
Due Consideration: The ASMSU Procrastinator Theatre

Cost & value. Digital projection. Pressing questions about the future.

29 November 2007

ABSTRACT	3
PART I – COSTS AND BENEFITS	5
PROCRASTINATOR THEATRE COSTS.....	5
COSTS AND BENEFITS	6
PART II – DIGITAL CINEMA	6
DIGITAL CINEMA – SOME BACKGROUND.....	6
STATE OF THE PROCRASTINATOR.....	8
DIGITAL CINEMA	8
IN THE ABSTRACT: DIGITAL AND THE PROCRASTINATOR.....	9
IN THE CONCRETE: DIGITAL AND THE PROCRASTINATOR.....	10
THE “NON-THEATRICAL” THEATER DESIGNATION.....	10
THE NON-THEATRICAL, DIGITAL CATCH 22.....	11
THE SWANK DIGITAL PLAYER	12
IS THERE A (DIGITAL) FUTURE FOR NON-THEATRICAL VENUES?.....	12
PART III – SWITCHING OVER	13
OPTIONS FOR THE NEW PROCRASTINATOR	14
<i>Show Swank Digital Movies</i>	14
<i>Wait It Out</i>	15
<i>Install a 35mm Projector in the SUB</i>	16
<i>Mixed Use – SUB and Linfield</i>	17
CLOSING WORDS	17



This document is the result of research collected during
November 2007 by Mark Egge, ASMSU Films Chair.

This document is intended to provide the necessary background
for discussion and decision making at a meeting, to be held on
Friday, 30 Nov, 2007 in SUB 273 at 4:00 pm.

Abstract

This paper presents background information only. It does not contain “the solution”—but hopefully contains enough information to work toward that end. It addresses two issues. First, the Procrastinator Theatre is expensive to operate and generates only a certain amount of benefit or value for the students who pay for its operation. By any reasonable metric, the current cost of operating the Procrastinator exceeds its benefit to the student body. Over the last ten years, the cost of operating the theater has remained relatively constant, while the quantity and quality of its services has declined.

At present, the issue of cost vs. benefit is non-actionable. Rather, it informs the second, and more pressing issue: in its new SUB location, the Procrastinator Theatre’s will be reduced to showing DVDs or a comparable consumer technology—creating a theater experience that will be both visually and otherwise qualitatively inferior to the current Procrastinator Theatre or either of Bozeman’s commercial theaters..

According to current plans, the SUB Procrastinator Theater will rely on digital projection. Although Digital Cinema has been standardized and is being widely adopted in first-run theaters across the United States, this technology is not available to the Procrastinator Theatre. Digital Cinema equipment is prohibitively expensive—costing upwards of \$100,000 per screen to install. Even if able to purchase the equipment, however, the Procrastinator *still* could not show digital prints, due to the structure of the movie distribution industry.

The Procrastinator Theatre is designated as a "non-theatrical" theater by virtue of being funded by university dollars and being located on a college campus. Most major studios are unwilling to deal directly with non-theatrical venues owing to their limited profitability and high volatility (especially in terms of personnel changes). Instead, non-theatrical venues must book movies through one of two non-theatrical booking agents, which act as go-betweens between non-theatrical venues and the major Hollywood distributors.

At present (and for the foreseeable future), neither non-theatrical booking agent is able to distribute digital prints. The Procrastinator, then, is caught in an awkward position: it is unable to get digital prints from the distributors directly, who are unwilling to do business with non-theatrical venues, *or* from the existing booking agents, who are not set up to be able to handle digital prints. In short: the Procrastinator will not be able to book digital prints for the SUB Procrastinator Theatre.

Without a 35mm projector, and without access to digital prints, the SUB Procrastinator Theater will be limited to showing DVDs or similar mediums. Given the already marginal state of the Procrastinator, this would likely condemn the SUB Procrastinator Theatre to an expensive obscurity, followed by disuse. Without immediate, decisive action, this *will* be the fate of the Procrastinator Theatre. With decisive action, however, there is every hope of a successful, fun, and wholly worthwhile student-run movie theater at Montana State University.

Part I – Costs and benefits

Procrastinator Theatre Costs

A snapshot of the operations costs of the Procrastinator Theatre over the last ten years is included in Table 1, below:

*Table 1 - Budgets & Shows***

	Total Expenditures	Total Revenues	ASMSU Appropriation	Yearly Shows
2007	\$47,673	\$12,300	\$35,373	162
2006	\$36,932	\$7,250	\$42,602	104
2005	\$67,950	\$25,000	\$42,950	208
2004	\$68,943	\$25,000	\$43,943	208
2003	\$73,920	\$25,000	\$48,920	208
2002	\$85,473	\$27,000	\$58,473	312
2000	\$90,243	\$27,000	\$63,243	312
1999	\$88,795	\$29,000	\$59,795	312
1998	\$82,311	\$32,000	\$50,311	320
1997	\$82,311	\$32,000	\$50,311	320

(** These numbers are the *budgeted* revenues, expenses and yearly shows. Data on *actual* revenues and expenses is not available.)

Since the primary operation of the Procrastinator Theatre is showing second-run movies for students at “a low, low cost”, one can easily create a reasonable estimate of the “benefit” of the Procrastinator, based on the relative prices of similar services available in the community.

Just comparing ticket prices would be an incomplete analysis. The Procrastinator Theatre has the decided benefit of being located *on campus*—making it very accessible to students living in the dorms (the Procrastinator’s “primary demographic”). The nearest commercial theatre, however—Campus Square 8—is located a mere four blocks from the Procrastinator, directly across from the Brick Breeden Fieldhouse.

Additionally, the movie quality and experience at the Procrastinator is qualitatively different. Relative to Campus Square 8, the screen at the Procrastinator is smaller, the projection equipment is older, the sound equipment is analog (rather than digital), and the movie prints, being 6-10 weeks old and used during the movie’s “first run” tend to be scratchy or dirty. Moreover, the movies shown at the Procrastinator are 6 to 10 weeks old, relative to their theatrical release.

Neither the location nor the quality of the movie experience can be easily quantified. It can be reasonably assumed, however, that, holding prices constant, the relatively more convenient location for students living on campus is offset by the relatively inferior quality and age of the movies shown at the Procrastinator. This assumption allows us to quantify the value of the benefit of the Procrastinator simply in terms of ticket prices.

Student with a valid college ID pay \$5.25 for a ticket at Campus Square 8. Students pay an average of \$1.50 per ticket for admission to the Procrastinator. This difference in price constitutes the “value” or benefit conferred to students by the Procrastinator Theatre—each ticket sold confers an average of \$3.75 in benefit.

Attendance numbers for previous years are not available. Based on a reasonable projection of attendance for the 2007-2008 academic year, the Procrastinator will sell 5,000 tickets. This totals to \$18,750 of benefit, relative to the cost of seeing the movie at a first-run theater.

Assuming that the Procrastinator makes its revenue line of \$13,000 for the year, the total “cost” to students of operating the Procrastinator will be \$35,000.

Costs and Benefits

ASMSU receives \$940,000 annually in student activity fees; our charge is to bless and multiply these fees, and return them to the students in the form of value above and beyond the money they put in. It is the value added and returned to students *alone* that justifies our stewardship of the students’ money.

By any reasonable estimate, the current cost of running the Procrastinator Theatre is greater than the current benefit it confers to the students. If the cost of a program exceeds its benefit, the program is not an efficient use of student dollars.

The intent of this analysis is not to suggest that the Procrastinator Theatre should be closed—only to ensure that we are mindful of our position as stewards and the costs and benefits of the Procrastinator’s operation. Moving to the SUB presents a fantastic opportunity to breathe life back in to the Procrastinator—or, done without passion and careful consideration—to see its last life drained.

Part II – Digital Cinema

Digital Cinema – Some Background

When the Student Union Renovation Project began, a brand-new, 200-seat Procrastinator Theatre in the Student Union Building (SUB) was one of the key selling points in convincing students to tax themselves \$60 per semester for the next fifteen years to update their Student Union Building, H&PE Complex, and to build a new Black Box Theatre.

The SUB Procrastinator Theatre, as originally conceived, would have a large ticketing and concessions area, tiered seating for 191 people, a spacious projection booth that would house a new 35mm projector, and a beautiful 34' screen.

Owing to the vagaries of the construction industry, by the time the renovation project began in 2006 costs had increased significantly. Funds for the SUB Renovation had been reallocated to the H&PE Complex and Black Box projects—and all the while upgrades to the SUB were juggled, scrutinized, trimmed and slimmed down to keep the project within its budget.

At one point, the Procrastinator Theatre was removed from the SUB Renovation plan entirely. In response to student outcry and action by ASMSU leadership, the Procrastinator was restored as an unassailable part of the renovated SUB. Around the same time, however, the theater's concessions stand and projection booth were removed from the blueprints. This change coincided with two significant decisions.

The first decision was *not* to sell concessions. This decision has been variously attributed—to the then-Films-Chair, who was uninterested in selling concessions—or to downward pressure from University Food Service. In any case, the new Procrastinator Theatre will not have room or facilities for concessions sales. Movie-goers wanting candy or soda will purchase these from the nearby Avogadro's Grab-'N-Go.

The second was to convert to a digital projection system. The new Procrastinator Theatre will *not* have a projection booth or space for a 35mm projector. The new projector will be ceiling-mounted from and, ideally, display content generated by a server/player in the ticket booth. The area originally occupied by the projection booth was replaced with additional seating.

This decision was made in 2004, on the assumption that digital projection technology would be accessible and affordable by the time the construction of the SUB Procrastinator Theatre was complete. Since then, significant advances in digital projection have been made. In 2005, a standard for digital projection was ratified by the Digital Cinema Initiative (DCI) group known simply as “2K”—so-called for its 2,000 horizontal lines of resolution. Following the DCI standard's ratification, commercial theaters began converting to DCI “2K” compatible digital projection. Today, four thousand of America's approximately 36,000 indoor screens have been converted to digital projection.

The DCI “2K” specification is thorough and exhaustive. It includes requirements for the “digital print” itself (delivered via satellite download, or on a hard drive), the server system that will play the digital print, the delivery methods for the “key” that allows a film to be played, specifications for the digital projector (resolution,

processing options, brightness), and a host of requirements in terms of the security and copy-protections that will prevent the digital print from being shown without authorization or being pirated.

State of the Procrastinator

An academic semester is fourteen weeks long, plus finals week. The Procrastinator currently shows one movie per weekend, on Thursday, Friday and Saturday nights. Movies cost an average flat rate of \$1,050, each, to rent (including shipping costs), regardless of how many times the movie is shown or how many people attend.

Demand for the Procrastinator Theatre's services has declined over the last decade—a trend shared by most second-run theaters and likely to continue in the years to come. This trend is partially attributable to several factors:

- Decreasing “DVD Window”. The “DVD Window” refers to the amount of time between a movie's theatrical release and its release on DVD. Since 1985, home video sales have increased from 2.5% to over 20% of the movie industry revenues. At the same time, the industry average time between a movie's theatrical release and its release on DVD (called the “DVD Window”) has reduced from 22 weeks in 2000 to 17 weeks in 2006. Various industry organizations have worked toward maintaining the DVD Window, but only with moderate success. For example, the movie *Transformers* released on DVD the very same day it became available to the Procrastinator (and second-run theaters, in general). Despite showing *Transformers* the day after its release to the Procrastinator, the DVD was already available.
- Better home-theatre set-ups. In the early 90's, a typical “home theater” might be a 28” television connected to a VCR with integrated sound or a 2-channel amplifier. Today, a “typical” setup might include a 60” wide-screen HDTV, a BluRay DVD player, and a 5.1 digital surround sound system.
- Increasing levels of disposable income among teens and college students has decreased demand for second-run movies, relative to first run movies.

As the quality of home-theater systems improves, the impetus to drive in to the local-second run theater to see a movie that may already be available on DVD wanes. The second-run theater industry as a whole is in decline.

Digital Cinema

The future of cinema is digital. George Lucas' *Star Wars Episode II: The Attack of the Clones* was the first movie to be shot entirely with digital cameras. No celluloid was used. *Chicken Run*, released in 2000, was the first movie to be distributed in a digital format.

Since then, (in 2005) the DCI “2K” standard has been ratified, creating a unified standard for distribution and exhibition of Digital Prints. America's largest movie theater chains have begun the conversion to digital

projection. The Carmike Campus Square 8 Theater in Bozeman converted to digital projection over a year ago. In October, Carmike signed a contract with AccessIT to convert another 2,100 of its screens to digital projection.

When projected, “2K” digital prints are comparable in quality to a 35mm print. Some purists prefer the “aesthetic” of celluloid films, which tend to be “softer” and have more “lush” colors, relative to the sharper, steady image of a digital print. Most Campus Square 8 patrons, however, are oblivious to the fact that they are watching a digital print.

Thirty-five millimeter prints cost approximately \$1,000 each to create. A wide-release movie like Transformers may open on as many as 3,000 screens simultaneously. Physically creating prints adds an average of \$1 million dollars to the cost of production of any movie. Digital distribution could reduce this price to \$200 or less per “print”. Most of this savings will be absorbed by production companies. Theaters will enjoy savings on shipping costs, however—paying \$40 or less per digital print, relative to \$150 for the two-way shipping of a 35mm print.

In the abstract: Digital and The Procrastinator

For The Procrastinator theatre, as a second-run theater, Digital Cinema would have advantages and disadvantages.

Digital Projection Pros

- Quality. The quality of a 35mm print deteriorates with time. The print gets scratched and damaged with every run through a projector. By the time a second-run theater receives a print, the quality can be poor—in terms of being scratched otherwise damaged. A digital print, however, will be as crisp and sharp after being played 1,000 times as the first time. A second-run theatre showing digital prints will be showing a movie equal in visual quality to the first-run theatre presentation.
- Shipping and handling costs. Digital delivery will radically reduce or eliminate costs shipping costs and labor costs associated with building and breaking 35mm films.

Digital Projection Cons

- Expensive equipment. Converting to digital projection costs between \$75,000 and \$120,000 per screen. Many first-run theaters are converting to digital projection through one of two third-party integration companies such as AccessIT. These third-party integrators absorb most of the up-front capital costs of integration (Carmike is paying \$800 per converted screen for each of its 2,100 screens contracted to be converted by AccessIT) in return for a “digital print fee” on each digital print shown and long-term maintenance contracts. Carmike, for example, will pay AccessIT \$25 for each digital print it shows, and \$2,250 per year per screen for maintenance.
 - The Procrastinator, as an independent, second-run theater does not have access integration programs. Converting to Digital Cinema would require paying the entire cost of Digital Cinema equipment from its own funds. A DLP Digital Cinema “2K” certified projector will cost at least \$65,000. A server/player adds an additional cost of up to \$20,000.

- Limited availability of digital prints. Only new-releases will be available in a digital print format. “Classics” (such as *The Rocky Horror Picture Show*) will likely never be converted from 35mm to a Digital Print format. Accordingly, the new Procrastinator Theatre will only be able to show new releases—classics could not be shown in the SUB theater, unless on DVD.

In the Concrete: Digital and The Procrastinator

There is currently \$30,000 set aside in the SUB Renovation Fund for the new theater’s sound and projection system.

The average cost of installing a new Digital Cinema screen is \$100,000—compared to \$35,000 for a brand new 35mm set up. Most of this cost is in the projector and server/player: a baseline “2K” compatible projector (using DLP Digital Cinema technology) costs \$65,000. Digital server/players cost \$10,000 to \$20,000.

Currently, digital prints are only available directly from the original distributor. Most distributors will not deal directly with non-theatrical venues, including the Procrastinator Theatre. Regardless of equipment costs, however, the Procrastinator would be unable to book digital prints.

The “Non-Theatrical” Theater Designation

By virtue of being located on a college campus and being associated with the University, the Procrastinator Theatre is necessarily a non-theatrical venue. Unlike a commercial movie theater, a non-theatrical venue is intended to serve a specific community. Furthermore, a non-theatrical theatre should *not* affect the likelihood of anyone outside the specific community of seeing the movie in the commercial theaters. Because governmental agencies and institutions are prohibited from competing with private enterprise, any theater associated with a state university is designated as non-theatrical. As part of a land-grant state university, The Procrastinator Theatre can only operate so long as it does not compete with local businesses.

Being a non-theatrical theater has several important implications.

1. Film rental costs. A non-theatrical venue does not pay any percentage of its box office receipts to the booker or distributor. Instead, the non-theatrical venue pays a hefty “up-front” cost—typically \$800 to \$1,100 to rent a film for a weekend. A commercial second-run theater may pay \$200-\$300 to rent a movie for a two-week run, and typically pays 35% of box office receipts to the distributor. The Procrastinator shows one movie per weekend (for \$925) and averages a \$300 box office receipt take each. A similar commercial theater would pay $\$250 + \$105 (\$300 \times 35\%) = \355 , rather than \$925.
2. Advertising. A non-theatrical theater is designed to serve only a specific community. In the case of The Procrastinator, this community is the student population at MSU. Accordingly, The Procrastinator may *not* advertise outside of the MSU campus. Posters on campus and ads in The Exponent are acceptable.

Posters downtown or ads in The Bozeman Chronicle are not. Any form of advertisement that reaches a broader, public audience is generally prohibited.

3. Availability date. A commercial second-run theater (sometimes called a sub-run theater) can typically book a print as soon as that movie leaves the local commercial theaters. Non-theatrical venues, however, can not book a print until an arbitrary non-theatrical release date, set by the distributor (typically 8-14 weeks after a movie's commercial release).

Additionally, whereas commercial second-run theaters book their prints directly from the distributor, non-theatrical venues must go through a third-party booking agent. Most distribution majors simply refuse to do business with non-theatricals—not because of any law or regulation, but only because most non-theatricals do not generate sufficient revenue to make them worth doing business with, from an industry perspective. Non-theatrical box office receipts are low, personnel changes are frequent, and tend generally to be less consistent or reliable than established commercial theaters.

Nevertheless, there are a significant number of non-theatrical venues that want to show movies. Two companies have emerged to fill this gap: Swank Motion Pictures and Criterion USA. Swank handles non-theatrical booking Warner Bros, Universal, Sony and Paramount; Criterion, distribution for Fox product, including Fox Searchlight pictures. Called “non-theatrical booking agents”, these two companies act as middle-men between non-theatrical venues wishing to book prints and the major distributors.

When a non-theatrical wants to book a 35mm print, it contacts Swank or Criterion (depending on the print's distributor) with a booking request. We'll use Swank for this example. Swank, in turn, submits a request to the title's distributor. Assuming the request is approved (and they generally are), the distributor arranges for the print to be shipped to the non-theatrical venue from the nearest shipping depot. After the rental, Swank arranges for the 35mm print to be picked up and returned to the regional depot. Swank bills the non-theatrical venue for the booking, and then pays the distributor some portion of that fee (usually ~50%).

The Non-Theatrical, Digital Catch 22

As a non-theatrical theater, we are barred from direct access to the distribution majors. The Procrastinator must book its movie prints through Swank or Criterion. At the time of writing, *neither booker is currently able to handle or book digital prints*. Nor is it likely that either will in the foreseeable future, due to the complexity and restrictions involved with delivering the digital prints and authorization “key” that unlocks the encrypted digital print data.

Procrastinator Theatre can not get digital prints. **We can't get digital prints from the distributors, and we can't get digital prints from the non-theatrical bookers.** If the SUB Procrastinator Theater is digital only, we will not be able to get prints that can be shown in the SUB Procrastinator Theatre.

As planned, the only projection system in the SUB Procrastinator Theater will be a mid-grade digital projector. This digital projector can only play digital content (from a DVD player, for example), but will *not* be compatible with DCI “2K” digital prints.

The Swank Digital Player

Keeping with the times, Swank is finalizing a program that will allow non-theatrical venues to show “digital movies” through a proprietary Swank server/player. Non-theatrical venues can rent Swank’s server/player for \$2,000 per year, which includes a service and maintenance contract on the server but not the projector.

Using the Swank server/player, the SUB Procrastinator Theatre would not need a DCI “2K” compatible projector and could buy a less expensive alternative.

Unfortunately, the digital movies provided by Swank are nothing like DCI “2K” digital prints. The Swank video is encoded using lossy compression at a resolution of 720 x 480 pixels in a 4:3 aspect ratio. The quality of this is comparable to a “normal” DVD, except in a square (non-theatrical) aspect ratio and two channel audio—substantially inferior to the 5.1 channel Dolby Digital audio on most DVDs. The Swank format—both audio and video—is significantly inferior to both BluRay and HD-DVD formats. In short: the Swank digital format is inferior, in terms of audio and video quality, to previous-generation consumer technology, and vastly inferior to the 35mm prints currently shown in the Linfield Procrastinator Theatre.

Furthermore, the Swank server would only play movies distributed by Swank, in Swank’s proprietary (DRM WMV) format. This would preclude showing any movie at the new Procrastinator that is not booked by Swank, or readily available on DVD.

Is there a (digital) future for non-theatrical venues?

The current structure of the movie distribution industry works well with non-theatrical venues. The 35mm print has been the standard for over 40 years, and is affordable and reliable. After a wide release (1,000 – 3,000 simultaneous screens), there is a surplus of 35mm prints that become available to second-run and non-theatrical theaters.

Second-run theaters, however, are not a significant source of revenue for the movie industry. They capture the least profitable portion of the movie market, and only return a small portion (typically 35%) of box office receipts

to the distributor (compared to 70-95% for first-run theaters). Non-theatrical venues typically generate even less income than their second-run counterparts.

Most second-run theaters book their movies directly with the distributors. Non-theatrical theaters rely on their booking agent (Swank or Criterion) to arrange for the film rental and shipment from the distributor's warehouse to the non-theatrical venue. A non-theatrical venue pays a higher flat rate for a booking, relative to a commercial second-run theater, but keeps all revenue from box office sales. The booking agent handles all aspects of billing.

The digital equivalent of this would be for the non-theatrical booker to facilitate the transfer of digital prints from distributor servers and to control the authorization keys that allow the print to be shown on digital projectors.

Even if the major distributors were willing to let third-party booking agents control digital authorization "keys", the capital investment required of both the booking agent (developing and maintaining the servers and software) and non-theatrical venues (purchasing new and expensive DCI "2K" equipment) would be staggering. Marginally profitable at best, most second-run and non-theatrical venues will not be able to purchase digital prints until a second-hand market for DCI "2K" equipment develops.

Currently, there are *no* non-theatrical, second run venues using "2K" digital projection equipment.

It's possible that the industry structure may change to allow non-theatricals to book their prints directly with the distributors. It is equally possible, however, that the industry structure may eventually non-theatrical venues to playing DVDs or nothing at all—effectively squeezing them—us—out.

We're caught in a vicious Catch 22. We generate very little revenue. Consequently, the movie industry is rather indifferent to venues like The Procrastinator. Non-theatrical venues have existed in the past by generating revenue out of the portion of the demand curve beyond the first run theater ticket price—earning marginal profits, if any.

Part III – Switching Over

Construction of the SUB Procrastinator Theater is currently in progress. The area for the screen has been roughed out, the markings for doors and walls are in place. Heavy construction has begun, or will begin presently. The theater is expected to be completed by March and the Procrastinator is intended to begin its Fall 2008 season in the new theater.

Unfortunately, much time has been lost to the ill-informed assumption that the new projection equipment would be affordable, compatible, high quality, and work hand-in-hand with the Swank Digital Player. These assumption have violently imploded.

As it stands, the future of the Procrastinator Theater is uncertain. Will it move into the SUB next fall? If so, what will it show? In what format? Will students come?

Options for the new Procrastinator

Below are several options for the future operation of the Procrastinator Theatre, as a committee of ASMSU.

Show Swank Digital Movies

This option embraces the move to the new Procrastinator Theatre and the switch to the Swank system of digital projection. The Procrastinator will purchase a mid-grade, non-“2K” projector and rent the Swank digital server/player. Movie booking will continue in its current format, showing blockbusters and new releases available from Swank as “digital movies”.

Costs

- Same costs as 35mm for movie bookings—around \$1,000 per film
- \$2,000 per year – Swank digital player rental
- Less: ~\$2,500 per year in shipping costs

Cons

- Permanently bound to Swank. The Procrastinator’s digital projection equipment will not be compatible with Digital Cinema or any theater industry standard. The only alternative to a Swank digital print will be DVD or HD-DVD. Swank would have a monopoly on the Procrastinator’s bookings.
- Grossly inferior projection quality, relative to 35mm, “2K” digital prints, or even consumer HD-DVDs. Showing movies visually and technically inferior to current consumer technology would sound the death knell for the future of the Procrastinator Theatre.
- Limited movie selection. As defined by the ASMSU by-laws, part of the Procrastinator’s charge is to provide access to alternative films, not available in commercial theaters. This, simply, would not be possible with Swank as the Procrastinator’s sole provider. Additionally, this would exclude classics, the annual *Rocky Horror Picture Show*, etc.

Benefits

- Possible. This option is the easiest but retains the least degree of control for the Procrastinator. It would require little effort on the part of the Films chair to make this option a reality.
- A “2K” option, later. If “2K” prints and technology become affordable and available to the Procrastinator in the future, the theater can make the capital investment and switch at that time.

This option requires no additional capital investment and does not substantially alter operating expenditures or incomes. Unfortunately, it 1) limits film selection 2) eliminates all flexibility for the future without substantial capital investment and 3) is the equivalent of switching from showing 35mm prints to DVDs—without any cost savings.

Wait It Out

The future is digital. That much is certain. The question of when digital cinema will reach maturity, however, remains unanswered. Some day, when 35mm prints are no longer being distributed, the Procrastinator Theatre will be forced to switch to digital prints. Converting to digital cinema may be the right decision—just, not yet. The distribution methods for non-theatrical venues remain uncertain. Used DCI “2K” equipment is not yet available, meaning that the Procrastinator would have to purchase new equipment at market price. In several years time, however, the distribution question may be resolved, and the Procrastinator may be able to purchase used “2K” equipment.

Instead of moving into the SUB next fall, the Procrastinator would continue to operate out of Linfield 125, while waiting for digital technology to reach maturity. The SUB Procrastinator Theatre would remain unused by students until such a time that going digital was fully advantageous and affordable.

Cons

Students agreed to tax themselves to pay for a substantial upgrade to the SUB. The Procrastinator Theatre is a key component of the SUB renovation. To leave the theater unused for several years would likely please few students.

Furthermore, it’s an unproven assumption that digital cinema will come to maturity for non-theatrical venues. The major distributors have refused to do business with non-theatrical venues. If they never license authorization key control to a non-theatrical booking agent, non-theatrical venues may be pushed in to obscurity as 35mm prints disappear. Rather than develop an affordable and standardized system of distribution and exhibition for non-theatrical venues, the movie industry may simply force theaters like the Procrastinator out. The situation for non-theatrical venues, five years from now, could be worse, not better, than today. If the movie industry does not someday extend Digital Cinema to non-theatrical venues, theaters like The Procrastinator may be reduced to showing DVDs or nothing at all.

This option allows for digital cinema technology to come to maturity before the Procrastinator buys equipment or commits to any one particular distributor. Unfortunately, this would likely be an unpopular option with students, and is based on the unproven assumption that the situation for non-theatrical venues will improve.

Install a 35mm Projector in the SUB

The decision to *not* include a 35mm projector would be reversed. The blueprints would be revised to again include a proper projection booth and a 35mm projector. The Procrastinator's existing 35mm projector requires repair and likely would not be moved to the SUB. The Procrastinator would purchase and install a newer or new 35mm projector. A complete and new 35mm projection and digital sound system could be purchased with the \$30,000 already set aside for that purpose. Procrastinator movies would continue to be shown on 35mm prints. In the future, if digital projection becomes a better option, the 35mm projector could be replaced with a digital projector.

A mid-grade digital projector would also be installed for presentations, playing HD-DVDs and other digital content.

Revising the current blueprints would be relatively simple, replacing the existing planned closet with a full-sized projection booth. Additional electrical wiring, HVAC and fire-sprinklers would be required.

Costs

Modifying the existing blueprints would be expensive. Most of this cost would be in the form of contractor fees for the delay while the blueprint was modified. The additional materials for constructing the projection booth could cost several thousand dollars. Time is running short.

Cons

- Difficult to achieve. The machine is in motion. Any attempt to alter or change the existing plans may be met with considerable resistance. Nevertheless, until the walls of the theater are physically in place, this remains *possible*.
- Limited life expectancy for 35mm projection. Industry pundits put the phase-out period for 35mm prints at anywhere from five to twenty-five years before new releases would be unavailable on 35mm.

Benefits

- This option would allow the Procrastinator to move in to its new location and continue to operate as it currently does, showing a wide selection of films at a low, low price.
- Quality of experience. Though the Procrastinator's 35mm prints are not always in pristine condition, a new projector, lamphouse and sound system, installed in a new theater with tiered seating, etc. would create a fantastic theater experience—equal to either of Bozeman's commercial theaters.
- Options for expansion in the future. At any point in the future, if the industry requires, the Procrastinator could replace the 35mm projector (or install along side) with a DCI "2K" cinema projector, or any other projector. The Procrastinator will never be locked in to a single technology or vendor.
- Having a *booth*. The projection booth is as much a part of a movie theater as its concessions stand, sticky floors or logo marquee.

Mixed Use – SUB and Linfield

ASMSU Films has the option to continue to reserve and use Linfield 125 for any films not available from Swank in digital format. Thus, the “old” Procrastinator could be used for the Procrastinator’s annual *The Rocky Horror Picture Show*, classics, titles issued by Fox, etc. This option could be combined with any of the above options.

Benefits

Increased flexibility, relative to operating only in a digital-only SUB theater. Continuing to use Linfield Hall would allow the Procrastinator show a full variety of films in 35mm or a digital format, from any distributor. This is no more flexible, however, than a SUB theater equipped with 35mm and digital.

Cons

Confusion related to switching back in forth between theaters. This confusion could be partially mitigated by effectively advertising each movie’s location along side its show time.

Costs

but also increase the overhead associated with maintaining two theatres. These costs are listed below.

- Maintenance costs. Used periodically, the 35mm Projector in Linfield 125 would likely continue to cost ~\$1,000 per academic year to maintain. Additionally, there are currently several projector repairs that have been put off under the assumption that the theater would be retired after this season. These repairs would be necessary for the continued use of the 35mm projector. These include
 - rebuilding the lamphouse (\$800);
 - purchasing a new sound processor unit (\$1200) The previous unit failed during the Spring of 2007. Rather than pay an estimated \$1,000 to have it repaired, the Procrastinator is renting a sound processor for the season for \$250;
 - and, fixing the platter tension arm for the bottom platter (\$300).

The Swank digital player rental fee covers maintenance and repair costs. Maintenance and repair on the digital projector would be in addition to this cost. Although the digital projector should be highly reliable, it will require bulbs and cleaning—totaling several hundred dollars per year.

- Operating costs. For special events, concessions sales in Linfield would be unnecessary. Used regularly, however, it would be advisable to maintain a concessions stand in Linfield in addition to the SUB. This would effectively double inventory costs, require the purchase of an additional popcorn popper or warmer (\$500, minimum) and substantially increase overhead in terms of tracking inventory and capital.

In short, operating in both the SUB and Linfield would increase operating and maintenance costs by at least \$1,000 per year, in additional to immediate capital investment requirements totaling at least \$2,000 for the next academic year.

Closing Words

To pay for the SUB Renovation Project, the H&PE Complex Renovation and the Black Box Theatre, MSU every student at MSU will pay each \$60 per semester—for the next fifteen years. So far, the results of the SUB

Renovations have been disappointing to some students: a Black Box Theater, given to the MTA department as a literal black box; a new gym complex with a beautiful fireplace and lounge, but no climbing wall; and greatly scaled back renovations to the student useable areas of the SUB.

The Procrastinator Theatre has potential to be crushingly disappointing—a brand new theater, showing movies inferior in quality to the old theater, or unused entirely by the students who paid for its construction. But the Procrastinator Theatre is also bursting full of potential to be a glowing success: an exciting and active theater, showing great looking and sounding movies, starting immediately next fall. The Procrastinator Theatre could easily be one of the crowning gems of the SUB Renovation project, ASMSU and MSU in general. The ground work has been laid.

Without decisive and immediate action, however, it will *not* be a gem. The power is in our hands—to establish a new vision for the Procrastinator Theatre, and to bear that vision forward through completion. All that is required is a little of our time, consideration, tenacity, and heart. Done right, The Procrastinator will stand as a testament to our efforts and provide value and enjoyment for generations of students to come.