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# Saint Mary's business students strive to tackle Rheem Theatre's woes

By Vera Kochan



Photos Vera Kochan



First place \$5,000 winners with Trotter and Kasimatis

It's no secret that the Rheem Theatre has gone through its share of ups and downs in the past 10 years. The Moraga Chamber of Commerce and Saint Mary's College partnered to organize a business competition aimed at focusing on the theatre's financial issues.

Held in the Soda Center at SMC on Nov. 29, the event was a much-anticipated experiment in economic problem solving, with five teams of students tasked to resuscitate a beloved landmark in their own backyard.

The competition, which was compared to TV's "Shark Tank," was part of SMC professor Marco Aponte-Moreno's Business Ad-

ministration Strategy Class. The ultimate goal was to develop a 10-year business plan to maximize Rheem Theatre's potential as a community entertainment and event center.

Rheem Theatre, built in 1957, originally as a 1,000-seat, one screen venue, underwent a renovation in the 1990s and was split into two levels. Trying to keep up with multiplex cinemas, it expanded to four screens: one downstairs and three smaller screens upstairs.

In 2008, while the country suffered through a recession, the Rheem Theatre's troubles were just beginning. Current owner Mahesh Puri announced the sale of the the-

atre, looking to invest in a "more stable commercial venture." The property failed to get a buyer.

Puri unsuccessfully tried to sell the property again in 2014, attempting to avoid a new historic preservation law that he felt would reduce its value.

In February 2015, the Town of Moraga adopted the historic preservation law allowing the town to determine its historic landmarks and give guidelines to owners of those properties, while granting tax breaks and incentives.

By May 2015, Puri increased the theatre's monthly rent from \$5,000 to \$8,000 making it impossible for the theatre operators,

Derek Zemrak and Leonard Pirkle, to continue business, having just invested \$250,000 on new seats and digital projectors.

One month later, Puri agreed to a 60-day delay in rent increase to allow the establishment of the Moraga Community Foundation, expecting the organization to defray the operating expenses. A few months later the Moraga Community Foundation was formed, and by December, Puri and the operators reached a one-year agreement that would allow more time to find a long-term solution while the MCF obtained a nonprofit status from the IRS.

During 2016 and 2017, discus-

sions regarding the theatre's fate were never reached. The MCF continued its fundraising efforts while the theatre operated on a month-to-month lease. By the end of 2017, with low attendance and high operating costs to blame, Rheem Theatre admitted defeat.

It wasn't until the theatre's closing in January 2018, that the ball began to roll in its favor. In March, the Moraga town council approved a Memorandum of Understanding following negotiations between MCF and Puri, transferring theatre ownership to the foundation for \$150,000.

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