

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
APRIL 18, 2017 AGENDA**

Subject:	Type:	Submitted By:
AMPHITHEATER FEASIBILITY STUDY PRESENTATION	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	RITA RAMIREZ ASSISTANT CITY ADMINISTRATOR DIRECTOR OF COMMUNITY SERVICES

SYNOPSIS

The consultant team from AECOM Economics will present their findings regarding the feasibility of constructing an amphitheater facility as part of the transformation of the golf course into a regional recreation area.

FISCAL IMPACT

N/A

RECOMMENDATION

Receive and File

BACKGROUND

The project to transform the golf course into a regional recreation area includes a proposal to construct an amphitheater facility, which is consistent with the Master Plan. After doing some initial research on these types of venues, it became clear that this is a very specialized and unique market with which the City has no expertise. Consequently, in November of 2016 the Council authorized a contract with AECOM Economics to conduct a feasibility study.

Over the last five months AECOM representatives have made three trips to La Vista and have conducted multiple interviews and visited a number of entertainment venues. Their work has included studying market competition, the demand for performance venues in this area, size and construction of an actual facility including the various amenities that could be incorporated, acoustic impacts, site restrictions, economic analysis and potential management options.

A copy of the final report is attached.



New Amphitheater Feasibility Study

City of La Vista, Nebraska

April 2017



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GENERAL AND LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of AECOM and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions, and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of April 2017, and AECOM has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by AECOM that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "AECOM" or "Economics Research Associates" in any manner without first obtaining the prior written consent of AECOM. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of AECOM. Further, AECOM has served solely in the capacity of consultant and has not rendered any expert opinions. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of AECOM. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from AECOM. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by AECOM, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions, and considerations.

1. Introduction and Executive Summary

INTRODUCTION

The City of La Vista, Nebraska retained the consulting team of AECOM, Hunden Strategic Partners, The Rooney Sports and Entertainment Group, and International Facilities Group to analyze the feasibility of a potential new amphitheater as part of the planned City Centre development. Our study generally includes market and physical analyses related to the potential facility and our conclusions and recommendations related to development and operations. As part of this study, we completed various research tasks, including interviews with a wide range of local and industry stakeholders, analysis of comparable facilities and markets, and others.

The attached report contains the results of all research and analysis; this section summarizes the results.

EXECUTIVE SUMMARY

THE LOCAL MARKET

- The La Vista market generally has very strong demographics, such as relatively high population growth, a low median age, high income levels and a low cost of living, and low unemployment.
- As a result of these demographic factors, the market is thought to have disposable income for entertainment and recreation.
- The city also benefits from its proximity to Omaha, its population base, and ease of access via Interstate 80.

THE FACILITIES AND EVENTS MARKET

- There are a number of facilities in the Omaha/Lincoln area that compete to host ticketed, outdoor events such as concerts and festivals, including SumTur Pavilion in Papillion, Stir Concert Cove in Council Bluffs, and Pinewood Bowl in Lincoln, as well as local parks.
- The amphitheaters have capacities between approximately 2,500 and 5,500 and effectively serve the market for touring concerts, although SumTur in particular has a number of limitations.
- While it is possible that a new amphitheater in La Vista in this size range could compete with these venues and attract some touring shows, there appears to be a stronger market for community events that require an outdoor venue, rather than major touring events.

- The area also offers a number of types of indoor venues, including music clubs, arenas, performing arts centers, and conference centers. In general, there appears to be a need for a multipurpose indoor venue with a capacity of approximately 2,000 to 3,000 people that can host events such as music and other entertainment, as well as meetings, social events, and other gatherings. There are few facilities of this type and size in the area, and existing facilities report that demand for their space far exceeds supply.

PHYSICAL AND SITE ANALYSIS

- The buildable area of the planned amphitheater site is approximately 5.6 acres. This area, depending on the exact location, orientation, and characteristics of a facility, is generally considered to be sufficient for an outdoor amphitheater that can accommodate several thousand attendees.
- However, while the size of the site does not appear to limit its uses based on the market analysis, there are several concerns and unknowns related to the site, including its shape, the wetlands designation and potential for flooding, and the elevation change from the planned site of the stage to the south property line. In addition, further analysis should be done regarding utilities, traffic, environmental, and other characteristics.
- In general, the original planned location of the amphitheater and its stage orientation are extremely problematic acoustically in terms of its ability to host touring concerts. With the stage facing south towards City Centre and planned and existing residential developments, sound levels greatly exceed those that are typically allowed. Alternative options, with the stage facing other directions on the former golf course site, are also problematic. This does not preclude use of the amphitheater as a venue for smaller events with less sound amplification.

CONCLUSIONS AND RECOMMENDATIONS

- Due to the already highly competitive marketplace that vies for touring acts playing traditional outdoor venues, another outdoor performing space would be very difficult to program successfully. Also, as described above, our physical analyses further indicate that acoustic issues associated with the site all but preclude an outdoor venue for touring concerts with normal sound levels.
- However, an outdoor venue oriented towards community usage (and with less sound amplification) can be successful at this site from a programming standpoint, as there is a local need for such a facility. It is also possible that on a limited number of occasions, the amphitheater could be used with sound levels that would not be normally allowed, particularly during the day.

- We recommend a relatively basic amphitheater that has the ability to host certain touring acts and performances but does not have the technical capacities and infrastructure of a venue that focuses on major touring acts. The site allows for a maximum capacity of approximately 7,000 people (lawn seating only) and we have developed a preliminary program and budget for this type of facility, with basic infrastructure. The estimated construction costs for this facility are \$4.8 million, and total costs (including soft costs) are \$6.4 million.
- Because this type of community-oriented amphitheater would primarily host non-commercial and non-ticketed events, we assume that the City of La Vista would both own and operate the facility. A private operator such as a facility management company or concert promoter would not be needed to program a schedule that includes few commercial events such as touring concerts, and would not be financially sensible for the City.

DEMAND AND OPERATING PROJECTIONS

Based on our market and physical analyses, we have prepared a ten-year operating forecast for the recommended facility.

The following table summarizes the recommended facility's usage for its first year of operations (assumed to be 2019), by event type.

Table 1: Summary of Estimated 2019 Usage

	# of Events	Avg. Atten.	Total Atten.
Large Concerts	4	3,000	12,000
Small Concerts	5	1,200	6,000
Other Performances	8	1,000	8,000
Festivals	3	4,000	18,000
Movies	12	750	9,000
Community Events	10	1,000	10,000
Total	52		70,500

Source: AECOM

In later years, annual usage is assumed to vary slightly (to a maximum of 54 events and 75,000 attendees).

All operating revenues and expenses for the ten-year period are summarized below.

Table 2: Projected Financial Pro Forma Statement (\$000s)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues										
Rent	\$71	\$72	\$72	\$73	\$75	\$76	\$78	\$80	\$81	\$83
Advertising/Sponsorships	31	32	32	33	34	34	35	36	37	37
Facility Fee	11	11	9	9	9	9	9	9	9	9
Merchandise	11	11	11	12	12	12	12	13	13	13
Food and Beverage	84	86	94	96	98	100	102	104	106	108
Parking	29	30	33	33	34	35	35	36	37	37
Total Operating Revenues	\$238	\$242	\$252	\$256	\$261	\$266	\$272	\$277	\$282	\$288
Operating Expenses										
Salaries and Benefits	\$36	\$37	\$38	\$39	\$39	\$40	\$41	\$42	\$43	\$44
Event Expenses	154	157	182	185	189	193	197	201	205	209
General and Administrative	26	27	27	28	28	29	29	30	30	31
Utilities	16	16	16	17	17	17	18	18	18	19
Repairs & Maintenance	10	11	11	11	11	11	12	12	12	12
Insurance	6	6	6	6	7	7	7	7	7	7
Advertising	26	27	27	28	28	29	29	30	30	31
Total Operating Expenses	\$274	\$280	\$307	\$313	\$320	\$326	\$333	\$339	\$346	\$353
Net Operating Income (Loss)	(\$37)	(\$38)	(\$56)	(\$57)	(\$58)	(\$60)	(\$61)	(\$62)	(\$64)	(\$65)
Estimated Annual Debt Service	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411
NOI After Debt Service	(\$448)	(\$449)	(\$467)	(\$468)	(\$469)	(\$471)	(\$472)	(\$473)	(\$475)	(\$476)

Source: AECOM

The facility is expected to operate at a deficit each year, with deficits from operations ranging from approximately \$35,000 to \$65,000. However, after consideration of debt service expenses for repayment of development costs, the annual deficit increases to approximately \$450,000 to \$475,000 per year. These ongoing deficits would have to be funded by the City in addition to development costs.

2. Economic and Demographic Analysis

The following section provides an overview of economic and demographic information in La Vista, Sarpy County, the Omaha Metropolitan Statistical Area (MSA), the Lincoln MSA, Nebraska, and the United States. The purpose of this section is to allow for a better understanding of the expected market area that would be served by the potential facility. While Lincoln is a separate metro area from La Vista/Omaha, its proximity (particularly for the events market) makes it relevant to this study. We also analyze statewide and national characteristics to provide context to local trends.

POPULATION

Since 2000, the population in La Vista has grown by 2.8% annually, compared to 0.6% and 0.8% in Nebraska and United States, respectively. Sarpy County has experienced similar growth to La Vista; however, the metro areas of Omaha (1.5%) and Lincoln (1.6%) have seen slightly slower growth over the same time period. The total population growth in Sarpy County accounted for approximately 26% of total population growth found in the Omaha MSA during the 14-year period.

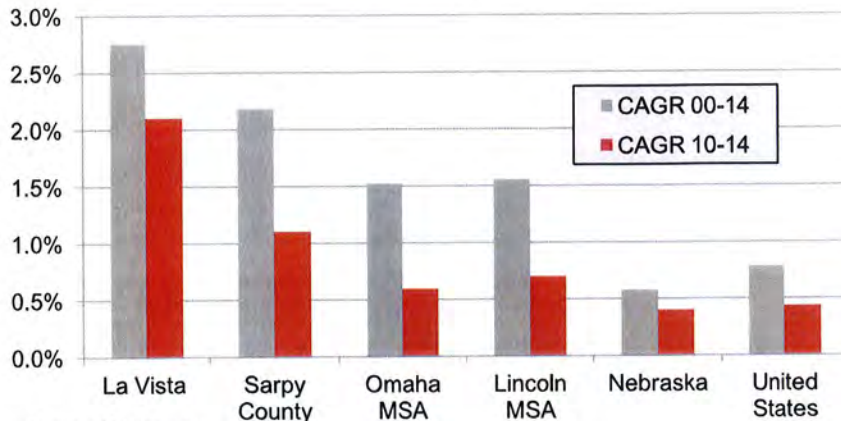
Table 3: Population (2000-2014)

Market Area	2000	2010	2014	00-14 CAGR
La Vista	11,699	15,758	17,125	2.8%
Sarpy County	122,595	158,840	165,955	2.2%
Omaha MSA	716,998	865,350	886,157	1.5%
Lincoln MSA	250,291	302,157	310,665	1.6%
Nebraska	1,711,263	1,826,341	1,855,617	0.6%
United States	281,421,906	308,745,538	314,107,084	0.8%

Source: US Census

The chart below graphically represents the compound annual growth rate (CAGR) of the population in the six selected geographies from 2000 to 2014 and 2010 to 2014. According to the US Census, La Vista has experienced the highest average annual population growth since 2000 and 2010, growing at an average annual rate of approximately four times the state rate and three times the national rate.

Figure 1: Population Growth (2000-2014)

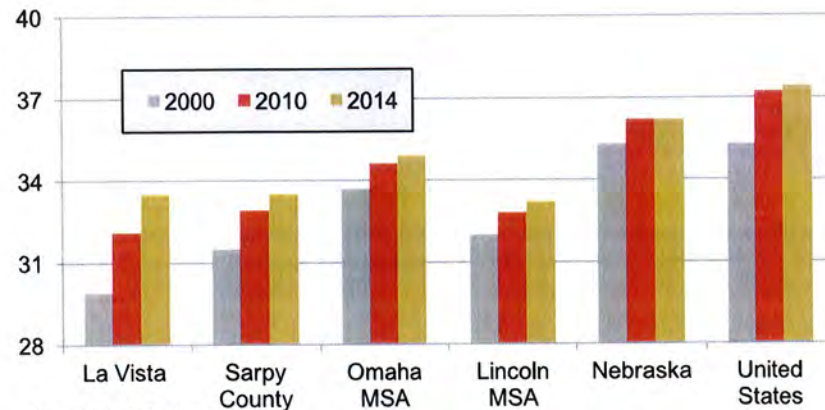


Source: US Census

MEDIAN AGE

In 2000, the median age in La Vista was almost 30 years old, which was five years younger than the national median age; since then, La Vista's population has aged at twice the rate of the US and four times the rate of Nebraska. While the 2014 median age in La Vista is four years younger than national averages, it remains consistent with local geographies such as Sarpy County and the Omaha and Lincoln MSAs.

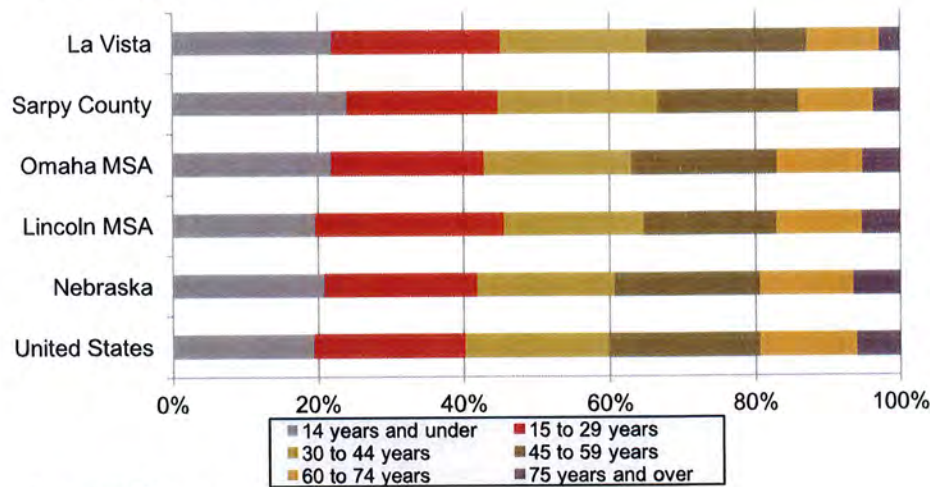
Figure 2: Median Age (2000-2014)



Source: US Census

According to the US Census, La Vista and the Lincoln MSA have the highest percentage of citizens between the ages of 15 and 29. Approximately 20% of Nebraska's population is over the age of 60 compared to La Vista's 13%, reinforcing the trend of a younger population in La Vista and an older population at the state level.

Figure 3: Age Breakdown (2014)

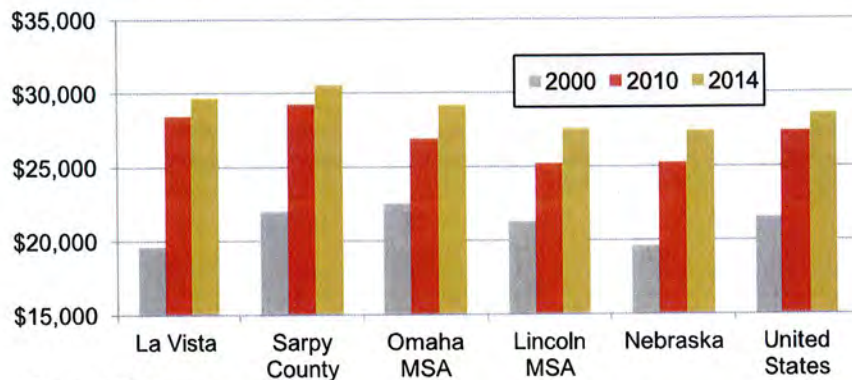


Source: US Census

INCOME

The chart below illustrates per capita income among the selected geographies. As of 2014, La Vista (\$29,670) and Sarpy County (\$30,539) have the two highest per capita incomes, approximately \$3,000 more than state and national averages. Each market has experienced growth in per capita income since 2000, particularly in La Vista, where per capita income grew by 3% annually, compared to 2.4% and 2% at the state and national levels. However, per capita income in La Vista has grown at a slower rate since 2010 compared to Nebraska and the US.

Figure 4: Per Capita Income (2000-2014)

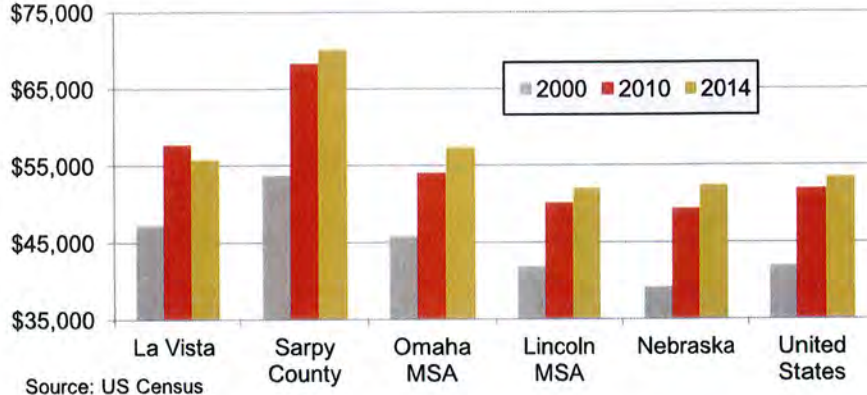


Source: US Census

While per capita income in La Vista was relatively similar to Sarpy County, the same does not apply to median household income, as median household income in Sarpy County (\$70,121) is approximately \$14,000 higher than in La Vista (\$55,836). In addition, La Vista is the only market area that experienced a

decline in median household income from 2010 to 2014, despite remaining higher than state and national averages.

Figure 5: Median Household Income (2000-2014)



COST OF LIVING

The table below summarizes the cost of living index for La Vista, Omaha, Lincoln, Nebraska, and the US. The US provides the baseline values for each index type, meaning any index value above or below 100 is an indication of more expensive or cheaper cost. The overall cost of living index in La Vista is 92, which is 2% higher than Nebraska and 8% lower than the national overall cost of living. While La Vista is generally more expensive than statewide averages, the city has less expensive groceries and transportation costs. Of the five market areas, La Vista and Omaha have the highest health care costs.

Table 4: Cost of Living Index (2015)

Index Type	La Vista	Omaha	Lincoln	Nebraska	National
Cost of living	92	90	93	90	100
Goods & Services	95	95	99	95	100
Groceries	95	95	100	100	100
Health care	102	102	101	101	100
Housing	84	80	81	75	100
Transportation	96	96	99	98	100
Utilities	91	91	87	91	100

Source: Council for Community and Economic Research

EMPLOYMENT

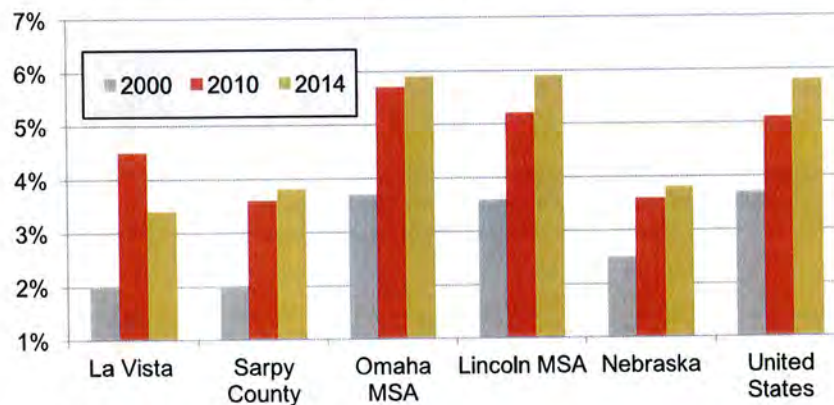
The primary industries in La Vista, in terms of employment, are finance and insurance, retail trade, transportation and warehousing, accommodation and food services, and manufacturing. La Vista accounts for approximately 70% of all finance and insurance jobs in Sarpy County.

Table 5: Public and Private Employment by Industry (2014)

Industry Sector	La Vista	Sarpy County	Omaha MSA	Lincoln MSA	Nebraska	United States
Agriculture, Forestry, Fishing and Hunting	0	50	1,394	399	12,758	1,155,652
Mining, Quarrying, Oil and Gas Extraction	0	25	421	8	1,172	801,790
Utilities	0	213	3,710	940	8,290	796,762
Construction	888	5,177	23,649	8,025	45,362	6,158,396
Manufacturing	967	2,891	33,933	14,436	100,799	12,262,987
Wholesale Trade	776	3,720	19,557	4,755	43,209	5,842,270
Retail Trade	1,041	7,640	53,515	18,363	105,881	15,140,553
Transportation and Warehousing	986	10,662	22,025	8,540	40,331	4,704,490
Information	21	1,309	11,296	2,828	17,489	3,010,414
Finance and Insurance	2,716	3,859	32,360	12,081	55,443	5,694,030
Real Estate and Rental and Leasing	63	587	6,195	1,578	9,327	2,080,577
Professional, Scientific, and Tech Services	289	3,502	28,520	9,516	45,070	8,491,434
Management of Companies	136	1,711	15,179	2,605	20,927	2,308,330
Administration & Support, Waste Mgmt.	410	2,343	32,170	8,386	49,433	8,464,196
Educational Services	667	6,497	39,629	19,232	90,168	12,849,381
Health Care and Social Assistance	471	6,200	67,043	25,505	139,119	19,751,466
Arts, Entertainment, and Recreation	148	863	7,593	3,323	13,842	2,349,381
Accommodation and Food Services	985	5,222	40,496	14,328	73,721	12,393,359
Other Services	153	1,587	12,071	5,163	25,371	4,283,781
Public Administration	157	1,816	12,102	15,284	45,892	6,496,194
Total Jobs	10,874	65,874	462,858	175,295	943,604	135,035,443

Source: US Census

Of the six geographies, La Vista is the only market where unemployment has decreased since 2010, as it decreased by one percentage point over the four-year period compared to slight increases in unemployment in all other markets. As of 2014, La Vista had the lowest unemployment rate among the observed markets (3.4%), which was significantly lower than the national rate of 5.8%.

Figure 6: Unemployment Rate (2000-2014)

Source: US Census

CORPORATE BASE

The table below provides a list of the top 20 employers in Sarpy County. Bold lettering indicates that the business is located or has locations in La Vista. One company in particular, PayPal Inc., has a large presence in La Vista, where it opened an operations center in 2007.

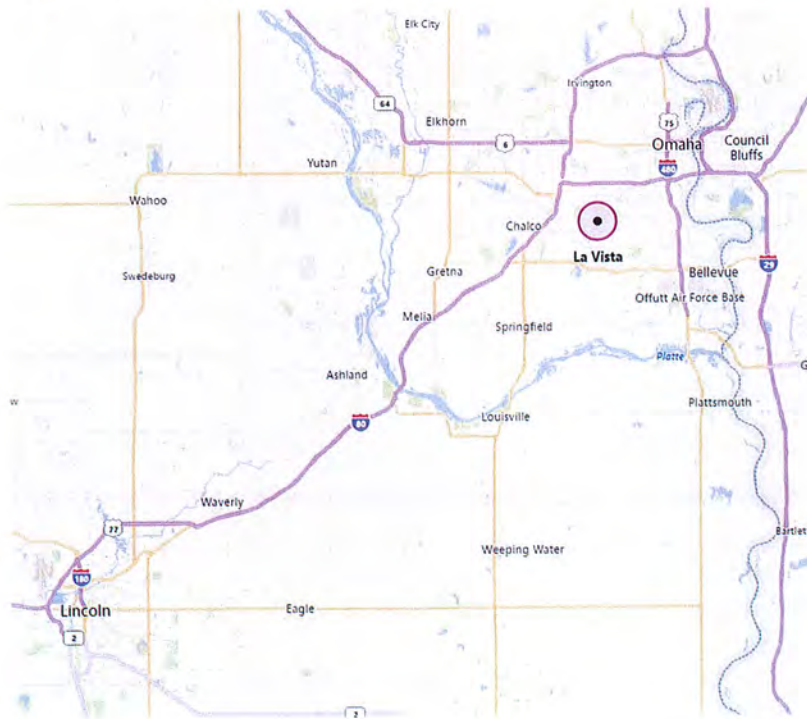
Table 6: Top 20 Employers in Sarpy County (2014)

Company	Industry
Offutt Air Force Base	Government
PayPal Inc.	Service
Bellevue Public Schools	Education
Wal-Mart Stores	Retail
Werner Enterprises	Trucking
Papillion-LaVista Schools	Education
InfoGroup Compilation Center	Service
Hillcrest Health Systems	Healthcare
Sarpy County Government	Government
Ehrling Bergquist Clinic	Military/Healthcare
Bellevue University	Education
Oriental Trading Company	Warehouse/Distribution
Northrup Grumman	Service
CHI Health Midlands Hospital	Healthcare
Gretna Public Schools	Education
Securities America, Inc.	Financial
Nebraska Medicine-Bellevue	Healthcare
TSL Cos.	Trucking
Super Target Stores	Retail
Streck Inc.	Manufacturing

Source: Sarpy County Dept. of Labor Planning & Development

ROAD AND AIR ACCESS

La Vista is located on the eastern border of Nebraska, in the southwest suburbs of Omaha. La Vista is an approximate 15-minute drive from downtown Omaha. The Omaha area shares a border with Iowa, Kansas, and Missouri and is two hours from Des Moines (east) and three hours from Kansas City (southeast). Lincoln, Nebraska's capital and home to the University of Nebraska's primary campus, is located approximately one hour to the southwest.

Figure 7: Map of Omaha and La Vista

Located in the northeastern section of Omaha, Eppley Airfield serves as the primary airport for flights in the area, and is the largest airport in Nebraska. In 2015, Eppley saw approximately 4.2 million passengers. Southwest and Delta are the two primary airlines that fly in and out of Eppley Airfield. In terms of road transportation, Omaha is accessible from the east and west via Interstate 80 and north and south via Interstate 29.

3. The Local/Competitive Facilities and Events Market

In this section, we provide an analysis of the local competitive market that could influence the planning and operations of new facilities in La Vista. This includes analyses of existing facilities and events (as well as the planned City Centre development), feedback received from various stakeholders, and other research. Because of the proximity of La Vista to Omaha, Council Bluffs, and Lincoln, these cities and their venues are generally considered to be part of the competitive environment that could affect new event facilities and their demand in La Vista.

CITY CENTRE

The City Centre development will essentially give La Vista a new downtown, and is the site of a potential amphitheater. The rendering above shows a conceptual buildout of City Centre, with an amphitheater at its south end. The amphitheater site is technically outside of the City Centre development, on land previously occupied by the city's golf course that will be turned in a \$42-million park and will connect to City Centre. City Centre is scheduled to open in 2018.



In late 2016, demolition began for the City Centre development, which will include residential, commercial, office, hotel, parking, and green/public space. As currently planned, entertainment uses will generally be located at the north end of City Centre, with retail to the south and residential to the north. The structure shown in the middle of the rendering, to the south of the amphitheater, is currently reserved for an “iconic” building that could house indoor events, as a need for such a facility has been identified by the development team.

The City of La Vista is contributing to the private development via infrastructure support and tax incentives. \$37.4 million in tax-increment financing will help to fund City Centre and the golf course's redevelopment, and in 2014 a sales tax increase was approved to help fund the city's contributions.

Later sections of this report focus on opportunities for amphitheater development, including the physical characteristics of the site as they relate to amphitheater usage.

THE LOCAL COMPETITIVE MARKET

The region (generally from Lincoln to Council Bluffs) has a wide range of indoor and outdoor event venues that can host concerts, festivals, community events, flat-floor shows, sports, and other programming. This section analyzes the presence, orientation, capacities, usage, and other characteristics of the facilities that are considered to be particularly relevant to a new amphitheater in La Vista.

Outdoor Facilities

The relevant outdoor facilities are summarized below and then described in more detail.

Table 7: Regional Outdoor Venues

Facility	Type	Capacity	Location
SumTur Amphitheater	Amphitheater	2,500	Papillion
Stir Concert Cove	Amphitheater	4,000	Council Bluffs
Pinewood Bowl	Amphitheater	5,500	Lincoln
Tom Hanafan River's Edge Park	Park	1,100	Council Bluffs
Turner Park	Park	12,000	Omaha
Stinson Park	Park	10,000	Omaha

Source: AECOM

Amphitheaters

The following venues are local amphitheaters in the Omaha and Lincoln metro areas. The overview for each amphitheater will provide a better understanding of the current climate for amphitheaters and the markets they serve.

Our analysis does not include Westfair Amphitheater in Council Bluffs, as it is a large facility (capacity of approximately 17,000) and does not host events aside from the annual River Riot and Rockfest.

SumTur Amphitheater



SumTur Amphitheater is located in Papillion, approximately six miles from the City Centre site in La Vista. The facility opened in 2007 and is owned and operated by the City of Papillion; it was originally built for approximately \$1.6 million and has since received \$600,000 in improvements for seating and a concessions building, and more recently \$150,000 for a sound booth and concessions area in the seating lawn. Construction was funded through donations from local

families, City and Sarpy County entities, a foundation, and other local sources. SumTur is currently one of the market's primary outdoor amphitheaters for touring events in its size range.

The amphitheater has 350 reserved seats in front of the stage, and capacity for an additional 2,150 attendees on a lawn. The facility's infrastructure is relatively limited; there is a small storage building adjacent to the stage, backstage has two dressing rooms and a bathroom, and loading and rigging capabilities are limited. There are only 250 parking spaces onsite but the adjacent Papillion-La Vista High School has sufficient parking for all attendees (all event parking is free).

According to the City, SumTur hosts more than 100 events from May through October, including concerts, wedding, church services, business events, and others. In 2016, its event calendar featured 16 ticketed events (including Willie Nelson, O.A.R, and Andrew Bird). The facility also hosts the Papillion-La Vista Community Theatre's annual production over two weekends in July. For its first three years, the City booked and marketed the facility itself but later developed relationships with promoters such as Mammoth Productions and One Percent – since then, the number of ticketed events has increased significantly. The table below shows the total number of events and attendees for recent years.

Table 8: SumTur Events and Attendance

	# of Events	Total Attendan
2009	34	10,970
2010	37	13,580
2011	74	19,297
2012	118	17,993
2013	74	19,297
2014	106	22,794

Source: Omaha World-Herald

According to the City of Papillion, the facility hosted 78 events and approximately 29,000 attendees in the 2015-16 fiscal year.

According to Pollstar, average attendance at ticketed shows has been approximately 2,200 in the last three years (or more than 85 percent of capacity), with an average ticket price of \$42.75.

The facility loses money on an annual basis but is getting closer to breakeven. According to the City, if becoming profitable was a goal, it would book and market the facility differently, but a reasonable operating deficit is acceptable to the City. The following table summarizes the facility's annual operating revenues and expenses for its last six years.

Table 9 – SumTur Historical Operating Revenues and Expenses

	Revenues	Expenses	NOI
2011	\$ 81,192	\$ 264,328	\$ (183,136)
2012	\$ 75,154	\$ 296,527	\$ (221,373)
2013	\$ 96,162	\$ 314,395	\$ (218,233)
2014	\$ 124,303	\$ 327,594	\$ (203,291)
2015	\$ 183,571	\$ 393,704	\$ (210,133)
2016	\$ 348,953	\$ 446,485	\$ (97,532)

Source: City of Papillion

These figures include capital expenditures; not including this non-operating expense, the facility's NOI was less than \$40,000 in 2016.

City representatives have also indicated that residents (the closest of whom live more than one-tenth of a mile, or 600 feet, from the stage) are unhappy with sound generated by the amphitheater.

Stir Concert Cove



Stir Concert Cove is Harrah's Council Bluffs' outdoor concert venue and has a capacity of approximately 4,000. Along with SumTur, it is the Omaha area's primary outdoor music venue that hosts more ticketed, touring shows. Because of its casino location and ownership, it generally has the advantage of being able to outbid other facilities for shows because it can afford to overpay for talent if the casino will generate gaming revenues from event attendees. (Harrah's can also book a tour's shows at multiple corporate properties

across the country.) However, this strategy has reportedly not been very successful for Harrah's in Omaha and it does not significantly overpay for acts, and it prefers for events to be profitable on their own.

The facility has a capacity of approximately 4,000, which is mostly general admission but also includes seating decks to the side of the stage that can be bought by a sponsor and/or individual attendees. According to facility representatives, it hosts approximately 22 to 25 events per year, including MMA and other events; in the last three years, it has hosted 16 to 19 concerts with an average attendance of approximately 2,900 and an average ticket price of \$40. Its concerts cover a wide range of genres, including country, rock, alternative, hip hop, and others. According to Pollstar, its total concert attendance of 49,411 in 2015 ranked as the 69th-highest in the world for amphitheaters.

Pinewood Bowl



The Pinewood Bowl was built in 1947 in Pioneers Park, approximately five miles southwest of downtown Lincoln. The amphitheater can accommodate approximately 5,500 people and serves as Lincoln's primary outdoor venue, and is operated by SMG (along with Pinnacle Bank Arena) on behalf of the city. Prior to 2012, the venue was not permitted to sell alcohol due to Lincoln's policy on prohibiting alcohol consumption in parks. During this time, the venue struggled to book events. In 2012, the City Council allowed alcohol

sales in parks and since then, the facility has become a popular tour destination given its unique surroundings. Its backstage amenities and infrastructure are very limited; however, the city is expected to potentially make an investment of \$2 million or more in the near future.

The facility can offer both seating and general admission areas. According to facility management, Pinewood is expected to host approximately 12 to 14 events in the 2017 season; according to Pollstar, average ticket sales in recent years have been approximately 3,300 (with an average ticket price of approximately \$51).

Parks

While parks do not necessarily have the permanent infrastructure to host events such as concerts, there are multiple parks in the area that host one-off or annual events such as festivals as well as other community programming that could potentially be held at a new venue in La Vista.

Tom Hanafan River's Edge Park



Tom Hanafan River's Edge Park is adjacent to downtown Omaha, directly across the Missouri River in Council Bluffs. There is an amphitheater that can accommodate 1,100 people, although the park can accommodate larger crowds for events such as festivals. The 80-acre park hosts community events (movies, biking) and two major festivals each year (Loessfest, a weeklong music and food festival, and the Grassroots Music

Festival, a three-day festival with major headliners). Attendance for Loessfest has reached 17,000 people. River's Edge Park is also host to "Rays," a light show that allows residents to interact with choreographed light sequences as the lights intelligently react to human movement.

Turner Park



Turner Park is part of the Midtown Crossing mixed-use development in Omaha that includes residential, retail, and entertainment offerings. The park does not host ticketed events but instead focuses on programming that is primarily aimed towards residents of Midtown Crossing, such as Jazz on the Green, opera and symphony performances, movies, fitness classes, a bocce ball tournament, and others. Its capacity is typically approximately 8,000 to 10,000 but the park can accommodate a maximum of 12,000 people.

Stinson Park



Stinson Park is part of Aksarben Village in Omaha and is generally an open, grass field with a permanent stage. Its major annual event is the one-day Maha Music Festival, which has had a reported attendance of approximately 4,000 to 9,000 since it started in 2009. (Multiple stages are used for the festival.)

Other event usage of the park (and other public space in the village) is generally by non-ticketed, free community events such as the Saturdays @ Stinson Concert Series from May through August, the Omaha Farmers Market from May through October, the Lights of Aksarben on Fridays between Thanksgiving and Christmas, fitness class, walks and runs, festivals, and other programming.

Indoor Facilities

The relevant indoor facilities are summarized below and then described in more detail.

Table 10: Local Indoor Facilities

Facility	Type	Capacity	Location
Reverb Lounge	Music Club	150	Omaha
The Waiting Room	Music Club	600	Omaha
Slowdown	Music Club	750	Omaha
Ralston Arena	Arena	4,700	Ralston
Baxter Arena	Arena	7,500	Omaha
Holland Center	Performing Arts Center	2,000	Omaha
The Orpheum	Performing Arts Center	2,600	Omaha
Sokol Auditorium	Other	1,400	Omaha
Omaha Community Playhouse	Other	558	Omaha
La Vista Conference Center	other	3,600	La Vista
Beardmore Event Center	other	745	Bellevue

Source: AECOM

Music Clubs

The following facilities in the Omaha area are classified as music clubs. Each venue has a designated bar area with an attached performing stage for live music. These facilities will provide further insight into the music and entertainment scene in the area.

Reverb Lounge



The Reverb Lounge is a club with a capacity of 150 people. The venue is located in Benson, a popular neighborhood for nightlife and live music, in the northwestern area of Omaha. According to Pollstar, the Reverb Lounge hosted a total of 57 events in 2016 and 55 in 2015; these events were primarily concerts and comedy shows. Pollstar data indicates that the Reverb Lounge sells 28 tickets per show at approximately \$12 per ticket. The venue has an all-ages policy, allowing

attendees under the age of 17 to enter with a notarized parental permission form on file at the bar. The events hosted by the Reverb Lounge are produced by One Percent

The Waiting Room



Located in the same building as the Reverb Lounge, the Waiting Room is a bar that offers live music with a maximum capacity of 600 attendees. The venue has been hosting events since the 1980's and was purchased and renovated by One Percent in 2007. According to Pollstar, the Waiting Room has hosted an average of 103 shows annually since 2014, with the average show selling approximately 390 tickets at an average price of \$18. Similar to the Reverb

Lounge, the Waiting Room also has an all-ages policy. During its earlier years, the Waiting Room primarily hosted rock shows but has since evolved and currently plays a wide variety of music genres including hip hop, pop, and alternative.

Slowdown



Slowdown is a music venue located in downtown Omaha with a capacity of 750 people. The venue was opened in 2007 by Saddle Creek Records. Slowdown has multiple performing configurations including a smaller, more intimate stage area and a larger music hall with a balcony. Shows at Slowdown (a majority of which are in the rock genre) are currently produced by One Percent, other local promoters, and the Knitting Factory (as of early 2016). According to Pollstar, the

venue has hosted an average of 122 events each year since 2014, selling an average of 182 tickets at an average price of \$17.30 per ticket. Similar to both the Reverb Lounge and the Waiting Room, Slowdown also has an all-ages policy unless an event specifically requires that attendees be older than 21.

Arenas

The following section summarizes the characteristics of relevant indoor arenas in the area. We focus on two facilities – Ralston Arena in Ralston and Baxter Arena in Omaha. Two other arenas in the market (the CenturyLink Center in Omaha and Pinnacle Bank Arena in Lincoln) are not considered because of their size. Both have a maximum capacity of more than 15,000, and the events held at those facilities are generally not relevant to potential new amphitheater in La Vista.

Ralston Arena



Ralston Arena opened in 2012, approximately 2.5 miles from the City Centre site in La Vista. The \$37-million arena has 4,020 permanent seats and a maximum capacity of approximately 4,700 for general-admission concerts (or 3,500 for a seated show), and has an adjacent NHL-sized ice rink. The arena also has a banquet hall that can accommodate approximately 350 to 400 people. While the arena is an indoor venue, it is relevant to a potential amphitheater in La

Vista because it also hosts the type of community events that could potentially be held in La Vista.

The arena currently has four minor-league sports tenants: the Lancers (hockey), Beef (football), Heart (football), and Chargers (basketball). In 2015, the arena hosted 90 events and 230,000 attendees. In addition to its sports tenants and a relatively limited number of concerts (approximately 11 in 2016), the arena also hosts trade and consumer shows, high school basketball, boxing, wrestling, comedy, and festivals. According to Pollstar, its ticketed entertainment events have had an average attendance of approximately 2,600 and an average ticket price of nearly \$36. In early 2017, the arena's calendar includes a beerfest, an arts and crafts show, and a boxing event.

According to facility representatives, the banquet hall is very busy and management often turns down event opportunities because they are too large for the hall. The community ice sheet is occasionally used for non-ice events but these types of events are typically held in the banquet hall.

The arena has led to financial difficulties for the City of Ralston, as it joined a very competitive arena market and has not been profitable. While operating deficits are common for arenas of this type and scale, profits were originally projected. In order to pay the arena's operating deficit and debt service (\$625,000 and \$2.3 million, respectively, in 2015), the City of Ralston was forced to increase property taxes, add a restaurant tax, divert lottery funds, and cut other municipal spending.

Baxter Arena



The \$88-million Baxter Arena, which is owned and operated by the University of Nebraska Omaha, opened in late 2015 across from Aksarben Village. The arena has a seating capacity of approximately 7,500 and is the home of UNO's hockey, basketball, and volleyball programs. The arena also has a second ice sheet (Holland Community Ice) that is used for public skating, competitions, and other events. Similar to Ralston Arena, it also hosts a limited number of other events (in 2016, 11 concerts were scheduled). In its first year of

operation, its non-UNO entertainment events had an average attendance of approximately 5,400 and an average ticket price of approximately \$35.

While Baxter Arena primarily hosts sporting events, it also hosts events that are relevant to those held at a potential amphitheater in La Vista, including music and comedy acts. In 2016, the arena hosted 11 concerts, with an average attendance of approximately 4,600 at \$34 per ticket. The arena also hosts many local graduations, flat-floor shows, and community events. According to facility representatives, if the Holland Community Ice facility wasn't dedicated to ice uses, it would constantly be able to be rented for events such as weddings and meetings.

Performing Arts Centers

The Holland Center and The Orpheum are two performing arts centers located in downtown Omaha and are managed by Omaha Performing Arts, a non-profit organization with the goal of delivering quality arts, entertainment, and education to the Omaha community. The two facilities serve as Omaha's primary source for local theater productions and touring Broadway shows. These facilities are primarily relevant due to their size rather than their orientation.

Holland Center



The Holland Performing Arts Center is a complex that was built in 2005 for \$90 million. The center has three performing areas, the Peter Kiewit Concert Hall (2,000 seats), the Suzanne and Walter Scott Recital Hall (400 seats), and a semi-enclosed outdoor courtyard (400), as well as smaller event spaces for other rentals. This analysis will focus on the Peter Kiewit Concert Hall, as this venue hosts events that are the most

relevant to events that could be held at a potential amphitheater in La Vista.

The concert hall is home to the Omaha Symphony Orchestra and hosts a variety of other events, including classical music, comedy shows, and concerts. According to Pollstar, the Concert Hall has hosted an average of 39 non-Orchestra events annually since 2014, with an average attendance of 1,230 at a ticket price of \$45 (although these events do include Orchestra performances with other artists, such as popular musicians).

The Orpheum



The Orpheum Theater was built in 1927 in downtown Omaha, approximately half a mile from the Holland Center. The theater has 2,600 seats and underwent a \$10-million renovation in 2002. The Orpheum serves as Omaha's setting for the Omaha Performing Arts Broadway season as well as the Opera Omaha season. In addition to Broadway and Opera shows, the Orpheum also hosts concerts, comedians, and family entertainment. Both the Holland Center and the

Orpheum Theater are managed by the Omaha Performing Arts, a local nonprofit institution.

According to tour data from Pollstar, the Orpheum Theater has hosted an average of 71 events annually since 2014. The average number of tickets sold at these events was 1,609, with an average ticket price of approximately \$62. Performances are typically Broadway shows, family shows, and touring concerts.

Others

The following venues do not fit into the categories above but play a key role in the Omaha area's events market for smaller events.

Sokol Auditorium



The Sokol Auditorium was built in 1926 with a capacity of approximately 1,400 attendees. The venue is located in south Omaha. The Sokol Auditorium hosts a unique combination of gymnastics and live music events. Pollstar data indicates that in 2016, the venue hosted 57 events with an average attendance of approximately 1,100 at approximately \$30 per ticket.

Omaha Community Playhouse



The Omaha Community Playhouse is a community theater located to the west of downtown Omaha and adjacent to the University of Nebraska Omaha. The Playhouse has two performance spaces, the 558-seat Howard and Rhonda Hawks Magazine Theatre and the smaller Howard Drew Theatre. Productions at the Omaha Community Playhouse are typically plays and musicals, usually lasting around one

month with six performances per week. The venue also serves as the home to the Nebraska Theatre Caravan, a touring group of entertainers who perform across the United States. In addition, the Playhouse also provides educational opportunities in performing arts, offering classes to children and adults in the area.

La Vista Conference Center



The La Vista Conference Center is part of the Embassy Suites and has more than 50,000 square feet of event space. Its largest room is the 30,000-square foot Windsor Ballroom, and the Dapper Ballroom has an additional 7,100 square feet. Other rooms can accommodate smaller groups. The Windsor Ballroom's maximum capacity varies by setup, and is 3,600 as a theater, 3,200 for a reception, 2,000 for a banquet, and 1,620 as a classroom. The facility is heavily used by conferences and social events.

Beardmore Event Center



The Beardmore Event Center in Bellevue (which is approximately a six-mile drive from the City Centre site) is attached to a Courtyard by Marriott and is much smaller than the La Vista Conference Center. Its main event space is a 9,400-square foot ballroom, and smaller indoor and outdoor spaces are also available.

STAKEHOLDER INTERVIEWS

Throughout the course of the analysis, the consulting team met with and interviewed a wide range of stakeholders, including city staff and elected officials, the City Centre development team, representatives of other facilities in the region, potential user groups, and other local and industry professionals. Their feedback is summarized below.

The Local Market

- The Omaha area is generally an attractive market, due to its relatively high incomes and low cost of living. It is thought that there is spending that is available to be captured, and that local residents can support additional entertainment offerings.
- La Vista is closer to downtown Omaha than Papillion and is more convenient due to its location on the 84 corridor.
- According to research conducted by the Sarpy County Chamber of Commerce, 48 percent of residents that responded to a survey said that there are not enough options for entertainment in their city. In addition, 81 percent named a type of cultural offering when asked “what do you wish your city offered?”

Existing Facilities and Events in the Region

- Harrah's Stir Concert Cove generally dominates the outdoor concert market in the summer. However, while most casinos are willing to overpay for musical acts that will generate other onsite revenues (i.e. from gaming), this model apparently was not successful for Harrah's and it now pays closer to market rates for shows.
- In general, music acts will not perform in both Lincoln and the Omaha area on the same leg of a tour.
- The regional market is very competitive for events and facilities.
- During the summer, Omaha has festivals and events every weekend that offer free concerts, such as Taste of Omaha, the Omaha Summer Arts Festival, and others. In addition, during the College World Series (held over approximately 10 days from mid- to late June), no other major events are held in the Omaha area.
- Concerts aimed towards the local Hispanic population are typically held at Sokol Auditorium in South Omaha (which is where the majority of Omaha's Hispanic residents live). There are three Spanish-speaking radio stations in Omaha.
- The Sokol Auditorium has many negatives, including its lack of parking.
- Papillion-La Vista Community Theatre produces one event per year, which is currently held at SumTur Amphitheater in July. The performance started being held outdoors because no indoor venue was available, but the organization now prefers to remain outdoors, despite occasional weather problems. SumTur generally works well for the event but another facility in La Vista or Papillion could potentially be considered.
- SumTur is said to have relatively small dressing rooms and little storage space (one event contacted by the consulting team has to bring its own storage containers). According to facility users, SumTur also has other issues that are making it more difficult to successfully host shows

there, such as the development of new homes closer to the venue, a decibel limit, and a hard curfew.

- Midtown Crossing's event space was generally built with the Symphony Orchestra in mind but the organization cannot use it because the stage faces west (into the setting sun) and its stage is not covered, which puts instruments at risk of inclement weather.
- The Orchestra also cannot use SumTur, as it is too small for it to make economic sense, and its stage, power, and lack of amenities are also insufficient for the Orchestra.
- The Maha Music Festival, which is currently held at AkSarBen, could potentially relocate to a new amphitheater in La Vista, as AkSarBen is not an ideal venue for the event.

A New Amphitheater

- City representatives generally indicated that there is no expectation to generate ongoing revenues from the operations of an amphitheater. It is rather expected to provide a community asset/destination that will generate activity for the adjacent development.
- Area parks that are good examples of community spaces for local events include Midtown Crossing's Turner Park and AkSarBen Village's Stinson Park in Omaha.
- Many new events and activities – such as Salute to Summer, Taste of La Vista, a tree lighting, outdoor movies, and a Santa's workshop at the golf course's former clubhouse – have been developed, and some of these could take place at new indoor and/or outdoor facilities.
- Other local programming for a new venue could include senior citizens' events, outdoor movies (currently held at the library), festivals, business events, and fitness classes. It is also believed that the recreation department and library could also create new programming to be held at a new venue (such as a farmers' market for an outdoor event space).
- A new amphitheater at the site could benefit from the former golf course, for use by larger events such as festivals.
- One potential amphitheater user does not envision a new "first-class" amphitheater being successful in the La Vista area, due to the presence of existing facilities in the market.
- According to the Symphony Orchestra, the organization is looking for new opportunities to play outside of its September to June season at the Holland Center. (It does not have a permanent summer home but plays occasionally at local parks.) The Orchestra would need to be able to sell at least 2,000 seats for a venue to make economic sense.

Other Potential Opportunities

- There is an opportunity for additional facility space to host outdoor weddings in the area, as well as an indoor venue that can host entertainment, meetings, luncheons and dinners, and other similar events.

- There is currently no indoor event facility in the 2,000-to-3,000-seat range, with the exception of the Holland Performing Arts Center's Concert Hall and the Orpheum, which are higher-end performing arts venues.
- Because of the identified need for indoor event space in the area, a potential opportunity in La Vista could be facility that accommodate both indoor and outdoor events. There are a number of examples of this facility type across the country, such as Stage AE (Pittsburgh), Express Live! (Columbus, OH), BB&T Pavilion (Camden, NJ), the XFINITY Theater (Hartford), and The Music Factory (Irving, TX; to open this summer).

INTERVIEWS WITH FACILITY MANAGEMENT COMPANIES AND EVENT PROMOTERS

In addition to feedback received from the various stakeholders described above, our team also met with facility operators and event promoters, at the local, regional, and national levels. These groups have particular insight into the venue and events markets, as they have direct experience in managing venues and promoting shows locally and across the country. We also discussed interest in having a relationship with a new venue (for example, as an operator or event promoter).

Feedback received from facility management companies and event promoters is summarized below.

- One company feels so strongly about the need for an indoor music venue in the Omaha area that it plans to build one (with a capacity of approximately 2,000) within the next five years. Other operators/promoters also agreed that the venue opportunity in the market is for a multipurpose indoor venue for approximately 2,000 people (although a more natural location for such a facility would be downtown Omaha rather than the suburbs). While the seating capacities of the Holland Center and Orpheum are in this range, they are not considered particularly relevant because they are higher-end performing arts centers with busy schedules and less physical flexibility.
- As described in the analysis of local arenas, facility operators that have smaller indoor spaces as secondary event facilities cannot accommodate the local demand for usage.
- The outdoor amphitheater market is very competitive, and competing with Stir would be difficult.
- For an outdoor amphitheater, the demographics of the market would require the ability to host seated shows, which would require some grading of the slope at the anticipated amphitheater site.
- One promoter feels that any opportunity for an outdoor amphitheater in the market would be for a capacity of 5,000 or more seats, in order to avoid direct competition with existing venues.
- The companies interviewed are generally interested in operating an outdoor amphitheater on behalf of the city.
- One large local promoter generally does not promote events in the summer due to the competition from other venues and the fairs, festivals, and free concerts that are offered.

4. Comparable Facilities

In this section, we analyze the operations, markets, and other characteristics of a set of other outdoor amphitheaters. While all markets and facilities are different, the results of this analysis will provide additional context into the opportunities and potential for facility usage in La Vista. In addition, while the facilities are all generally multipurpose and host a wide range of event types, their primary orientation varies slightly between commercial, touring events and local/community programming, in order to show the range of uses and target markets of the facilities.

The facilities analyzed are:

- Fraze Pavilion in Kettering, Ohio,
- Koka Booth Amphitheatre in Cary, North Carolina,
- Sprint Pavilion in Charlottesville, Virginia,
- Penn Community Bank Amphitheater in Bensalem, Pennsylvania, and
- Kearney Amphitheater in Kearney, Missouri.

FRAZE PAVILION, KETTERING, OHIO



Location: Kettering, OH

Year Opened: 1991

Seating Capacity: 4,300

Owner: City

Operator: City

Cost: \$5 million (\$8.9 million in 2016 dollars)

Funding: 80% Private, 20% Public

Setting: Suburban

The Frazee Pavilion opened in 1991 in suburban Kettering, Ohio, approximately six miles south of downtown Dayton. Kettering has approximately 55,000 residents, the City of Dayton has approximately 140,000 residents, and the Dayton metro area has more than 840,000. The venue has a total seating capacity of 4,300, which includes 1,600 fixed seats, 1,360 lawn seats, 1,000 bleacher seats, and 430 Gold Circle Seats. Owned and operated by the City of Kettering, the amphitheater is the focal point of the Lincoln Park Civic Commons. The Commons serves as the home of a variety of local food and music festivals, and is a parklike area that also includes office, residential, and commercial uses. The facility

books a full schedule of ticketed performances such as touring concerts, as well as many local events and festivals.



In 2015 (the most recent year for which full data is available), the venue hosted approximately 50 events between Memorial and Labor Day, including 31 ticketed performances from artists such as Willie Nelson, BB King, Bonnie Raitt, Michael Buble, Santana, Ringo Starr, Bob Dylan, Journey, and Reba. Additionally, there were 20 other events, including festivals and free concerts. Total attendance was approximately 164,000, with paid ticketed attendance of 95,000.

The 2015 season also included 22 touring concerts, "\$2 Tuesdays" (four shows by regional artists), "\$5 Fridays" (four), and "Throwback Thursdays" (four cover bands). The facility also hosted 16 free festivals/shows, including a blues fest, art fair, block party, a talent show, and chicken, wing, and bacon fests.

The following table shows the venue's usage from 2012 through 2015.

Table 11: Frazee Pavilion Usage

Event Type	2012	2013	2014	2015
Ticketed Performances				
# of Events	28	24	32	31
Avg. Attendance	2,537	3,265	2,795	3,048
Total Attendance	71,035	78,355	89,446	94,498
Rental Performances				
# of Events	8	12	7	4
Avg. Attendance	2,378	2,584	2,684	2,507
Total Attendance	19,022	31,012	18,786	10,029
Festivals				
# of Events	5	8	8	13
Avg. Attendance	10,500	9,269	5,799	4,288
Total Attendance	52,500	74,155	46,392	55,742
Free Concerts				
# of Events	9	5	5	3
Avg. Attendance	1,244	640	820	1,333
Total Attendance	11,200	3,200	4,100	4,000
All Events				
# of Events	50	49	52	51
Avg. Attendance	3,075	3,811	3,052	3,221
Total Attendance	153,757	186,722	158,724	164,269

Source: City of Kettering

In the last four years, the facility has hosted a total of approximately 50 events per year, and an average of 29 ticketed events. Total attendance has ranged from approximately 150,000 to 185,000 during the four years. According to venue estimates, the Pavilion hosted 32 ticket performances and five rental performances in 2016, with total ticketed and rental attendance of 87,200 and 10,825, respectively (which is consistent with prior years). In addition to paid events, the venue also hosted 14 festivals and six free concerts, which cumulatively drew 196,061 attendees.

The facility's historical annual operating revenues and expenses are summarized below.

Table 12: Frazee Pavilion Revenues and Expenses (\$000s)

	2011	2012	2013	2014	2015
Revenues					
Rentals	\$300	\$264	\$486	\$256	\$210
Charges for Services	2,281	2,462	2,429	2,928	2,697
Other Operating	42	60	65	60	40
Concessions	1,001	1,069	1,152	1,180	1,090
Sponsorships	268	474	459	523	488
Total Revenue	\$3,892	\$4,329	\$4,591	\$4,945	\$4,525
Expenses					
Personnel	\$747	\$795	\$887	\$953	\$1,048
Operating	2,867	2,872	3,322	3,496	3,274
Total Expenses	\$3,614	\$3,668	\$4,209	\$4,448	\$4,322
Net Income (Loss)	\$278	\$661	\$382	\$497	\$203

Source: Kettering Budget 2016

Both revenues and expenses have increased by approximately \$700,000 since 2011. However, with the exception of 2012 (net income of more than \$660,000), the facility's net income has been relatively consistent, and has averaged approximately \$400,000.

KOKA BOOTH AMPHITHEATRE, CARY, NORTH CAROLINA

Location: Cary, NC

Year Opened: 2001

Seating Capacity: 7,000

Owner: City

Operator: SMG

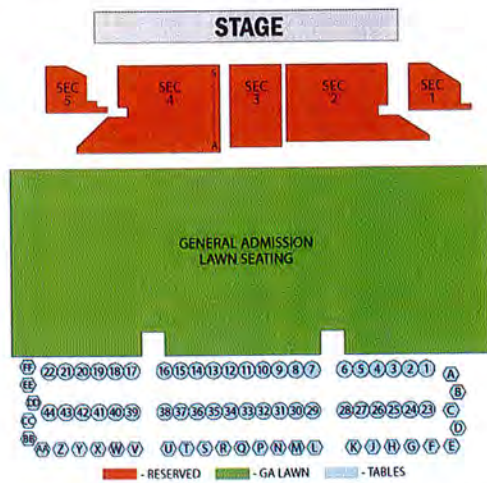
Cost: \$16.2 million (\$22.1 million in 2016 dollars)

Funding: 100% Public

Setting: Park

Koka Booth Amphitheatre is located in Regency Park on the north bank of Symphony Lake in Cary, North Carolina. Cary's population is approximately 150,000, and the town is located approximately 12 miles from Raleigh. The venue opened in 2001 and is owned and operated by the Town of Cary, but is managed by SMG and promoted by Outback Concerts. Outback is contractually obligated to promote a minimum of 10 concerts per season. The Amphitheatre cost approximately \$16.2 million, which includes over \$12 million in construction, \$1.4 million in land acquisition, and \$1.9 million in supplies, equipment,

and services. While it hosts a relatively limited number of major touring events, the facility is a fully commercial amphitheater with the required infrastructure for these shows.



In addition to national touring concerts, the facility also hosts the North Carolina Symphony's Summerfest series (sponsored by a healthcare company), as well as movie showings (which are sponsored by a local hospital), a bluegrass series (weekly in September), and other public/community programming. Recent touring artists included the Lumineers, Harry Connick Jr., Robert Plant, Willie Nelson, and Alabama Shakes. Community festivals included events focused on chili and beer, wine and music, and beer, bourbon, and barbeque. Other rentals included multiple walks/runs and local music shows.

The Amphitheatre offers a variety of seating types (permanent seating, GA/lawn, and tabletops) and full and partial season ticket options. Patrons can purchase ten general admission lawn tickets for \$350 or 20 for \$600. For \$800, a full-season Gold Circle Pass provides a seat in a prime location for every concert and lawn ticket to all other events, a complimentary buffet for every major national concert performance, and a VIP parking pass. VIP Crescent Deck Tables are available for four to six people and range in price from \$1,600 to \$5,100. These tickets include everything included with the Gold Circle Pass, in addition to table waitservice and the option to purchase additional reserved seats.

The facility's 2016 season usage is summarized below.

Table 13: Koka Booth Amphitheatre Events and Attendance, 2016

Event Type	# of Events	Avg. Atten.	Total Atten.
Nationally Acclaimed Artists	12	4,349	52,183
NC Symphony Summerfest	10	1,833	18,332
Community Festivals	7	5,439*	89,529
Rentals	18	1,071	19,286
Movies by Moonlight	8	601	4,806
Total	55		184,136

Source: Town of Cary

*Average festival attendance per day.

Twelve touring shows attracted an average of approximately 4,350 attendees each, and the facility hosted a total of 55 events and approximately 184,000 attendees.

The following table summarizes the facility's operating revenues and expenses for the most recent three years for which full data is available.

Table 14: Koka Booth Amphitheatre Revenues and Expenses (\$000s)

	2012	2013	2014
Revenues			
Rent	\$251	\$362	\$421
Service Event	382	342	338
Other Operating	406	297	255
Concessions	156	159	159
Other Ancillary	88	98	119
TM Rebates	24	54	65
Novelty Sales	14	12	12
Parking	15	21	11
Total Revenue	\$1,336	\$1,345	\$1,379
Expenses			
Event Expenses	\$558	\$608	\$641
Wages	520	519	532
Operations Expenses	131	120	106
Utilities	65	64	69
SMG Fee	61	61	61
Supplies	54	49	49
Contracted Services	35	35	35
Insurance	35	34	31
Admin	26	22	19
Maintenance	20	7	7
Other	n/a	1	1
Total Expenses	\$1,505	\$1,519	\$1,551
Net Income (Loss)	(\$168)	(\$175)	(\$171)

Source: Town of Cary

In the three years, the facility has consistently generated an operating deficit of approximately \$170,000 to \$175,000. Gross per capita F&B revenues are approximately \$14 for touring concerts, \$2.10 and \$2.20 for Symphony performances and movies (attendees can bring their own picnics for the Symphony and movies), and \$1.85 for other rentals.

SPRINT PAVILION



Location: Charlottesville, VA

Year Opened: 2005

Seating Capacity: 3,800

Owner: City

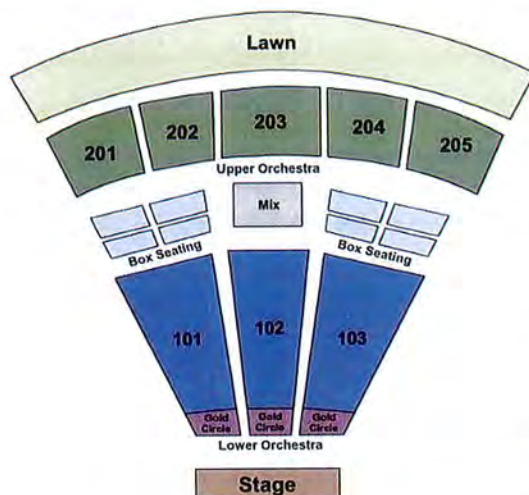
Operator: Charlottesville Pavilion LLC

Cost: \$3.4 million (\$4.2 million in 2016 dollars)

Funding: 30% Public, 70% Public loan to Charlottesville Pavilion LLC

Setting: Urban

The Sprint Pavilion opened in 2005 in downtown Charlottesville, Virginia. In 2015, the City of Charlottesville had 46,600 residents, and the Charlottesville MSA had 225,000. The amphitheater's downtown location has an abundance of restaurants, retail, and hotels within walking distance. The Sprint Pavilion has a seating capacity of approximately 3,800, and while most events are general admission, there are different types of seating options, including a 50-person VIP area and premium boxes. The "VIP Party Porch" is an elevated lawn area to the left of the stage that provides private bar service and seating for private events. In addition to the VIP area, there are premium boxes available for purchase, with four-, six-, and eight-seat private table configurations with premium food options and beverage service. There are no fixed seats at the venue; however, foldable chairs are located under the covered seating area.



In 2004, the City of Charlottesville and Charlottesville Pavilion LLC (formed by a local promoter) agreed to a deal that would loan the company \$2.4 million to construct the pavilion, with a City contribution of \$1 million. The company agreed to operate the venue for 20 years and pay \$100 in rent to the Charlottesville Economic Development Authority (CEDA) on the first day of every concert season. In addition to paying rent, the Sprint Pavilion would also add a fifty-cent surcharge to each ticket sold, with proceeds going to the CEDA. The aggregate amount of this surcharge has a cap of \$1 million, after which the operator is no longer obligated to

charge the surcharge or make the surcharge payments to the CEDA. The agreement also states that the operator must charge a maintenance fee of \$1.00 per ticket, with all proceeds going to a facility maintenance fund. Any maintenance fee revenues beyond \$200,000 will help to repay the CEDA's

construction loan. In return, Charlottesville Pavilion LLC would collect revenues from all events with the exception of a small number of City-sponsored events.

During the early stages of development, the concept was initially met with backlash due to its downtown location and potential noise issues with neighbors. However, proponents of the project explained that a lowered stage and limited operating hours would reduce sound spillover to adjacent neighborhoods.

The facility hosts an annual "Fridays After Five" concert series from mid-April to early September. These concerts are free and are performed by local artists; volunteers operate concessions on behalf of local non-profits. According to Pollstar, the Pavilion has also hosted an average of 21 concerts per year since 2014, selling approximately 3,300 tickets per show at \$41 per ticket. According to facility management, the Pavilion hosts a total of 45 to 60 events each season (including community events), with each event drawing approximately 2,000 to 2,500 attendees.

PENN COMMUNITY BANK AMPHITHEATER



Location: Bensalem, PA

Year Opened: 2000

Seating Capacity: 3,000

Owner: Township

Operator: Township

Cost: \$2 Million (\$2.8 million in 2016 dollars)

Funding: 100% Public

Setting: Suburban

The Penn Community Bank Amphitheater opened in 2000 in Bensalem, Pennsylvania, approximately 20 miles northeast of Philadelphia. In 2015, Bensalem had 60,400 residents, and the Philadelphia MSA had six million. The venue has a seating capacity of approximately 3,000, with three rows of fixed seats on either side of the stage (seating 40 people), and the remaining seating areas consisting of a general-admission lawn area. The amphitheater is owned and operated by Bensalem Township and was built for approximately \$2 million in local tax revenue. The facility is located next to the city's Municipal Complex but is surrounded by trees on three sides, and is primarily oriented towards non-major touring events.

The venue offers a single ticket (\$5 for Bensalem residents and \$10 for non-residents) and a \$45 season pass. Operating costs are covered by a combination of sponsorship and admissions revenue. According to venue representatives, the Penn Community Bank Amphitheater hosts approximately 13 events between June and September. Performances typically include cover bands, local acts, and festivals. In the last few years, all ticketed events were cover bands (although they were generally touring acts).

KEARNEY AMPHITHEATER



Location: Kearney, MO

Year Opened: 2008

Seating Capacity: 4,500

Owner: City

Operator: City

Cost: \$1.2 Million (\$1.4 million in 2016 dollars)

Funding: 80% Public, 30% Private

Setting: Park

The Kearney Amphitheater opened in 2008 in the suburban city of Kearney, Missouri, approximately 27 miles north of downtown Kansas City. The City of Kearney has 9,400 residents, Kansas City has 475,400, and the Kansas City MSA has over two million residents. The Kearney Amphitheater has a seating capacity of approximately 4,500, a majority of which is lawn seating. There is a concrete area in front of the stage for a standing crowd in addition to the lawn area, where attendees are permitted to bring chairs and blankets. The venue is primarily used by locally-based, non-ticketed events.

The venue is owned and operated by the City of Kearney and is located in Jesse James Park. The amphitheater cost \$1.2 million and was funded by tax credits, private donations, and a small grant from the Missouri Department of Natural Resources. Events typically held at the Kearney Amphitheater include music, movies, and festivals. In 2008, the venue hosted a total of 26 events, significantly higher than the 10 events held in 2016. According to the city, events at the amphitheater typically draw crowds of 500 to 800 for local acts and 2,000 for national acts (although very few national acts have been booked). The table below summarizes the facility's operating revenues and expenses for recent years.

Table 15: Kearney Amphitheater Revenues and Expenses (\$000s)

	2013	2014	2015	2016
Revenue	\$163	\$79	\$141	\$162
Expenses	\$208	\$148	\$227	\$194
Net Income (Loss)	(\$45)	(\$70)	(\$86)	(\$32)

Source: City of Kearney

Since 2013, the Kearney Amphitheater has operated at a loss ranging from \$32,000 to \$86,000.

5. Physical and Site Analyses

SITE ANALYSIS

La Vista Falls Golf Course Site

The location under consideration for the proposed amphitheater is at the south end of the former La Vista Falls executive golf course, a publicly-owned facility that began operation in 1992. The overall site includes approximately 37 acres and is bounded by Park View Boulevard on the north, a residential neighborhood (Valley Rd. and Park View Blvd.) on the east, S. 83rd Drive and a residential neighborhood (Leaf Plum Dr. and park) on the south, and S. 84th Street on the west.

The golf course was closed in 2016 in anticipation of converting the land to a multi-functional city park (Civic Center Park) with a public amphitheater component. The public amphitheater is hoped to enhance community life as well as develop and augment a public connection to the proposed \$200-million, mixed-use residential/commercial development at the southwest end of the site. For the purposes of this review, we are defining the proposed amphitheater site as the land bordered by the Proposed Lake Pond, Wetlands and Proposed Hard Edge Lake Wall to the north (as identified on TD2 Wetlands Exhibit W1.2 drawing dated January 20, 2017), the eastern edge of the proposed retail development to the east, S. 83rd Drive to the south and S. 84th Street to the west. The site consists of approximately 5.6 acres and has a width from the back of the previously-proposed stage location (as identified on TD2 Preliminary Grading Plan dated January 3, 2017) to the south property line of approximately 340 feet.

Existing Structures

There are minimal existing structures to the north and east, including a clubhouse, surface parking, and greenskeeper and support facilities. None of these facilities are located at the proposed amphitheater site.

Parking

There is existing parking at two locations: (1) on site, at the location of the former clubhouse and (2) across S. 84th St. to the west at the municipal swimming pool. It appears that there are approximately 65 spaces at the pool surface lot and an additional 60 spaces at the former clubhouse. Typical metrics for amphitheater parking planning recommend approximately 2.25 to 2.5 people per car and 350 square feet per car. For example, the largest potential facility from our preliminary review would be a facility accommodating 7,000 patrons, which would require approximately 22 acres dedicated to parking.

Existing Utilities

Although major utilities appear to be available at the site, professional engineering reviews are recommended to verify the availability and capacity of the existing utilities to serve the proposed land uses.

Traffic Study

We are not aware of any traffic studies that may have been commissioned for the proposed amphitheater. A traffic study would be a highly-recommended component of the amphitheater's due diligence. A typical traffic study would include event forecasts and projected number of cars based on the recommended facility size, along with an analysis of travel to the site in the evening or during peak travel times.

Environmental

We are not aware of any environmental reports or other potential cost impacts to build on the potential amphitheater site. We strongly recommend independent review by a qualified consultant to evaluate existing documentation and opine on the possible environmental consideration for the site.

Site Physical Assessment

The buildable area of the amphitheater site, depending on required setbacks, is approximately 5.6 acres. Per the test fit overlays with comparable facilities (see below), it appears that an amphitheater with capacity for several thousand patrons could be accommodated at this site. However, the site has several drawbacks that must be considered, including the narrow rectangular shape of the site (which is not optimal), wetlands designation, potential flooding, and the approximate 40-foot elevation change from the north proposed stage location to the south property line, which can limit flexibility and negatively impact site development costs.

Size Comparisons

Listed below is a comparison of the La Vista site's physical size compared to comparable facilities identified in this report. From our review it appears that the site, although challenged, can accommodate multiple configurations and capacities.

- **LaVista Site, +7,000 capacity; 5.6 acres**
- Penn Community Bank Amphitheater, Bensalem, Pennsylvania, 3,000 Capacity; 4.4 acres
- Sprint Pavilion, Charlottesville, VA, 3,800 Capacity; 2.2 acres
- Frazee Pavilion, Kettering, Ohio, 4,300 capacity; 3.5 acres
- Kearney Amphitheater, Kearney, MO, 4,500 capacity; 4.3 acres
- Koka Booth Amphitheatre, Cary, North Carolina; 7,000 capacity; 3.6 acres

Other Concerns Include:

- Existing soil conditions, substructures, and other unforeseen obstructions.
- Planning and zoning approvals, which could reduce the allowable buildable area.
- Acceptable orientation for the proposed amphitheater.
- Sound implications, as further discussed in this report.
- Impact of increased capacity of the proposed amphitheater on local utilities, traffic, and parking.
- Potential reviews and approvals from the governmental agencies and/or the Army Corps of Engineers due to proximity of the wetlands.

Exhibits: Comparable overlays and size comparisons

Listed below is an overlay comparison of the La Vista site's physical characteristics with other comparable facilities. These overlays are intended to demonstrate how various configurations can be accommodated at the La Vista site.

- Koka Booth Amphitheatre, 7,000 capacity; 3.6 acres
- Kearney Amphitheater, 4,500 Capacity; 4.3 acres
- Red Hat Amphitheater, Raleigh, NC; 5,500 seating; 3.5 acres

Figure 8: Koka Booth Amphitheater Overlay on La Vista Site



Figure 9: Kearney Amphitheater Overlay on La Vista Site

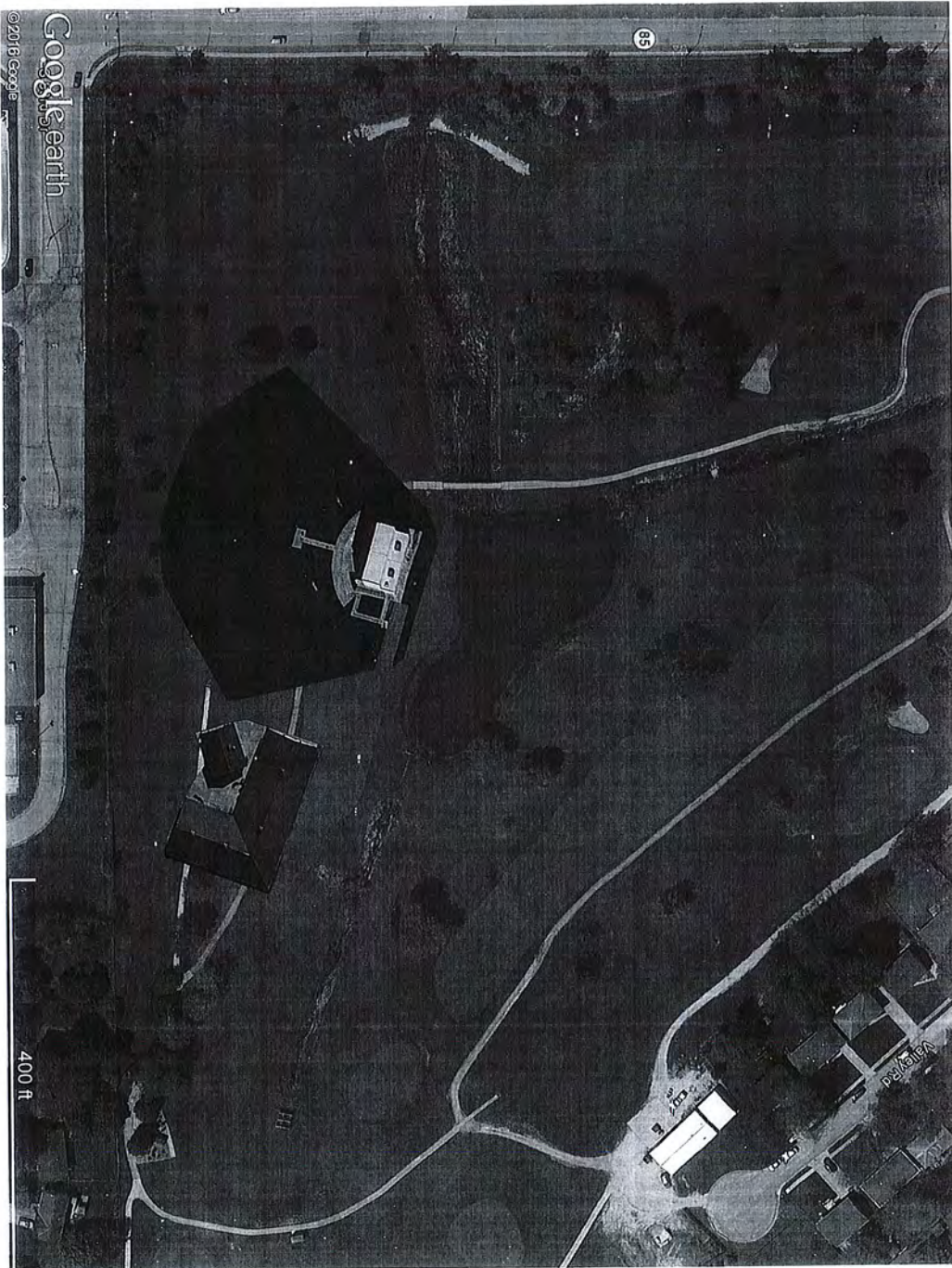


Figure 10: Red Hat Amphitheater Overlay on La Vista Site



ACOUSTIC ANALYSIS

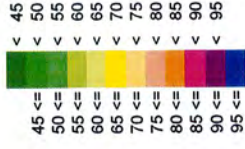
Our team analyzed various orientation options for an outdoor amphitheater and the impacts that the resulting sound would have on the immediate area. We considered stage orientations facing south, west, east, and northwest. The following pages summarize the relative sound levels created, assuming 105 dbA from the facility's mix position (which represents a typical upper limit of sound; "average" sound levels will be lower).

The acoustic analysis is based on a number of assumptions, including the following:

- Topographical information as provided by client representatives.
- The continued presence of existing development (residences to the north and east, and 84th Street and residences to the west) and the future presence of the City Centre development to the immediate south.
- An assumed amphitheater facility with a 50-foot stage house building, two line arrays at either side of the stage, and a mix station 80 feet from the front of the stage.
- A maximum of 105 dbA at the mix station, with a frequency response or sound spectrum based on field measurements of typical popular music concerts, with elevated low frequency energy.
- No unusual meteorological conditions, such as strong winds, or other sound sources such as crowd noise, traffic, mechanical systems, and others.

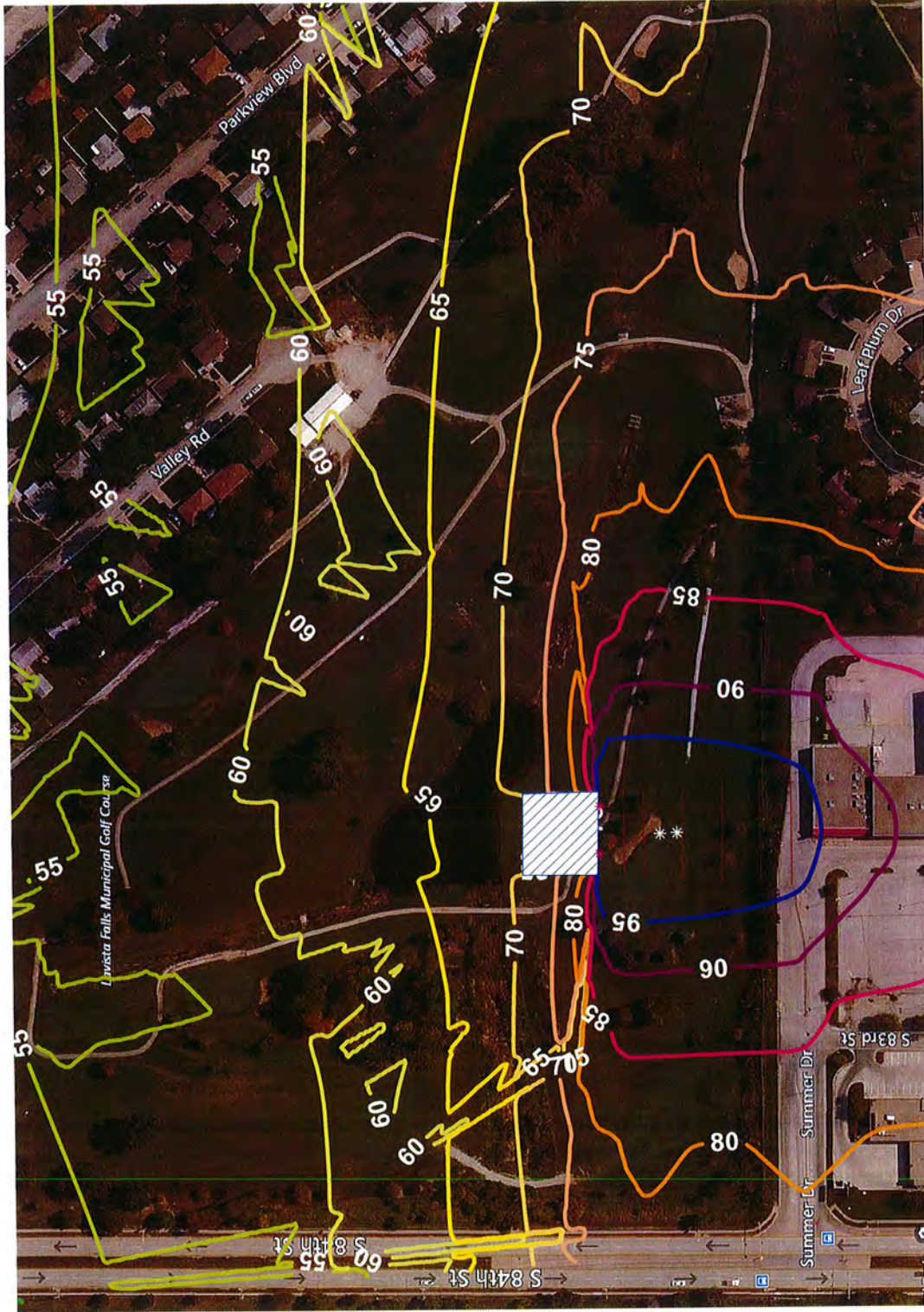
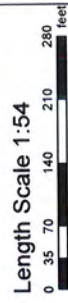
La Vista Amphitheater
 Original Proposed Location
 Speaker Output of 105 dBA at 80 ft.

Noise levels dBA



Signs and symbols

- * Speaker Array
- Amphitheater
- Stagehouse



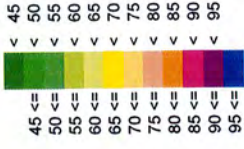
13 March 2017
 Sheet 1 of 3

Wrightson Johnson Haddon and Williams
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 Carrollton, TX 75006
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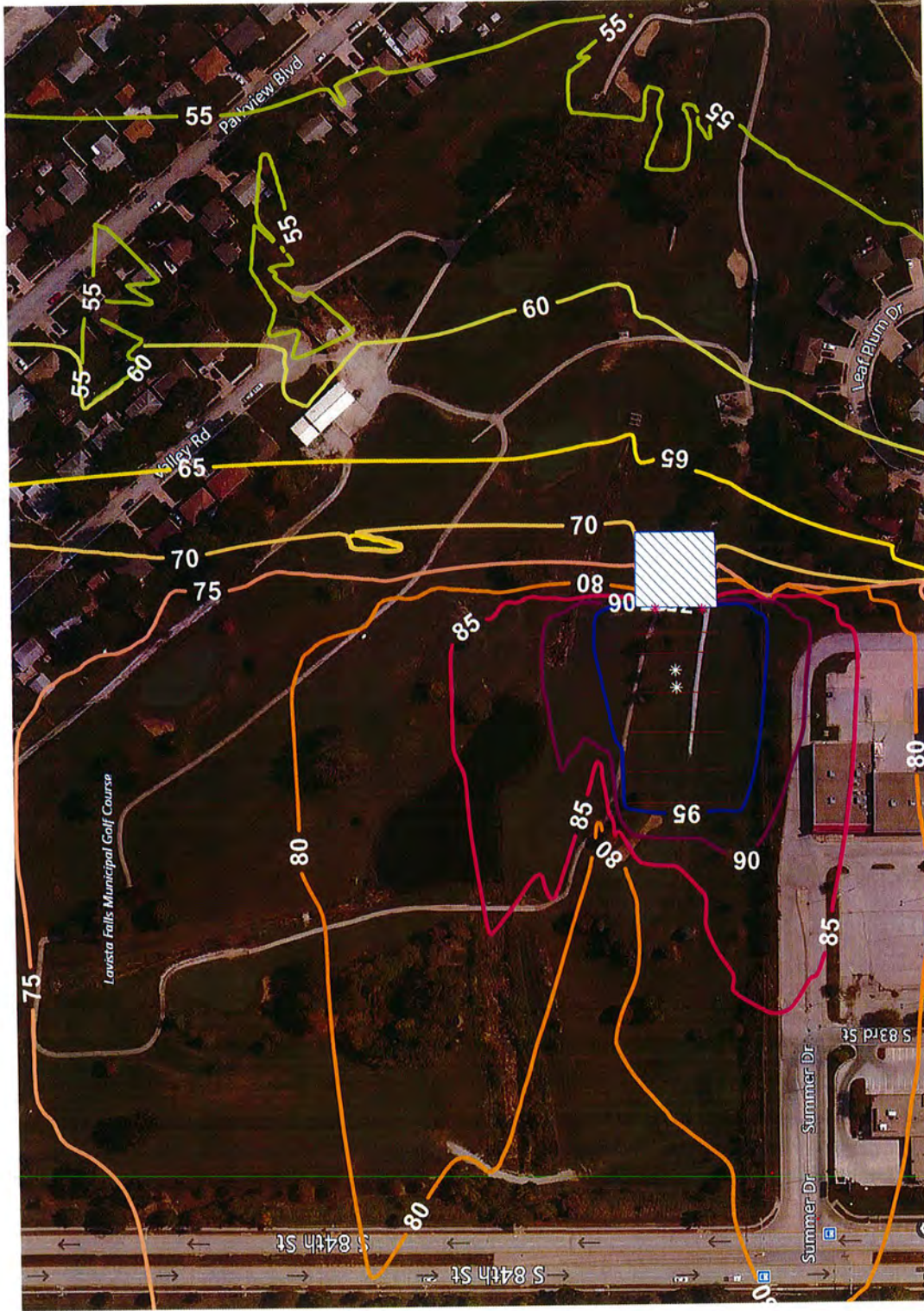
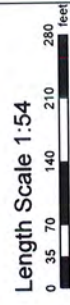
La Vista Amphitheater
 Stage Facing West
 Speaker Output of 105 dBA at 80 ft.

Noise levels dBA



Signs and symbols

- * Speaker Array
- Amphitheater
- Stagehouse

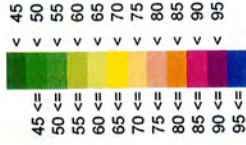


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 Sheet 3 of 3

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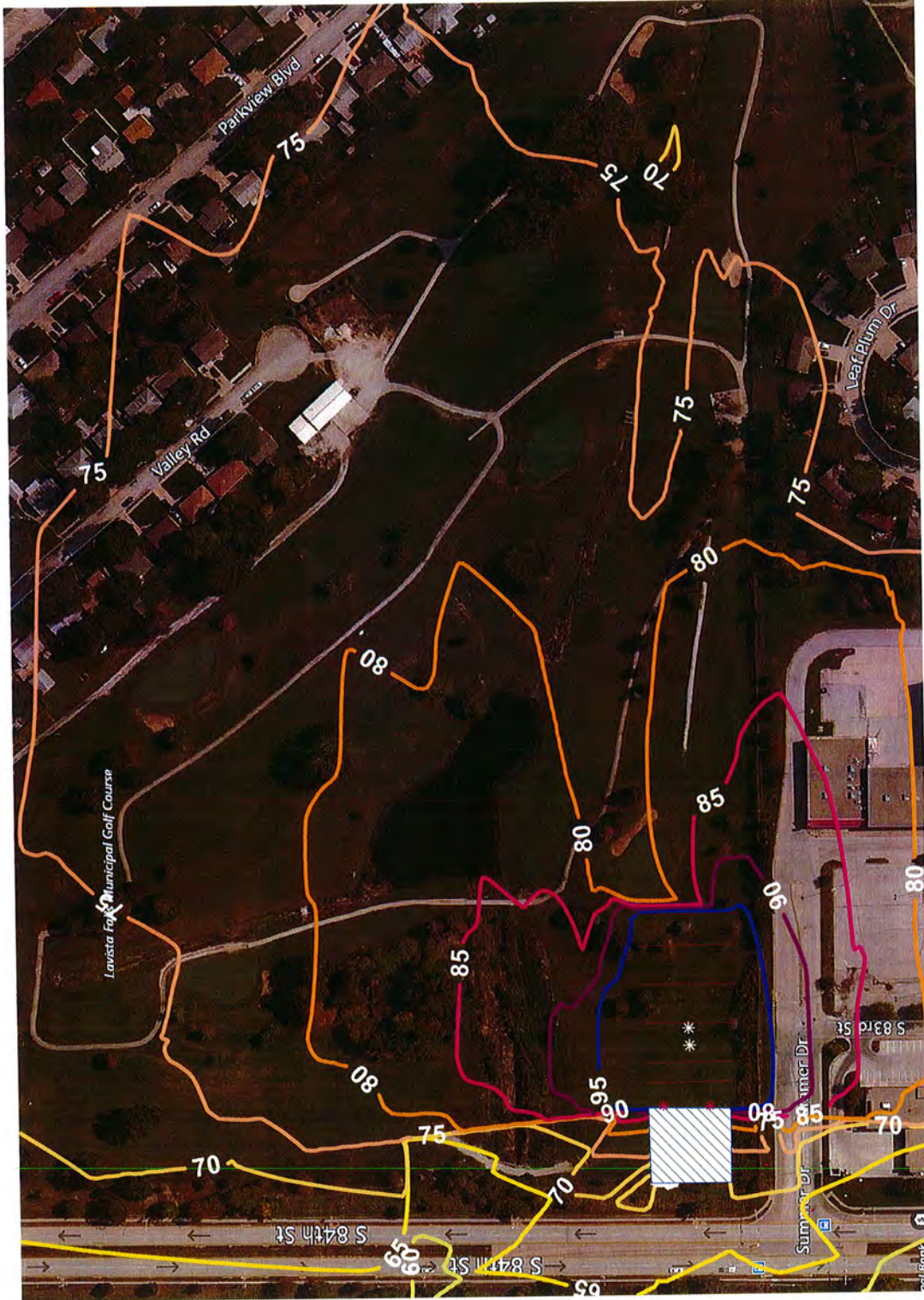
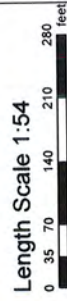
La Vista Amphitheater
 Stage Facing East
 Speaker Output of 105 dBA at 80 ft.

Noise levels dBA



Signs and symbols

- * Speaker Array
- Amphitheater
- Stagehouse



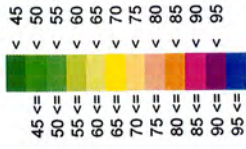
13 March 2017
 Sheet 2 of 3

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La Vista Amphitheater
 NorthWest Facing Amphitheater
 Speaker Output of 105 dBA at 80 ft.

Noise levels dBA



Signs and symbols

- * Speaker Array
- ▨ Amphitheater
- ▭ Stagehouse

Length Scale 1:54



13 March 2017
 Sheet 4 of 4

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In general, these analyses indicate the following:

- With the stage facing City Centre (south), maximum sound levels at the existing and planned residential areas are well beyond what most municipal noise ordinances will allow, and from past experience, will result in strong negative reaction from residents.

While there do not appear to be existing noise ordinances in La Vista beyond a zoning ordinance prohibiting "offensive" noises being "noticeable" at or beyond a property line, typical municipal noise regulations in the US often have limits of 55 to 65 dbA prior to 7:00 PM and 49 to 55 after 7:00. With a south-facing stage, predicted sound levels are anticipated to reach 90 dbA at City Centre, and 80 dbA to the eastern homes. To the north and west, sound levels at residential areas are predicted to be 60 dbA or less.

- Alternative orientations of the stage (facing east, northwest, or west) are similarly problematic, although less so than the south-facing option. However, as shown, decibel levels generally exceed 55 dbA at City Centre and/or the residential neighborhoods, and can be in the 75-to-90 dbA range.
- Lowering the source sound levels to 85 dbA (which is as low of a restriction as would be encountered) does not result in the desired sub-55 dbA level at the residences. Without additional mitigation, such as a roof, sound walls, and/or other methods, the facility's value as a commercial amphitheater for touring acts is limited.
- Other methods for reducing sound levels include noise-attenuation construction such as covered seating, wing walls, and a sound barrier at the rear of seating areas. Another approach would be to obtain a Conditional Use or Special Use Permit that would allow the facility to operate under certain conditions, such as with maximum sound levels, number of days/nights of use, and time of day.

6. Conclusions and Recommendations

MARKET-BASED CONCLUSIONS

Based on our market analyses, the following conclusions are made regarding the La Vista market and the need for a new outdoor amphitheater:

- The La Vista market generally has very strong demographics, including relatively high population growth, a young median age, high income levels and a low cost of living, and low unemployment. It also benefits from its proximity to Omaha and ease of access via 80. As a result, residents of La Vista and surrounding areas are thought to have disposable income for entertainment and recreation.
- There are a number of facilities in the Omaha/Lincoln market that compete to host ticketed, outdoor events, including SumTur Pavilion (in Papillion), Stir Concert Cove (Council Bluffs), and Pinewood Bowl (Lincoln), as well as local parks. These three amphitheaters have capacities between approximately 2,500 and 5,500 and effectively serve the market for touring concerts, although SumTur in particular has a number of limitations. While it is possible that a new amphitheater in La Vista in this size range could compete with these venues and attract some shows, there appears to be a stronger market for community events that require an outdoor venue, rather than major touring events.
- The area also offers a number of types of indoor venues, including clubs, arenas, performing arts centers, and conference centers. In general, there appears to be a need for a multipurpose indoor venue with a capacity of approximately 2,000 to 3,000 people that can host events such as music and other entertainment, meetings, social events, and others. There are few facilities of this type and size in the area, and existing facilities report that demand for their space far exceeds available supply.

PHYSICAL/SITE-RELATED CONCLUSIONS

- The buildable area of the planned amphitheater site is approximately 5.6 acres. This area, depending on the exact location, orientation, and characteristics of a facility, is generally considered to be sufficient for an amphitheater that can accommodate several thousand attendees.
- However, there are several concerns and unknowns related to the site, including its shape, the wetlands designation and potential for flooding, and the 40-foot elevation change from the

planned site of the stage to the south property line. In addition, further analysis should be done regarding utilities, traffic, environmental, and other characteristics.

- In general, the planned location of the amphitheater and its stage orientation are extremely problematic acoustically in terms of its ability to host touring concerts. With the stage facing south towards City Centre and planned and existing residential developments, sound levels greatly exceed those that are typically allowed. Alternative options, with the stage facing other directions on the former golf course site, are also problematic. This does not preclude use of the amphitheater as a venue for smaller events with less sound amplification.

FACILITY RECOMMENDATIONS

- Due to the already highly competitive marketplace that vies for touring acts playing traditional outdoor venues, another outdoor performing space would be very difficult to program, as the market is already quite saturated with smaller outdoor venues. Also, our physical analyses further indicate that acoustic issues associated with the site all but preclude an outdoor venue for touring concerts with typical sound levels.
- However, an outdoor venue oriented towards community usage (and with less, and/or less frequent, sound amplification) can be successful at this site from a programming standpoint, as there is a local need for such a facility. It is also possible that on a limited number of occasions, the amphitheater could be used with sound levels that would not be normally allowed, particularly during the day.
- We recommend a relatively basic amphitheater that has the ability to host certain touring acts and performances but does not have the technical capacities and infrastructure of a venue that focuses on major touring acts. The site allows for a maximum capacity of approximately 7,000 people (lawn seating only) and we have developed a preliminary program and budget for this type of facility. Our recommended program includes basic infrastructure, such as fencing, a limited amount of facilities for permanent restrooms and maintenance, and has allowances for landscaping, utilities, site preparation, and other items. The estimated construction costs for this facility are \$4.7 million, and total costs (including soft costs) are \$6.4 million. (A detailed program and cost estimates appear in the Appendix of this report.)
- Because this type of community-oriented amphitheater would primarily host non-commercial and non-ticketed events, we assume that the City of La Vista would both own and operate the facility. A private operator such as a facility management company or concert promoter would not be needed to program a schedule that includes few commercial events such as touring concerts, and would not be financially sensible for the City.

7. Operating and Financial Forecasts

Based on our previous tasks (including analysis of local and comparable facilities, stakeholder interviews, and recommendations for a new facility and its site), we have forecasted future operations of the assumed facility. The projection covers the first ten years of a facility's operations, and we assume that the facility will open in 2019.

As described in the previous section, we assume that the amphitheater is a relatively basic facility that has the ability to host certain touring concerts (including comedians and other performances) but will be focused on more community-based programming that does not have the needs of larger, more technical events.

EVENT AND ATTENDANCE DEMAND

The following tables summarize the facility's forecasted event and attendance demand for its first ten years of operation, beginning in 2019.

Table 16: Estimated Annual Event Usage

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Large Concerts	4	4	5	5	5	5	5	5	5	5
Small Concerts	6	6	6	6	6	6	6	6	6	6
Other Performances	8	8	8	8	8	8	8	8	8	8
Festivals	3	3	6	6	6	6	6	6	6	6
Movies	12	12	12	12	12	12	12	12	12	12
Community Events	10	10	12	12	12	12	12	12	12	12
Private Rentals	10	10	10	10	10	10	10	10	10	10
Total	53	53	59	59	59	59	59	59	59	59

Source: AECOM

Table 17: Estimated Average Attendance

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Large Concerts	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Small Concerts	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Other Performances	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Festivals	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Movies	750	750	750	750	750	750	750	750	750	750
Community Events	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Private Rentals	750	750	750	750	750	750	750	750	750	750

Source: AECOM

Table 18: Estimated Total Attendance

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Large Concerts	12,000	12,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Small Concerts	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Other Performances	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Festivals	18,000	18,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Movies	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Community Events	10,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Private Rentals	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Total	71,700	71,700	94,700	94,700	94,700	94,700	94,700	94,700	94,700	94,700

Source: AECOM

As the tables show, the facility is forecasted to host approximately 50 to 60 events per year, and a total of approximately 70,000 to 95,000 attendees. We assume that most event categories will remain stable over time, with some fluctuations. In general, concert demand may spike in the facility's first year or two, due to a "honeymoon" period. Other categories, such as community-based events, could likely increase over time before stabilizing, as new events are created because of the presence of the facility.

OPERATING REVENUES AND EXPENSES

Based on forecasted event and attendee demand, operations of similar facilities, and other aspects of the market analysis, we have prepared a ten-year projection of operating revenues and expenses for the recommended facility. The following describes the assumptions and methodology used to estimate the financial performance of the amphitheater, beginning with a pro forma financial statement that summarizes projected operating revenues and expenses, and the assumed annual net revenue to the City. (For all items, we assume a two-percent inflation rate per year.)

The facility's projected financial statement for its first ten years is shown below.

Table 19: Estimated Annual Operating Revenues and Expenses

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues										
Rent	\$71	\$72	\$72	\$73	\$75	\$76	\$78	\$80	\$81	\$83
Advertising/Sponsorships	31	32	32	33	34	34	35	36	37	37
Facility Fee	11	11	9	9	9	9	9	9	9	9
Merchandise	11	11	11	12	12	12	12	13	13	13
Food and Beverage	84	86	94	96	98	100	102	104	106	108
Parking	29	30	33	33	34	35	35	36	37	37
Total Operating Revenues	\$238	\$242	\$252	\$256	\$261	\$266	\$272	\$277	\$282	\$288
Operating Expenses										
Salaries and Benefits	\$36	\$37	\$38	\$39	\$39	\$40	\$41	\$42	\$43	\$44
Event Expenses	154	157	182	185	189	193	197	201	205	209
General and Administrative	26	27	27	28	28	29	29	30	30	31
Utilities	16	16	16	17	17	17	18	18	18	19
Repairs & Maintenance	10	11	11	11	11	11	12	12	12	12
Insurance	6	6	6	6	7	7	7	7	7	7
Advertising	26	27	27	28	28	29	29	30	30	31
Total Operating Expenses	\$274	\$280	\$307	\$313	\$320	\$326	\$333	\$339	\$346	\$353
Net Operating Income (Loss)	(\$37)	(\$38)	(\$56)	(\$57)	(\$58)	(\$60)	(\$61)	(\$62)	(\$64)	(\$65)
Estimated Annual Debt Service	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411
NOI After Debt Service	(\$448)	(\$449)	(\$467)	(\$468)	(\$469)	(\$471)	(\$472)	(\$473)	(\$475)	(\$476)

Source: AECOM

As the table shows, the facility's net operating loss is projected to be approximately \$35,000 to \$65,000 per year. After consideration of annual debt service expenses for facility construction, the resulting loss is approximately \$450,000 to \$475,000 per year.

Descriptions of individual line items, and major underlying assumptions, appear below.

Revenues

Rent

We assume that the City will generally rent the facility on an event basis to external groups such as promoters (particularly for any major events such as concerts and other ticketed performances). Rental revenues will be generated on a per-event basis, or as a percent of ticket sales. We also assume that the city will organize certain non-ticketed events such as movie nights and other community-based events, and these events will not generate any rental revenue for the facility. For ticketed concerts, we assume that the City's rent will be five percent of ticket sales; for non-ticketed rentals, daily rates are assumed to range from \$1,500 to \$2,500.

Based on our assumptions, facility rent revenue is estimated to be approximately \$70,000 in 2019.

Advertising/Sponsorships

Advertising and sponsorship revenue can be generated from signage, sponsorships of certain areas of the facility (or the entire facility), and other similar sources. Based on revenues generated at other similar, community-based amphitheaters, we assume a total of approximately \$30,000 in the facility's first year.

Facility Fee

We assume that for ticketed concerts, the facility will impose a \$1 (for large concerts) or \$0.50 (small concerts) per-ticket fee to help fund operations. These fees will often be shared with concert promoters; overall, we assume that 75 percent of facility fee revenue will be captured by the City, for a total of approximately \$10,000 per year.

Merchandise

Events such as concerts and festivals will sell merchandise (such as clothing, CDs, and other memorabilia) associated with performers. The merchandise stands can be staffed by representatives of the City or performers, and this will affect revenue-sharing terms. In the case of this facility, we assume that the City will not operate merchandise stands and will receive a 10-percent commission on gross merchandise sales, which is typical in the industry. This results in an estimated \$10,000 to \$15,000 per year.

Food and Beverage

Similar to merchandise sales, the City can operate food and beverage service at the facility or contract the operations to an external vendor. We assume that the latter will be the case (potentially an F&B operator within the City Centre development), and that the City will receive a 30-percent commission on gross sales. Depending on the event type, attendee spending will vary, but is assumed to range from \$1.50 to \$6.00. As a result, the City's F&B revenue in the facility's first year is assumed to be approximately \$85,000.

Parking

We assume that for the facility's larger, ticketed events, it will charge for parking and the City will be able to capture the associated revenue, as it will control most of the parking at City Centre. We assume a \$3-per car parking fee for these events, and an expense rate of 20 percent of revenues. As a result, net parking revenue is estimated to be approximately \$30,000 in 2019.

Total Operating Revenues

Based on the assumptions and estimates described above, the facility's total operating revenues are projected to be approximately \$240,000 in 2019 and increase to approximately \$290,000 in 2028.

Expenses

Salaries and Benefits

We assume that the addition of this venue will require the hiring of one additional full-time City employee. Based on current City salary levels, we assume that the salary and benefit expense will be \$35,000 per year (in 2017 dollars).

Event Expenses

For events that are organized the City (such as movie nights and other community programming), we assume that its expenses will range from approximately \$4,000 to \$10,000 per event.

General and Administrative

These expenses include supplies, trash removal, licenses and fees, and other similar items. We assume G&A expenses will be approximately \$26,000 in 2019.

Utilities

This expense is for power and electricity at the facility, and based on its assumed size and usage, is estimated to be approximately \$15,000 in 2019.

Repairs and Maintenance

Repairs and maintenance expenses are for non-capital items such as routine cleaning and replacement of minor features. This expense is assumed to be approximately \$10,000 in 2019, based on the facility's size and usage, as well as the expenses of other similar facilities.

Insurance

Based on estimates of new insurance expenses associated with a new facility that have been provided by the City's insurance carrier, annual insurance costs are assumed to be approximately \$6,000 per year.

Advertising

The facility will spend money on marketing (such as for its events as well as general marketing within the industry); we assume this amount will be approximately \$20,000 in 2019.

Total Operating Expenses

Based on the assumptions described above, total operating expenses are estimated to be approximately \$275,000 in 2019 and increase to \$353,000 in 2028.

Net Operating Income (Loss)

The facility's net operating loss is estimated to be approximately \$32,000 in 2019, based on the projected operating revenues and expenses. This operating loss is generally expected to increase over time, to approximately \$60,000 after ten years. This deficit would have to be funded from other City sources, and does not include any debt service payments associated with facility construction.

Estimated Annual Debt Service

As previously shown, the assumed facility's cost is estimated to be approximately \$6.4 million. Specific sources to fund this cost (and any potential operating deficits) have not been identified, but various funds

available to the City, including but not limited to the half-cent sales tax earmarked for the redevelopment of the 84th Street corridor and the General Business Occupation tax in the redevelopment area, could be used.

For the purposes of this analysis, we assume that the entire \$6.4-million cost of the facility will be bonded by the City, and based on recent City-issued bonds, we assume a 2.5-percent interest rate and a 20-year repayment term. Based on this, annual debt service payments would be approximately \$411,000.

NOI After Debt Service

Considering annual debt service payments, the facility's deficit is estimated to be approximately \$450,000 in 2019 and increase to approximately \$475,000 within ten years.

8. Appendix – Facility Program and Costs

The following pages contain our preliminary facility program and associated costs.

The budget for the amphitheater, support buildings, and site development for the program included in this analysis could vary widely based on existing site conditions, the architectural concept, and structural design. However, we have attempted to create a budget that is reasonable or “middle of the road” in relation to similar projects. The proposed budget does not incorporate specific site development costs, as there are too many unknown variables at this time. We have included reasonable allowances for site development based on our review of the site.

La Vista Amphitheater
Draft Program

Amphitheater Program	<i>Quantity</i>	<i>NSF</i>	<i>Total SF</i>	<i>Comments</i>
Amphitheater				
Elevated Main Stage		10,000		Assume 120' x 75' Paved area only Assume 10 sf/person
Dock/Receiving		2,000		
Stage Plaza (300 portable seats)	100	1,000		
Total Amphitheater		13,000	13,000	
Operations Support Spaces				
Facility/Box Offices		500		Could be located off-site
Event Operations/First Aid/Security		500		Could be located off-site or temporary
Concession Catering/Prep/Offices		0		Assume temporary facilities
Maintenance & Storage Building		400		Assume temporary facilities
Total Op's Support Spaces		1,400	1,400	
Patron Support Spaces				
Seasonal Concession Tents		NIC		Assume 2,000 capacity for support spaces
Merchandise/Retail Pads/Storage		NIC		Assume temporary facilities
Restrooms--Men		1,000		Approx. 10 wc/urinals - 1 buildings @1,000 sf
Restrooms--Women		1,000		Approx. 10 wcs - 1 buildings @1,000 sf
Total Spectator Support Spaces		2,000	2,000	
VIP/Corporate Support Spaces				
VIP Entry		0		NIC/temporary facilities
VIP Tent/Concessions/Restrooms		0		NIC/temporary facilities
Corporate Tent/Entertainment Area		0		NIC/temporary facilities
Total Event Support Spaces		0	0	
Talent Areas				
Opener Dressing Room		0		NIC/temporary facilities
Headliner #1		0		NIC/temporary facilities
Headliner #2		0		NIC/temporary facilities
Headliner #3		0		NIC/temporary facilities
Talent Restrooms		0		NIC/temporary facilities
Talent Catering		0		NIC/temporary facilities
Total Talent Areas		0	0	
Total Amphitheater & Buildings			16,400	
Site Development				
Sidewalks/Hardscape	sf	5,000		Allowance
Lawn Seating (7,000)	7,000	84,000		Assume 12 sf/person
Entry Plaza/Entry Gate/Turnstyles	0	0		NIC
Dock/staging driveways	sf	2,000		Allowance
Fenced Dumpster Area		500		Allowance
Total Site Development		91,500	92,000	
Site Development - ParkingLandscaping				
Parking (NIC) - Acres		NIC		Accomodated off-site
Bus/Tour Bus Parking		NIC		
VIP Parking		NIC		
Total Site Development - Parking		NA	2.87	
Misc. Development Items				
Landscaping		0		Assume 10' wide - widen and resurface Allowance
Access roads	LF	1,000		
Site Fencing for access control	LF	750		
Exterior Lighting		0		
Sound System		0		
Utilities Allowance		0		
Site Balancing Allowance		0		

	Units	Unit Costs	Cost	Assumptions, Comments, Notes
Site Development				Budgeted costs can vary significantly based on site conditions
Site Preparation	3.0 Acres	\$ 75,000	\$ 225,000	Allowance/acre - clearing, grubbing, misc.
Site Utilities	3.0 Acres	\$ 75,000	\$ 225,000	Allowance/acre - sewer, water, power, lighting
Sidewalks/Hardscape	5,000 SF	\$ 15	\$ 75,000	
Lawn seeding	2.00 Acres	\$ 50,000	\$ 100,000	Includes grading, seeding, lighting
Entry Plaza/Entry Gate/Turnstiles	nic SF	\$ -	\$ -	
Stage Plaza	1,000 SF	\$ 20	\$ 20,000	
Dock Paving/Staging	4,000 SF	\$ 15	\$ 60,000	
Access road	1,000 LF	\$ 100	\$ 100,000	Assume 10' wide - repair/repave/add new paving
Fenced in dumpster area	500 SF	\$ 50	\$ 25,000	
Site Fencing	750 LF	\$ 75	\$ 56,250	Allowance
Landscaping	Allow	\$ -	\$ 100,000	Allowance
Site Signage	Allow	\$ -	\$ 50,000	Allowance
Buildings				
Amphitheater	10,000 SF	\$ 275	\$ 2,750,000	SF allowance, simple structure
Operations Support Spaces	1,400 SF	\$ 150	\$ 210,000	SF allowance
Patron Support Spaces	2,000 SF	\$ 150	\$ 300,000	SF allowance
VIP/Corporate Support Spaces	nic SF	\$ -	\$ -	SF allowance
Talent Areas	nic SF	\$ -	\$ -	SF allowance
Subtotal			\$ 4,296,250	
Construction Project Overhead		10.00%	\$ 429,625	Includes pre-construction services
Total Construction			\$ 4,725,875	
Allowance for Furniture, Fixtures and Equip.			\$ 500,000	Allowance
Allowance for design/soft and other project costs		25.00%	\$ 1,181,469	
Total Project Budget			\$ 6,407,344	

Outside the project budget
Parking

Spaces

3,000

TBD

Quantity of parking to be determined