditures on hotel rooms, shopping, and meals are direct spending.
- **Indirect Spending** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the performing arts center. For example, a performance attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect spending.
- **Induced Spending** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the ball game attendee's visit. The amount of the increased income the waiter spends in the local economy is called an induced spending.

- **Increased Earnings** – measures increased employee and worker compensation related to the project being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expressed how the employees of local businesses share in the increased outputs.
- **Employment** – measures the number of jobs supported in the study area related to the spending generated as a result of the game and events occurring in the performing arts center. Employment impact is stated in a number of full-time equivalent jobs.

The impact of renovating the venue will be very positive.

## ECONOMIC IMPACT OF THE EXPANDED FOX TUCSON THEATRE

Economic and fiscal impact analysis is based on the projected event and attendance in a stabilized year of expanded operations in 2½ Story option, as summarized in Figure 3-1 below.

Figure 3-1

Fox Tucson Theatre Projected Use and Attendance (Expanded Operation) - 2½ Story Option					
	# of Shows or Events	# of Patrons or Spectators		# of Other Visitors	
		Average	Total	Average	Total
1 Theatre Performances	153	681	104,158	20	3,060
2 Performance Space Fox-presented Events	94	214	20,116	15	1,410
3 Event Center Rentals	220	118	26,010	5	1,100
4 <b>Total</b>	<b>467</b>		<b>150,284</b>		<b>5,570</b>

**Notes:**

Line 1 - Other visitors in Theatre Performances include visiting artists and performers, production team staff, etc., assumed at 20 persons per event.

Line 2 - Other visitors in Fox-presented events are assumed at 15 per event.

Line 3 - Other visitors in Event Center Rentals are assumed at 5 persons per event.

Source: Johnson Consulting

As shown in the table, in its stabilized year of expanded operations in the 2½ Story option, the facility is projected to accommodate 467 events, generating approximately 150,300 patrons. Additionally, 5,570 other visitors are projected. They include the performers (singers, dancers, musicians), production officials, production staff, et cetera. Combined, these event attendees and other visitors serve as the basis of the impact estimates.

## VISITATION VOLUME

Figure 3-2 show the estimated person-days and room nights generated by the 2½ Story expanded Fox Tucson Theatre event attendees and other visitors.

Figure 3-2

Fox Tucson Theatre Estimated Person-Days and Room Nights - 2½ Story Option						
	# of Person-Days			# of Room Nights		
	Of Patrons	Of Other Visitors*	Total	Of Patrons	Of Other Visitors	Total
1 Theatre Performances	104,158	6,120	110,278	2,604	918	3,522
2 Performance Space Fox-presented Events	20,116	2,820	22,936	503	423	926
3 Event Center Rentals	26,010	2,200	28,210	650	330	980
4 <b>Total</b>	<b>150,284</b>	<b>11,140</b>	<b>161,424</b>	<b>3,757</b>	<b>1,671</b>	<b>5,428</b>
<i>% Overnight Visitors</i>						
5 Theatre Performances	2.5%	15.0%				
6 Event Center Rentals	5.0%	15.0%				

Notes:  
\*Assuming that each visitor stays for an extra day for every performance.  
Line 5 and 6 - Indicating out-of-town visitors who stay overnight in hotels.  
Source: Johnson Consulting

As shown, in the 2½ Story option, the expanded Fox Tucson Theatre is estimated to generate over 161,400 person-days and over 5,400 room nights, annually. This is a significant number of room nights and it will not be entirely accommodated by the hotel supply in Tucson. As a result, the room nights caused by the expanded Fox Tucson Theatre that aren't able to be accommodated in Downtown Tucson will be pressed out into the surrounding market area. In the event and hospitality industry this phenomenon is known as "compression."

#### AVERAGE DAILY SPENDING

These visitors will spend money in the city, which averages \$238.50 daily for overnight visitors, as shown in Figure 3-3. The estimates for meals and incidental expenses are based on per person, conservative per diem rates for Pima County per U.S. General Services Administration for an October 2023-September 2024 period, which can be viewed as an average amount of spending across various hotels, restaurants, retail and other establishments. The assumed for spending on tickets corresponds to the expanded Fox Tucson Theatre pro forma shown in Section 3. Average spending of local or day-trip visitors is assumed at \$59.91 per day.

Figure 3-3

Fox Tucson Theatre Average Daily Spending		
	Overnight Visitors	Local or Day-trip Visitors
1 Lodging	\$132.08	\$0.00
2 Meals and Incidental Expenses	64.00	17.50
3 Tickets	42.41	42.41
4 <b>Total</b>	<b>\$238.50</b>	<b>\$59.91</b>

*Notes:*  
Line 1 and 2 - Based on GSA Per Diem rate for Pima County.  
Source: U.S. General Services Administration, Johnson Consulting

## DIRECT SPENDING

Based on the assumptions shown in Figure 3-2 and Figure 3-3, total direct spending by all visitors are estimated in Figure 3-4.

Figure 3-4

Fox Tucson Theatre						
Estimated Direct Spending from Attendees - 2½ Story Option						
	Calculations					Estimated Amount
<b>Overnight Visitors</b>						
1 On Lodging	\$132.08	x	5,428	room nights	=	\$716,955
2 Meals and Incidental Expenses	\$64.00	x	5,428	person-days	=	347,398
3 On Tickets	\$42.41	x	2,604	ticketed attendees	=	110,444
<b>4 Subtotal Spending from Overnight Visitors</b>						<b>\$1,174,797</b>
<b>Day-Trippers</b>						
5 Meals and Incidental Expenses	\$17.50	x	155,996	person-days	=	\$2,729,925
6 On Tickets	\$42.41	x	101,554	ticketed attendees	=	4,307,318
<b>7 Subtotal Spending from Day-Trippers</b>						<b>\$7,037,243</b>
<b>Rentals</b>						
8 Rental Fees					=	<b>\$740,000</b>
<b>9 Total</b>						<b>= \$8,952,040</b>

Source: Johnson Consulting

As shown in the table, all visitors to the expanded Fox Tucson Theatre are estimated to spend approximately \$8.95 million, annually.

## ON-SITE SPENDING

Specific to the Fox Tucson Theatre patrons, they are also expected to spend money inside the Theatre, during the events and/or pre- or post-performance activities. Figure 3-5 summarizes the on-site spending volume.

Figure 3-5

Fox Tucson Theatre On-Site Taxable Spending - 2½ Story Option	
	Amount
Catered Food and Beverage Sales	\$650,250
Theatre Event Concessions	785,875
Mechandise Sales	36,920
<b>Gross Taxable Revenues</b>	<b>\$1,473,045</b>
<i>Sales Tax at 5.6%</i>	<i>\$82,491</i>
<i>Source: Johnson Consulting</i>	

As shown, on-site spending by the Fox Tucson Theatre attendees is estimated to amount to \$1.5 million, all of which are taxable. Sales tax revenues from that on-site spending is estimated at \$82,491.

## MULTIPLIER RATES AND TOTAL ECONOMIC IMPACT

Figure 3-6 summarizes the multiplier rates utilized to estimate indirect and induced spending, increased earnings, and employment.

Figure 3-6

Fox Tucson Theatre Economic Impact Multipliers		
Impact	Multiplier	Base
Indirect Spending	0.455	of direct spending
Induced Spending	0.341	of direct spending
Increased Earnings	0.586	of direct spending
Increased Employment (FTE)	12.946	per \$1 million of direct spending
<i>Source: Implan, Johnson Consulting</i>		

Based on the calculations and assumptions described thus far, Figure 3-7 summarizes the total estimated economic impacts of the expanded Fox Tucson Theatre in the 2½ Story option.

Figure 3-7

Fox Tucson Theatre Estimated Annual Economic Impact - 2½ Story Option		
	Multiplier*	Impact (\$Millions)
Direct Spending		\$8.95
Additional On-Site Spending		1.47
Subtotal		<b>\$10.43</b>
Indirect Spending	0.455	\$4.74
Induced Spending	0.341	3.55
<b>Total Spending</b>		<b>\$18.72</b>
Increased Earnings	0.586	\$6.11
Employment (FTE Jobs)	12.946	135
<i>*Reflects the impact for each \$1 million of direct spending.</i>		
<i>Source: Johnson Consulting</i>		

As shown in the table above, the 2½ Story expanded Fox Tucson Theatre is estimated to generate \$18.7 million of total spending, \$6.1 million of increased earnings, and support 135 full-time equivalent jobs, annually.

## FISCAL IMPACTS OF THE EXPANDED FOX TUCSON THEATRE

Fiscal impacts are tax revenues that result from the spending and income related to the activities at the facility. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction.

The fiscal impacts are the public sector's return on investment and an incentive to develop and operate the expanded Fox Tucson Theatre. The overall economic impacts, including the fiscal impacts, provide a rationale for public participation in a project such as the Fox Tucson Theatre expansion. Based on the spending estimates, Johnson Consulting projected the fiscal impacts from major categories of tax revenues that are directly affected by a visitor's activity: sales tax (at 8.7 percent) and transient lodging tax (at 12.05 percent plus \$4.00 per room night).

The fiscal impacts represent only a fraction of the overall spending impact to the economy, as they are only the public sector's increase in tax revenue resulting from the overall increased spending in the economy. The expanded Fox Tucson Theatre would increase values of commercial establishments in areas surrounding the new facility and beyond, which result in increased property tax supported by the project.

Figure 3-8 shows the estimated annual fiscal impact of the expanded Fox Tucson Theatre in the 2½ Story option.



Figure 3-8

Fox Tucson Theatre Estimated Annual Fiscal Impact - 2½ Story Option			
	Tax Rate	Taxable Spending (\$Million)	Tax Revenues (\$000)
<b>Sales Tax</b>			
State Sales Tax	5.60%	\$18.7 of total spending	\$1,048
City Sales Tax	2.60%	\$18.7 of total spending	487
Tucson Rio Nuevo Special District	0.50%	\$18.7 of total spending	94
<b>Total Sales Tax</b>	<b>8.70%</b>		<b>\$1,629</b>
<b>Transient Lodging Tax</b>			
	12.05%	\$0.7 of spending on lodging	\$86
	plus \$4.00	per room night	22
<b>Total Transient Lodging Tax</b>			<b>\$108</b>
<b>GRAND TOTAL</b>			<b>\$1,737</b>

*Source: Johnson Consulting*

As shown on the table, in the 2½ Story expansion option, activities at the expanded Fox Tucson Theatre are estimated to generate approximately \$1.7 million in sales tax and hotel operators' occupation tax revenues, annually. As previously mentioned, it includes approximately \$82,491 in State sales tax revenues from direct on-site spending within the expanded Fox Tucson Theatre.

### ONE-TIME IMPACT OF FOX TUCSON THEATRE EXPANSION

In addition to the on-going impacts from the operation of the facilities, the expansion of the Fox Tucson Theatre would create a one-time influx of spending. This construction spending results in a one-time economic and fiscal impact.

Figure 3-9 shows the calculation of the construction impact, showing the calculation from construction costs to the resulted construction jobs as well as economic and fiscal impact. The calculation is based on the \$21,260,000 cost of property, building, planning, technical, and fixtures for the 2½ Story option. Campaign costs are not included.

Figure 3-9

Fox Tucson Theatre Estimated One-Time Construction Impact - 2½ Story Option		
	Multiplier or Tax Rate	Amount
Est. Hard Costs for Theatre Expansion		\$21,260,000
<b>Impact on Construction Jobs</b>		
% of Costs Spent on Labor		40.0%
Labor Costs		\$8,500,000
Average Construction Laborer Salary		\$30,000
<b># of On-Site Construction Jobs</b>		<b>280 ✓</b>
<b>Economic Impact</b>		
% of Costs Spent on Material		60.0%
Material Costs		\$12,760,000
% Spent Locally		80.0%
Direct Construction Spending		\$10,208,000
Indirect Spending	0.455	4,640,000
Induced Spending	0.341	3,480,000
<b>Total Spending</b>		<b>\$18,328,000 ✓</b>
Increased Earnings	0.586	\$5,980,000 ✓
Employment (in FTE Jobs)	12.946	130 ✓
<b>Fiscal Impact</b>		
Sales Tax		
State Sales Tax	5.60%	\$1,026,000
City Sales Tax	2.60%	477,000
Tucson Rio Nuevo Special District	0.50%	92,000
<b>Total Sales Tax</b>	8.20%	<b>\$1,595,000 ✓</b>

Source: Johnson Consulting

Construction jobs are estimated based on the amount spent on construction labor. In absence of an actual construction cost detailed rundown, labor costs are assumed to amount to 40 percent of construction costs, while the remaining 60 percent goes to material costs. In typical construction projects, labor costs typically make up 40 percent to 50 percent of total construction costs; while the remaining 50 percent to 60 percent goes to materials. Applying this ratio to the \$21.26 million construction hard cost amount, labor costs are estimated to amount to \$8.5 million (material costs are estimated to amount to \$12.76 million). As shown in the table, assuming an average construction laborer salary of \$30,000, the construction is estimated to generate 280 construction jobs.

Economic and fiscal impact is estimated based on the amount spent on construction material and construction jobs. Clearly, not all of the construction material is purchased locally. In absence of an actual

construction vendor/ supplier list, which would indicate where each of the material is purchased from, this analysis conservatively assumes that 80 percent of material costs is spent locally, or \$10.2 million. Applying the multipliers to this amount, such spending on material is estimated to generate \$18.3 million of total spending, 6.0 million of increased earnings, and additional 130 full-time jobs in the economy. Tax revenues are estimated to amount to \$1.6 million.

### IMPACT COMPARISON OF FULL SCOPE, 2½ STORY, AND 1½ STORY OPTIONS

The following table summarizes and compares the estimated economic and fiscal impact amongst options: (A) Full Scope option budgeted at \$26.8 million, (B) 2½ Story option budgeted at \$21.3 million, which is analyzed in the preceding sub-section, and (C) 1½ Story option budgeted at \$14 million.

The estimates are developed using the same set of assumptions, applied to the estimated event demand and attendance on each option.

Figure 3-10

Fox Tucson Theatre Estimated Annual Economic and Fiscal Impact (\$Million)				
	FYE 2024 Baseline*	Expanded Total		
		(A) Full Scope	(B) 2½ Story	(C) 1½ Story
<b>Annual Economic Impact (\$M)</b>				
Direct Spending	\$6.93	\$9.54	\$8.95	\$7.28
Additional On-Site Spending	1.85	1.65	1.47	0.85
Subtotal	<b>\$8.78</b>	<b>\$11.19</b>	<b>\$10.43</b>	<b>\$8.13</b>
Indirect Spending	\$3.99	\$5.09	\$4.74	\$3.70
Induced Spending	2.99	3.81	3.55	2.77
<b>Total Spending</b>	<b>\$15.77</b>	<b>\$20.09</b>	<b>\$18.72</b>	<b>\$14.60</b>
Increased Earnings	\$5.14	\$6.55	\$6.11	\$4.76
Employment (FTE Jobs)	114	145	135	105
<b>Annual Fiscal Impact (\$M)</b>				
Sales Tax	\$1.37	\$1.75	\$1.63	\$1.27
Transient Lodging Tax	0.06	0.12	0.11	0.07
<b>Total</b>	<b>\$1.44</b>	<b>\$1.87</b>	<b>\$1.74</b>	<b>\$1.34</b>
<b>One-Time Construction Impact (\$M)</b>				
Estimated Development Costs (\$Million)	na	\$26.83	\$21.26	\$14.00
Construction Jobs (# of Jobs)	na	360	280	190
Total Direct, Indirect, and Induced Spending	na	\$23.13	\$18.33	\$12.06
Increased Earnings	na	\$7.55	\$5.98	\$3.94
Employment (# of Jobs)	na	170	130	90
Fiscal Impact (from Sales Tax)	na	\$2.01	\$1.60	\$1.05

\*Estimated, based on the existing operations.

Source: Fox Tucson Theatre, Johnson Consulting

As shown, the Full Scope option is expected to generate the highest economic and fiscal impact among the three options, followed by the 2½ Story option and the 1½ Story option. These findings correlate with the activity volume in each option.

**APPENDIX A**  
**COMPARISON WITH PRIOR 2022 PROJECTIONS**

## APPENDIX A: COMPARISON WITH PRIOR PROJECTIONS

Figure 1 compares the projected attendance, operating income and expenses for the three options (Full Scope, 2½ Story, and 1½ Story) and the prior projections as presented in November 2022 report.

Figure 1

Fox Tucson Theatre Estimated Annual Demand and Financials Upon Expansion						
	November 2024 Projections				November 2022 Projections	
	FYE 2024 Baseline*	Expanded Total			FYE 2022 Baseline**	Expanded Total
		(A) Full Scope	(B) 2½ Story	(C) 1½ Story		
<b>Event Demand</b>						
Theatre Performances	153	153	153	153	132	132
Performance Space Fox-presented Events	na	94	94	-	na	52
Roof Top Event Terrace Fox-presented Events	na	52	-	-	na	52
Event Space Rentals	na	220	220	91	na	312
<b>Total</b>	<b>153</b>	<b>519</b>	<b>467</b>	<b>244</b>	<b>132</b>	<b>548</b>
<b>Total Attendees</b>	<b>90,572</b>	<b>160,804</b>	<b>150,284</b>	<b>108,064</b>	<b>86,785</b>	<b>164,302</b>
<b>Operating Revenue and Expenses (\$000)</b>						
<b>Revenue</b>						
<b>Earned Revenue</b>						
Ticket Sales	\$3,201	\$4,599	\$4,418	\$3,985	\$2,353	\$3,840
Rental Fees	274	833	740	379	200	1,043
Fees	847	1,217	1,170	1,055	487	487
Theatre Event Concessions Food - Expanded	448	813	786	598	286	390
Catered F&B Sales (15% Commission)	-	120	98	32	0	1,562
Commission of Full-Service Bar	-	-	-	-	0	274
Merchandise	28	37	37	37	23	23
Other	3	3	3	3	4	4
<b>Subtotal Earned Revenue</b>	<b>\$4,802</b>	<b>\$7,623</b>	<b>\$7,251</b>	<b>\$6,089</b>	<b>\$3,353</b>	<b>\$7,623</b>
Contributed Revenue	836	1,063	1,063	836	1,100	1,100
Special Events, Net	246	246	246	246	196	196
<b>Total Revenue</b>	<b>\$5,883</b>	<b>\$8,931</b>	<b>\$8,559</b>	<b>\$7,170</b>	<b>\$4,649</b>	<b>\$8,919</b>
<b>Cost of Goods Sold</b>	<b>139</b>	<b>\$252</b>	<b>\$243</b>	<b>\$185</b>	<b>\$86</b>	<b>\$586</b>
<b>Gross Profit</b>	<b>\$5,745</b>	<b>\$8,680</b>	<b>\$8,316</b>	<b>\$6,985</b>	<b>\$4,563</b>	<b>\$8,334</b>
<b>Expenditures</b>						
Payroll Expenses	\$1,356	\$2,007	\$2,007	\$1,627	\$1,309	\$1,833
Program Expenses	3,029	3,722	3,722	3,624	1,690	2,196
Occupancy	238	303	303	285	296	444
Advertising & Promotion	466	653	653	560	518	725
Materials & Supplies	49	67	67	59	52	65
Information Technology	144	165	165	158	103	144
Office & General Administrative Expenses	227	324	324	273	177	247
Contract & Professional Fees	146	146	146	146	176	176
Insurance	60	113	113	105	44	60
Travel, Conferences & Meetings	20	30	30	29	19	23
<b>Total Expenditures</b>	<b>\$5,735</b>	<b>\$7,529</b>	<b>\$7,529</b>	<b>\$6,866</b>	<b>\$4,383</b>	<b>\$5,913</b>
<b>Net from Operations</b>	<b>\$10</b>	<b>\$1,151</b>	<b>\$787</b>	<b>\$119</b>	<b>\$180</b>	<b>\$2,421</b>
Depreciation	114	320	320	291	105	105
<b>Net Operating Revenue after Depreciation</b>	<b>(\$104)</b>	<b>\$831</b>	<b>\$467</b>	<b>(\$172)</b>	<b>\$75</b>	<b>\$2,316</b>

\*Financials for the existing facility are based on FYE 2024 Budget.

\*\*Financials for the existing facility are based on Adopted 2022 Budget, adjusted to reflect a typical, non-Covid season year.

Source: Fox Tucson Theatre, Johnson Consulting

Figure 2 compares the estimated economic and fiscal impact of the three options (Full Scope, 2½ Story, and 1½ Story) and the prior impact estimates as presented in November 2022 report.

Figure 2

Fox Tucson Theatre Estimated Annual Economic and Fiscal Impact (\$Million)					
	FYE 2024 Baseline*	November 2024 Projections			Nov 2022 Projections
		Expanded Total			Expanded Total
		(A) Full Scope	(B) 2½ Story	(C) 1½ Story	
<b>Annual Economic Impact (\$M)</b>					
Direct Spending	\$6.93	\$9.54	\$8.95	\$7.28	\$8.90
Additional On-Site Spending	1.85	1.65	1.47	0.85	3.55
Subtotal	<b>\$8.78</b>	<b>\$11.19</b>	<b>\$10.43</b>	<b>\$8.13</b>	<b>\$12.45</b>
Indirect Spending	\$3.99	\$5.09	\$4.74	\$3.70	\$5.66
Induced Spending	2.99	3.81	3.55	2.77	4.25
<b>Total Spending</b>	<b>\$15.77</b>	<b>\$20.09</b>	<b>\$18.72</b>	<b>\$14.60</b>	<b>\$22.36</b>
Increased Earnings	\$5.14	\$6.55	\$6.11	\$4.76	\$7.30
Employment (FTE Jobs)	114	145	135	105	161
<b>Annual Fiscal Impact (\$M)</b>					
Sales Tax	\$1.37	\$1.75	\$1.63	\$1.27	\$1.95
Transient Lodging Tax	0.06	0.12	0.11	0.07	0.10
<b>Total</b>	<b>\$1.44</b>	<b>\$1.87</b>	<b>\$1.74</b>	<b>\$1.34</b>	<b>\$2.05</b>
<b>One-Time Construction Impact (\$M)</b>					
Estimated Development Costs (\$Million)	na	\$26.83	\$21.26	\$14.00	\$17.50
Construction Jobs (# of Jobs)	na	360	280	190	350
Total Direct, Indirect, and Induced Spending	na	\$23.13	\$18.33	\$12.06	\$10.06
Increased Earnings	na	\$7.55	\$5.98	\$3.94	\$3.28
Employment (# of Jobs)	na	170	130	90	70
Fiscal Impact (from Sales Tax)	na	\$2.01	\$1.60	\$1.05	\$0.88

\*Estimated, based on the existing operations in FYE 2024.

Source: Fox Tucson Theatre, Johnson Consulting

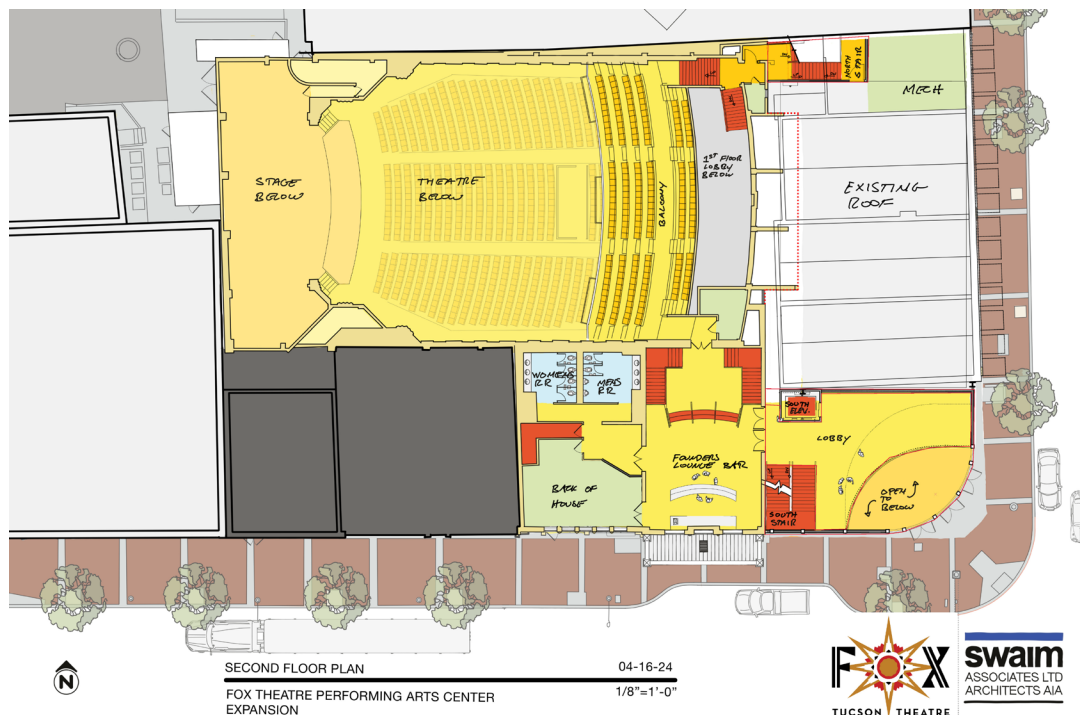
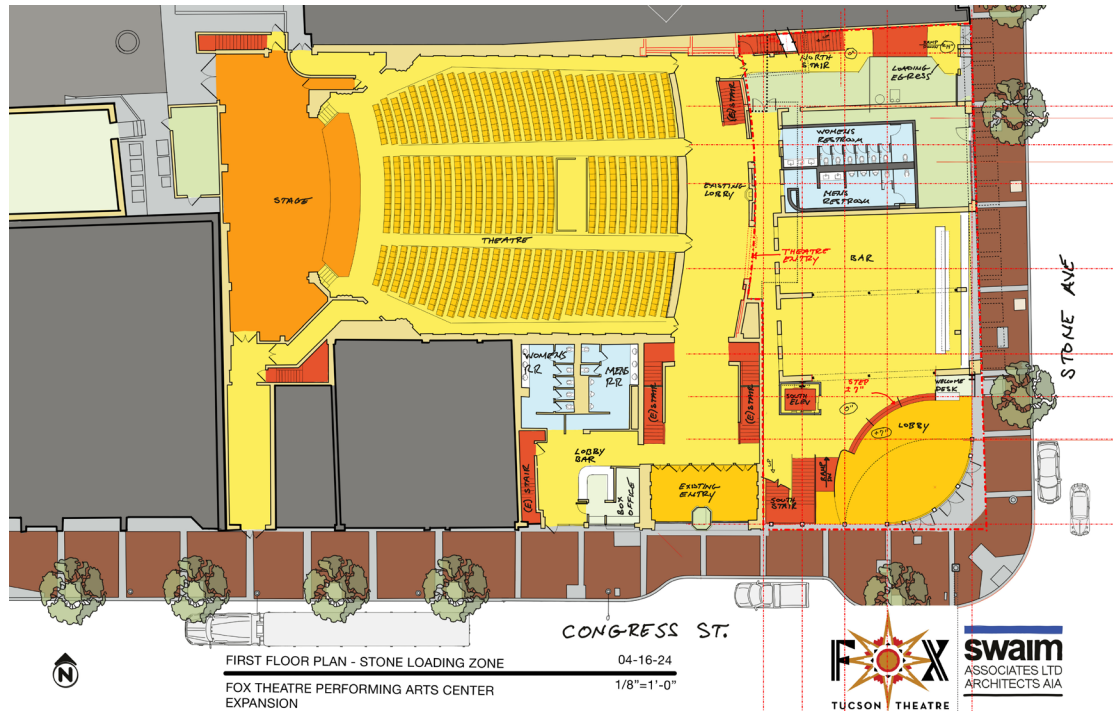
## APPENDIX B

### DEVELOPMENT SCENARIOS

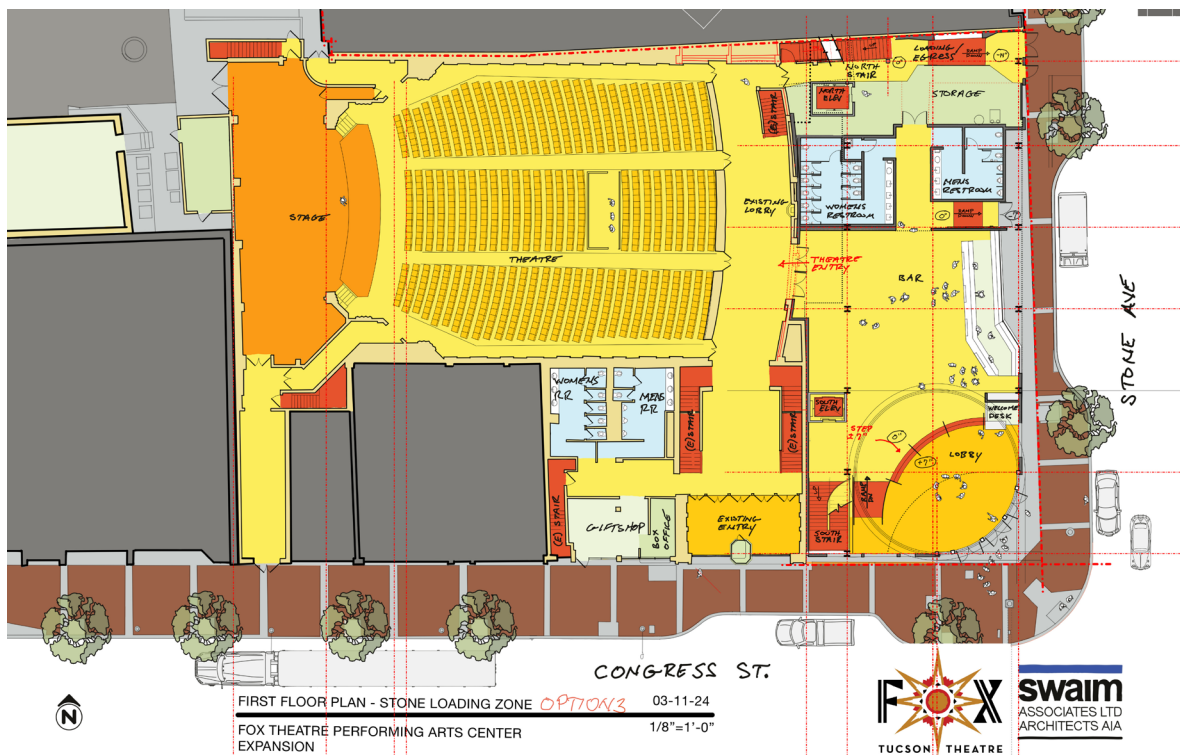
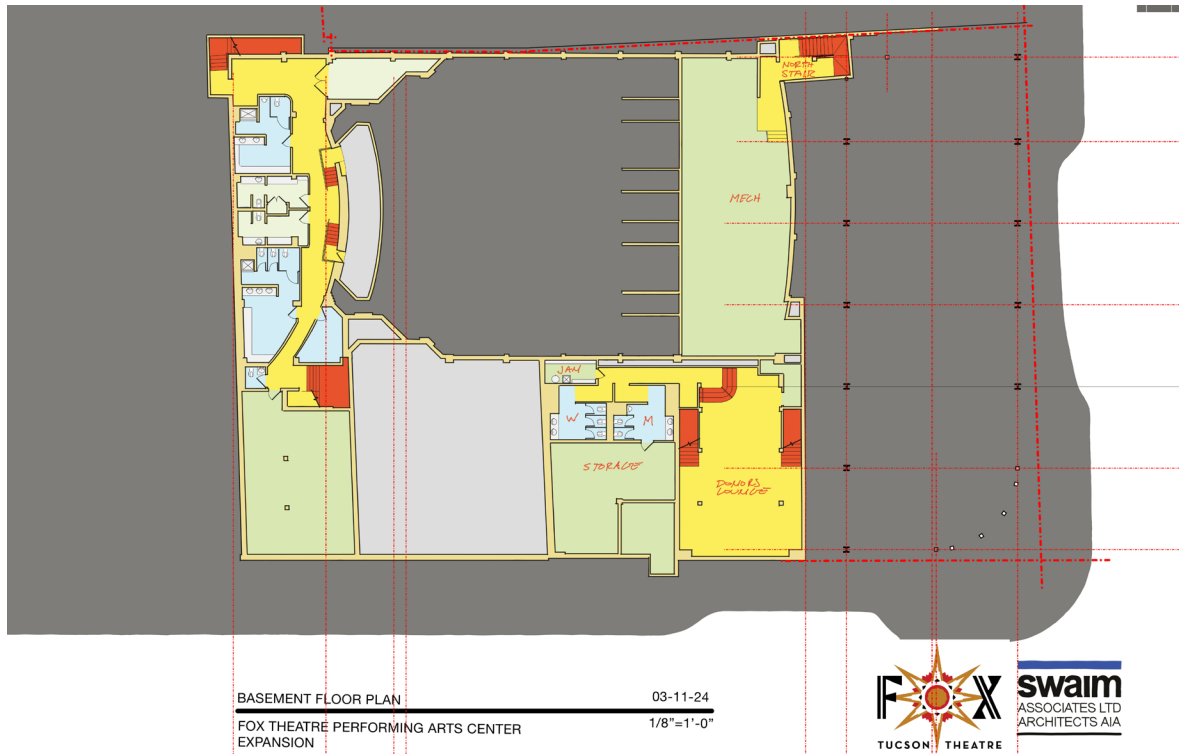


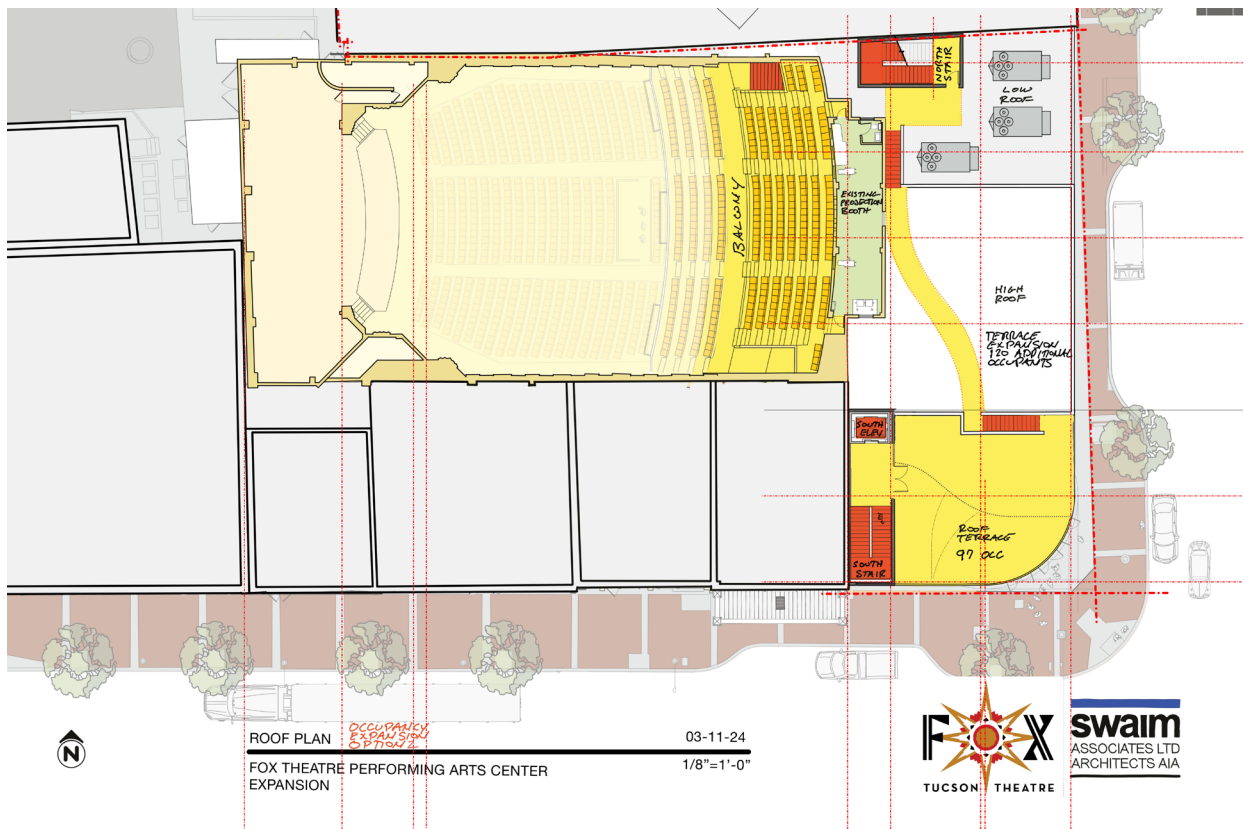
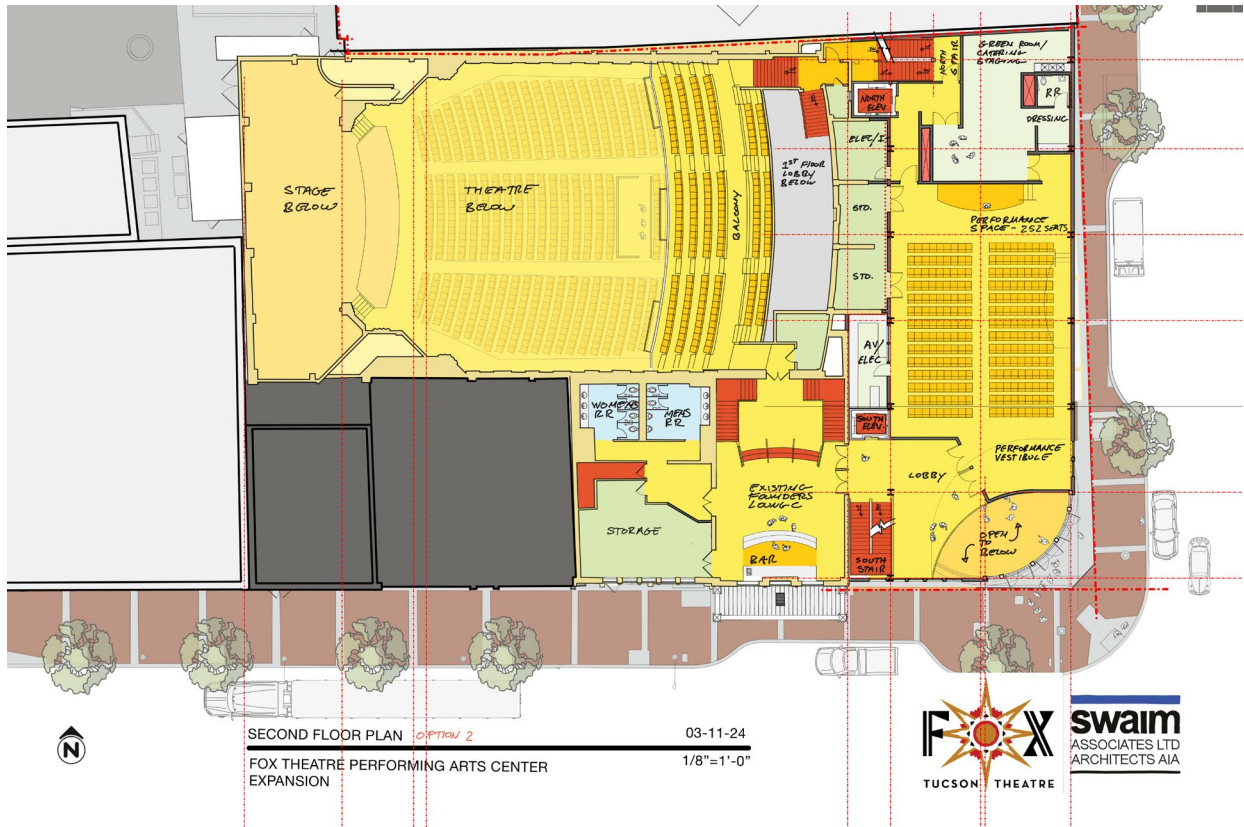
## APPENDIX B: DEVELOPMENT SCENARIOS

## 1½ Story Scenario



## 2½ Story Scenario





Full Scope Scenario

