

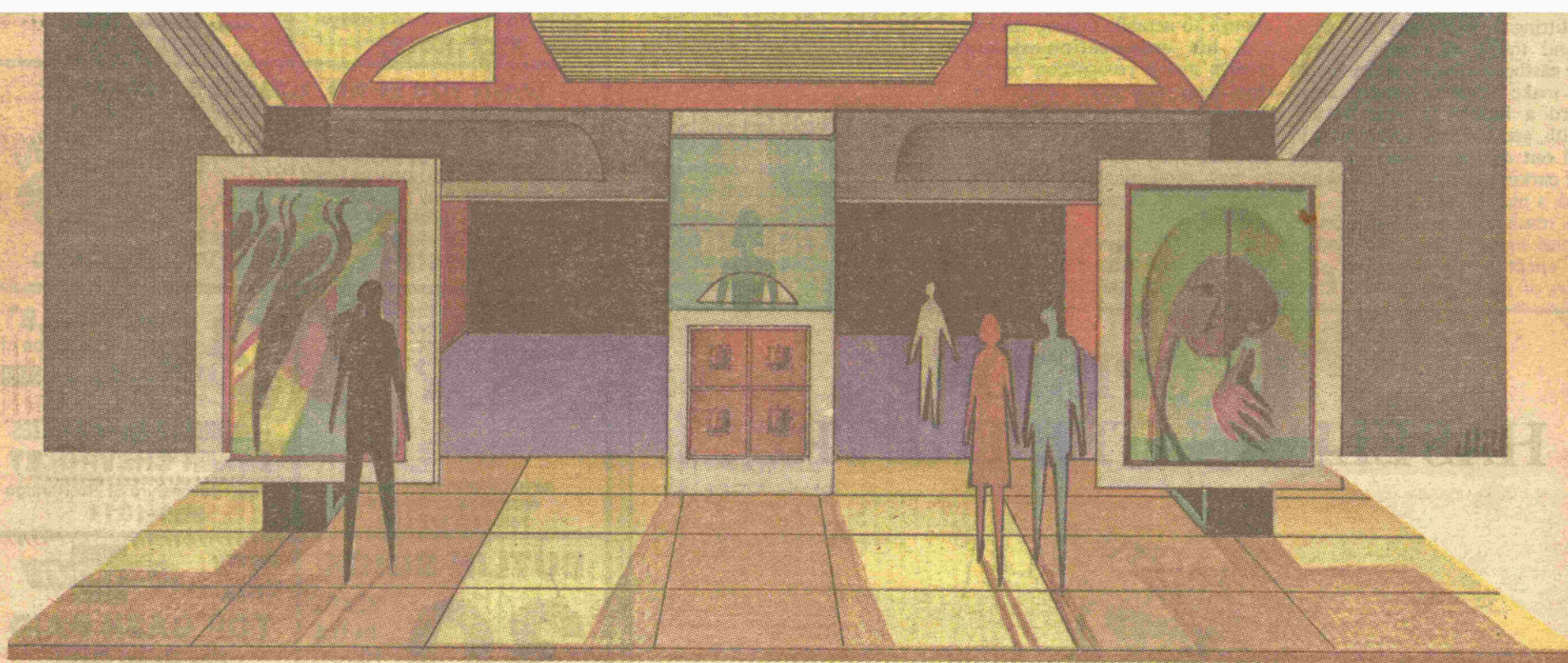
V A L L E Y

BUSINESS

Daily News

**NOW PLAYING
AN L.A. THEATER BOOM**





But money problems could bring down the curtain

By **MARY ANN HUSER**
Daily News Staff Writer

Los Angeles is in the midst of a theater explosion. The question is whether there is enough interest to fill all the seats — and make enough money to survive.

In 1980, 52 shows were running in Equity-waiver houses — small theaters with fewer than 100 seats. Fueled by a seemingly endless stream of new actors, the number of waiver theaters has jumped to 106, according to the latest

count by the California Theater Council.

At the same time, the city has witnessed a boom in construction and renovation of medium-sized and large theaters, including the Los Angeles Theatre Center, the Pasadena Playhouse, the Henry Fonda Theater, The Wilshire and last month the Orange County Performing Arts Center.

Faced with those additional seats — and a fickle audience — some theater managers and owners feel that the city is on the verge of a shakeout that will slash the number of theaters and change the

types of productions offered.

As a result, many are taking a second look at their marketing plans. Others are eyeing new income sources.

The 200-odd theaters in Los Angeles operate under vastly different union rules and financial conditions, which often dictate the types of productions they offer.

At one end are the commercial theaters with seating capacity ranging from 863 at the Fonda to 2,705 at the Pantages. They rely primarily on touring Broadway shows and musicals to fill the cavernous playhouses.

Though Broadway produced a string of hits in the early '80s — “A Chorus Line,” “Annie,” “Evita” and “Cats” — the pipeline has slowed to a trickle. The Shubert and The Wilshire are dark. At the Pantages, sales have been sparse for “Singin’ in the Rain.” The revamped, 60-year-old Fonda has had four shows playing 16 weeks since it opened again in 1984.

At the other end of spectrum are the waiver theaters, which grew out of the

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Emerging small theaters face

U.S. grants dry up in proving ground for new works

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waiver code introduced in Los Angeles in 1972. It exempts theaters with 99 seats or fewer from the pay scales of the Actors' Equity Association, the stage actors union.

While some waiver houses run productions such as one-time vanity shows, larger waiver houses such as the Back Alley, the CAST and the Odyssey have built artistic reputations and substantial followings among theatergoers.

Actors, writers and directors work in waiver theaters as a labor of love. Paid token fees, if anything, they hope to catch the eye of an agent or casting director.

"The economics of a waiver theater are an impossible situation," said Laura Zucker, co-producing director of the Back Alley Theatre in Van Nuys.

The 7-year-old stage earns about 60 percent of its income from ticket sales, higher than the 50 percent national average for non-commercial theaters. Of the 40 percent of its income that is contributed, 17 percent comes from individuals, 8 percent from government grants and the remainder from corporations and foundations.

The Back Alley has been an unusually successful waiver theater. Its budget has doubled every year for four years, reaching \$250,000 in 1985. During the flush years, it was earning 80 percent of its income from ticket sales.

"Every second or third play was a hit," Zucker said. "Whatever profits there were from those shows were plowed back into the theater."

Luck dries up

because then we'd have the equivalent of an off-Broadway theater," she said.

But a number of waiver theaters will not be as lucky. Since financial support through the National Endowment for the Arts was cut sharply by the Reagan administration three years ago, theater managers say only a handful of waiver theaters get grants. Most government grants go to larger non-profit theaters like the Mark Taper Forum and the Center Theatre Group.

"Waiver isn't going to exist as we know it in two years," Zucker said.

Stepping up

One waiver theater that made a successful transition is the Los Angeles Actors Theater

plain there's not enough product to go around," Zucker said. "That's fallacious. They have product problems because no one wants to develop the hits first.

"There won't be any products for the 2,000-seat theaters if there aren't any 350-seat theaters," she said.

Before moving into mid-sized houses, theaters must develop much larger audiences, meaning substantial marketing and advertising expenses. But whether theaters can boost the number of Los Angeles theatergoers is a much-debated question.

In fact, no one seems to know exactly how big the Los Angeles audience is. Estimates range from 2 million to 10 million.

A survey conducted last year by Harrison Price Co. concluded that attendance at live theater in Los Angeles was "already very high, and probably has modest growth potential."

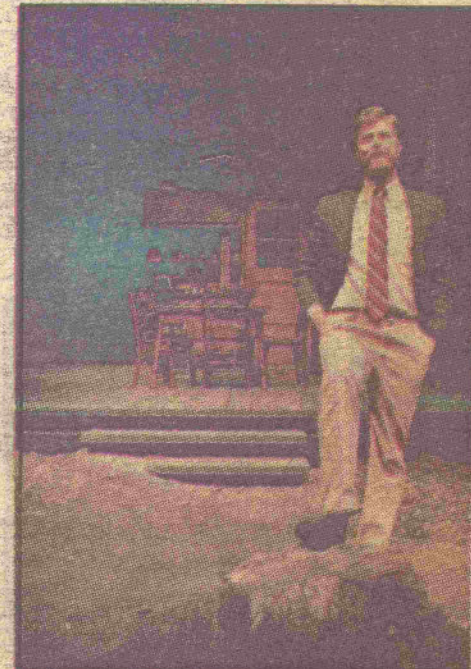
Finding the market

The Los Angeles Theatre Alliance, an association of some 200 theater owners, is developing new ticket marketing programs.

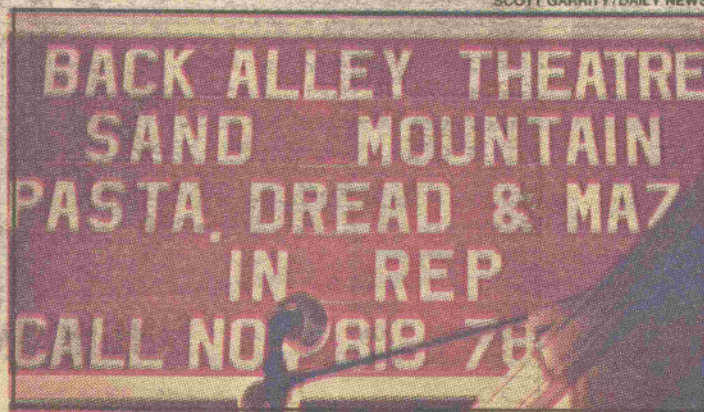
One program, "Dramatix," provides a \$37 coupon book with two-for-one discounts at 37 area theaters. Another plan, which has been seven years on the drawing board, would provide discounted day-of-performance tickets at Ticketron outlets.

Thwarted by vast commuting distances and the lack of a central theater district, Los Angeles is one of the last major cities lacking day-of-performance discount booths.

Unlike many of his counterparts at other theaters, Richard believes that the potential for expanding audiences is limited. "The on-



Stephen Richard, left, is general man



The Back Alley Theatre in Van Nuys has been a successful small playhouse, but this year it is losing money.

— now the Los Angeles Theatre Center. The center, a refurbished bank building at 514 Spring St., houses four theaters seating 296, 393, 503 and 99.

"We felt that in terms of the development of theater, this size theater was lacking."

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SCOTT GARRITY/DAILY NEWS

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"Every second or third play was a hit," Zucker said. "Whatever profits there were from those shows were plowed back into the theater."

Luck dries up

The theater has not been as lucky with its plays this year. "It's the first year we're operating in a deficit situation," she said. "But it's bound to happen sooner or later. I mean we're not producing tennis rackets on an assembly line."

The income of a theater depends on the cost of a particular production and how long it runs.

The Back Alley has produced six plays this year — more than the usual three to five it does in one season — because all but one ran the minimum eight weeks. The exception, "Found a Peanut," ran 16 weeks. Some of the plays run concurrently.

The \$25,000 deficit means Zucker has yet to draw a salary this year. Actors get paid a customary \$50 per eight-week run. After eight weeks, actors split 10 percent of the box office income. After 16 weeks they split 15 percent of the draw.

While box office sales are down from an anticipated 20,000 tickets per year, expenses are rising. Zucker cited insurance premiums, which jumped from \$2,300 to \$12,000 in just one year. The theater is financing the deficit with loans from board members and other supporters.

But Zucker said she was not uncomfortable with the 60-40 ratio of ticket sales to contributions. "Picking plays because they're popular is dangerous. The biggest hits come when you take chances because then you get something different," she said.

"There are a number of theaters like the Back Alley that are ready to make that step to mid-sized theaters. It would be exciting



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— now the Los Angeles Theatre Center. The center, a refurbished bank building at 514 Spring St., houses four theaters seating 296, 393, 503 and 99.

"We felt that in terms of the development of theater, this size theater was lacking," said the center's general manager, Stephen Richard. "The problem was finding the money for the building, and our white knight was the city."

The city's Community Redevelopment Agency underwrote the building renovation with a \$16 million grant and came up with an additional \$1.9 million to meet operating overhead.

The Theatre Center, known for its aggressive telemarketing, plans on \$2.4 million in subscription tickets and \$853,000 in single-ticket sales next year. The remainder of its out-of-pocket expenses will be met with an estimated \$1.2 million in contributions.

Contributions are the key to a mid-sized house's success, Richard said. "The extent to which we can take artistic risks is not the \$3 million in tickets but the \$1.2 million in contributions. It's the leverage by which we do art."

Developing the hits

As shrinking public funds trim the ranks of waiver theaters, theater managers are concerned about the shortage of mid-sized houses for new playwrights and artistic experiments. They also express frustration at the number of large houses being built or renovated, including the 3,000-seat theater at the Orange County Performing Arts Center and the 650-seat theater planned for a new performing arts center in Woodland Hills.

"They keep building 2,000-seat theaters and importing shows and then they com-

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Thwarted by vast commuting distances and the lack of a central theater district, Los Angeles is one of the last major cities lacking day-of-performance discount booths.

Unlike many of his counterparts at other theaters, Richard believes that the potential for expanding audiences is limited. "The only thing left is guerilla tactics," Richard said. "We've pushed the edge of traditional sales techniques."

Its telemarketing campaign has boosted subscription memberships from 1,800 in 1982 to 14,400 last season, and its target is 25,000 this season. Last year the theater spent \$288,000 to bring in \$1.3 million in subscriptions.

Sources of growth

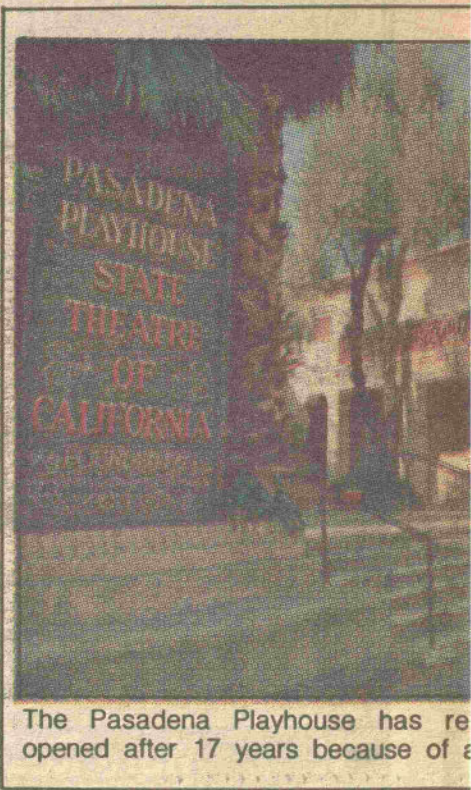
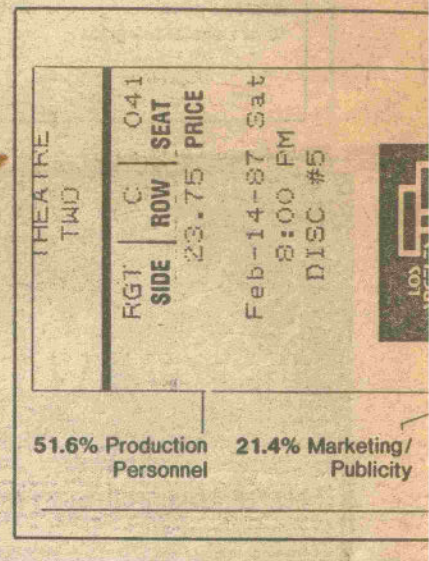
Beyond the Theatre Center's telemarketing program, Richard said, he sees two sources of growth: educational programs and ethnic audiences.

"There are two things we can say with certainty about the theater audience. They are well-educated and they saw plays when they were young. People don't develop artistic habits after maturity," he said.

He also is committed to developing an audience from the emerging non-white middle class, which is one reason the center's premiere season featured an all-black production of Sam Shepard's "Fool for Love."

"Traditional marketing says you find your market and target it," Richard said, "That's a self-fulfilling prophecy."

WHERE THE TICKETS



EMMETT JORDAN/DAILY NEWS

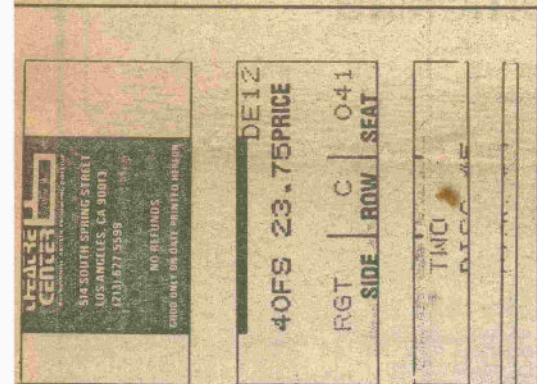
money woes

CECIL YATES/DAILY NEWS



of the Los Angeles Theatre Center, which has stepped up from Equity-waiver.

MONEY GOES

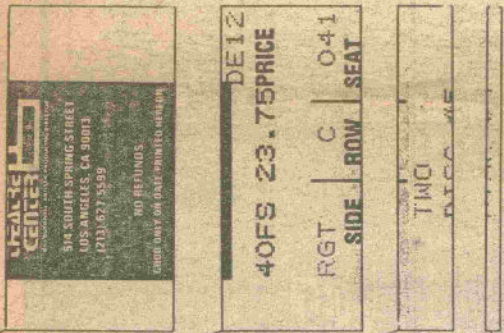


Though expenses vary widely from theater to theater, the breakdown to the left shows how the Los Angeles Theatre Center spends a ticket dollar. Ticket sales, however, account for only \$3.7 million of the center's \$4.9 million in revenue. The rest comes from individual, government and corporate contributions. The center also receives an operating grant of up to \$2 million from the Los Angeles Redevelopment Agency covering the cost of building maintenance and overhead.

- \$2.40 INCOME
- 0.85 Ticket subscriptions
- 0.45 Single ticket sales
- Rental income/concessions



MONEY GOES



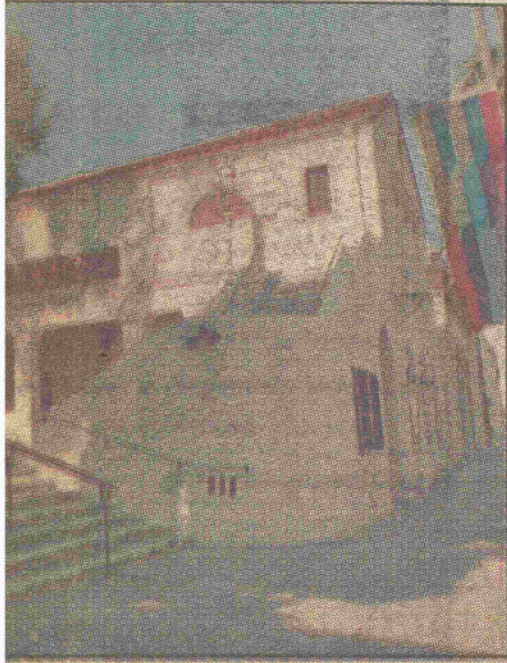
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INCOME	
■ \$2.40	Ticket subscriptions
■ 0.85	Single ticket sales
■ 0.45	Rental income/concessions
<hr/>	
■ \$3.7	Earned income
■ 1.2	Contributions
<hr/>	
■ \$4.9	TOTAL REVENUE



The 2,705-seat Pantages is the largest commercial house in Los Angeles, but the supply of shows for it and other large theaters to stage is growing short.

LORI VALESKO/DAILY NEWS



Deal reopens Pasadena Playhouse

By MARY ANN HUSER
Daily News Staff Writer

After 17 years in the dark, the Pasadena Playhouse reopened earlier this year through an unusual collaboration between the city of Pasadena and real estate developer David Houk.

Houk's interest in the city's cultural crown jewel comes from its potential for a mixed-use development plan. He owns an 85,000-square-foot block adjacent to the Spanish Colonial theater.

"I see theater as one of the few activities where location isn't the prime concern," said Houk, a Pasadena resident. "You can create a location by creating what's on stage. It will draw people to the location."

deal between the city and developer David Houk, who owns adjacent land.

Houk's first proposal was to buy the playhouse for \$1.1 million with no strings attached. But city officials finally struck a deal preserving some control over the historic theater, which has served as a proving ground for some of Hollywood's brightest stars.

As part of the deal, Houk has invested nearly \$4 million in refurbishing the theater and he has guaranteed to make up any operating deficits. The terms also guarantee a minimum of three plays the first year and four to six plays for each of the next five years.

The playhouse is currently presenting "Going Bare" in its 99-seat theater, but its 700-seat auditorium is dark.

Houk plans to build a hotel, restaurant

and office tower in the adjacent block. "Someday we can use those revenues to make up the theater's operating deficit," Houk said, "but to skim the cream off the mixed-use project to pay for the theater" wouldn't be feasible.

"We're planning to get more outlets for the plays we produce in Pasadena and amortize the production costs that way," Houk said.

Houk's first try at tying together theater renovation and real estate development came in 1977 when he purchased the Philharmonic Auditorium on Pershing Square in downtown Los Angeles. But his plans to develop it into a similar mixed-use project were blocked when adjacent building were designated for historic preservation.