



**CEDAR RAPIDS**  
RIVERFRONT AMPHITHEATER

*Summary Report:*

# Amphitheater Feasibility Study

*Presented by:*



*Presented to:*

# City of Cedar Rapids



*November 8, 2010*



November 8, 2010

Ms. Gail Loskill  
City of Cedar Rapids  
Parks & Recreation Department  
3601 42<sup>nd</sup> Street NE  
Cedar Rapids, Iowa 52403

Dear Ms. Loskill:

Conventions, Sports & Leisure International (“CSL”) is pleased to present this report to the City of Cedar Rapids (“City”) regarding the feasibility of a naturalized amphitheater to be located downtown on the west bank of the Cedar River. The attached report summarizes our research and analyses, and is intended to assist the City and other project stakeholders with their decisions regarding future amphitheater development and operations.

The information contained in this report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the live music industry, interviews with potential user groups, and other factors, including certain information provided by the City. All information provided to us by others was not audited or verified, and was assumed to be correct. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Ms. Gail Loskill  
November 8, 2010  
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We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

A handwritten signature in cursive script that reads "CSL International".

CSL International

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# Executive Summary

## Executive Summary

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The City of Cedar Rapids (“City”) is considering the development of a small to midsized naturalized amphitheater to be located downtown along the west bank of the Cedar River. The amphitheater is envisioned to be one of several attractions that could draw residents and visitors downtown, creating a vibrant riverfront that will help the Cedar Rapids community recover from the devastating flood of 2008.

The idea for the development of an amphitheater came from a community needs assessment conducted in early 2008 that identified an outdoor performance space as a top development priority by survey respondents. After the 2008 flood, the City and its citizens mobilized to create a plan for reinvestment and recovery. Through open house forums and public workshops, the public indicated support for a naturalized amphitheater built along the Cedar River that would also serve as part of the levy and flood protection system.

As a next step in the process, the City engaged Conventions, Sports & Leisure International (“CSL”) to conduct an amphitheater feasibility study to determine the size, location, ancillary services, pro forma and potential operational partnerships.

This Executive Summary outlines the key highlights of a feasibility study for an amphitheater in Cedar Rapids. The study is designed to assist the City and other project representatives in making informed decisions regarding amphitheater development and the full report should be read in its entirety to obtain the background, methods and assumptions underlying the findings. Further research and analysis regarding the design, cost and funding sources may be necessary to determine the overall feasibility of the project.

The following are key highlights from a comprehensive feasibility study for a new amphitheater in Cedar Rapids.

- It is anticipated that the proposed naturalized amphitheater could host locally-based events including local musical acts, festivals, holiday celebrations, graduations, speakers, movie nights, weddings, and private rentals as well as national touring concerts and other live entertainment events.
- The primary market area for the proposed amphitheater is anticipated to be the Cedar Rapids Core-Based Statistical Area (“CBSA”), which comprises approximately 260,000 residents and ranks as the 204<sup>th</sup> largest among 967 metropolitan and micropolitan areas in the United States. It is expected that the majority of amphitheater attendees would come from within the Cedar Rapids CBSA, particularly for community-based events.

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- It is likely that national touring concerts could draw from a more regional basis, with upwards of 20 to 30 percent (or more) of ticket sales coming from beyond the Cedar Rapids CBSA and likely within 75 miles of the proposed amphitheater. There are approximately 1.4 million residents within 75 miles of downtown Cedar Rapids.
- The local and regional market area is served by a variety of public assembly facilities with varying market focuses and seating capacities. However, the immediate market area lacks a midsized outdoor venue with seating from 1,000 to 5,000 seats that is dedicated to hosting outdoor events.
- Based on the climate characteristics of the Cedar Rapids area, the outdoor concert season is anticipated to span from Memorial Day (early May) to Labor Day (early September), a period of time that is typically a slower period for concert activity for indoor venues such as U.S. Cellular Center.
- The concert industry has undergone significant changes over the past several years that has impacted the operations of amphitheaters and live music venues nationwide. Key trends that could impact the viability of a new amphitheater in Cedar Rapids include:
  - Talent costs have increased substantially in recent years, resulting in an upward trend in ticket prices and a downward trend in attendance;
  - Margins generated to promoters and concert venues have decreased over the past several years;
  - Amphitheaters can be a popular option for touring acts for a variety of reasons including:
    - low event costs relative to arenas, performance halls or stadiums;
    - seasonality of amphitheater season coincides with popular summer tours;
    - capacities provide ample seats to keep ticket prices lower;
    - variety of ticket prices available due to lawn seating versus covered, permanent seating appeals to a wider socioeconomic spectrum;
    - less competition for dates with other event types that are hosted at other multi-purpose facilities such as arenas or stadiums; and,

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- comparatively low development costs relative to arenas or theaters has encouraged private and/or public-private development of amphitheaters by concert promoters that control bookings for many of the “A” and “B” concert acts.
- While the overall live music industry trends continue to grow positively, the economic downturn has had an impact on the live music industry. For the most part, the current economy has had the most significant impact on larger musical acts whose artist guarantees require high ticket prices to be profitable for promoters as consumers have become more selective in spending their discretionary income. In general, the smaller live musical acts with lower ticket prices have continued to do fairly well despite the economic downturn as consumers have opted for more affordable entertainment options.
- Large-scale amphitheater development has slowed over the past decade due to increasing capital costs, tightening concert economics, dwindling appetite for publicly-funded projects and other such factors. However, the development of smaller, community-based amphitheaters has been impacted to a lesser degree during this time because of their lower development costs, focus on community-based events and the abundance of mid-to-lower tier national touring acts and other such factors.
- A positive impact associated with the current economy is the depressed construction pricing that has occurred, making it an opportune time to undertake capital projects to realize construction cost savings by as much as 20 percent.
- There appears to be moderate-to-strong interest from local organizations in using a new downtown amphitheater for a variety of events such as Uptown Fridays, Freedom Fest, Fire and Ice Festival, Chili Challenge, Roctober Fest and other live music and entertainment events.
- The opportunity also exists to create original programming for the amphitheater including speaker forums, movie nights, holiday celebrations, and other activities as well as an opportunity to rent the facility for private functions including weddings, receptions, graduations, corporate functions and other events.
- Limited-to-moderate interest was expressed by promoters representing national touring concerts representing various genres including rock, pop, alternative, country, rap and comedy, among others. Given Cedar Rapids’

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central location and smaller market size, national promoters suggested a venue seating 5,000 seats or less would be appropriate to attract second-tier and smaller acts as well as second leg dates for larger acts playing major markets. Promoters generally indicated that a larger venue of 10,000 or more seats would not likely be viable given the market demographics and socioeconomic characteristics of Cedar Rapids.

- Based on the results of market research, two amphitheater options have been suggested. The first option is a 2,000 seat naturalized amphitheater that would be managed by the City and would be primarily focused on hosting community-based events. The second option is a 4,000 seat naturalized amphitheater that would be managed by VenuWorks or some other private management company that would focus on maximizing commercial activity at the amphitheater including hosting national touring concerts and other live entertainment. Under either development scenario, adjacent county-owned land could be used in conjunction with the amphitheater to host music festivals, holiday celebrations and other events that could accommodate additional people.
- The following table summarizes the estimated annual events and attendance that is anticipated to be attracted to a naturalized amphitheater in downtown Cedar Rapids in a stabilized year of operations.

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
Total Annual Events	46	52
Total Annual Paid Attendance	22,600	40,000
Total Annual Actual Attendance	38,200	57,300

- Based on development limitations along the riverfront, it is recommended that the amphitheater design consist of a permanent stage with appropriate rigging capabilities, tiered lawn seating with the capability to set up chairs and tables on a temporary basis and portable box office, concessions and restroom facilities.
- Upon stabilized operations, a 2,000-seat community-based naturalized amphitheater is anticipated to operate at, or near, breakeven levels, while a 4,000-seat commercially-run naturalized amphitheater is anticipated to operate at a modest profit.

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	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater <sup>(2)</sup></b>
Total Revenues	\$596,900	\$1,012,700
Total Expenses	\$605,900	\$939,600
Net Income from Operations (Loss) <sup>(1)</sup>	(\$9,000)	\$73,100

(1) Net income from operations before any required debt payments or capital reserve funding.

(2) Assumes staffing synergies with City and/or private management company personnel.

- Amphitheater operations could fluctuate year-to-year due to a variety of possible influences including economic conditions, weather, competition, the number of touring acts and other such factors that could serve to either positively or negatively impact the projections presented in this report. A variety of sensitivity analyses were performed to understand the range of potential operations including varying the number of national touring concerts, attendance and operating expenses. The results of these sensitivity analyses indicate that a 2,000-seat community based, naturalized amphitheater could potentially operate within a range of an approximate \$50,000 deficit to a \$50,000 profit. A 4,000-seat commercially-operated, naturalized amphitheater could potentially operate within a range of an approximate \$20,000 deficit to a \$200,000 profit. Any operating losses could potentially be mitigated, to some degree, by increased tax revenues generated to the City from amphitheater patron spending in the area as well as from potential increases in property values and real estate development in the immediate area of the downtown riverfront.
- A review of the ownership and management of comparable amphitheatres indicates the majority are publicly-owned but privately managed. It is recommended that the 2,000-seat community-based, naturalized amphitheater option be managed by the City and that a booking arrangement be made with VenuWorks or a concert promoter such as Live Nation or AEG to attract national touring concerts. Under the 4,000-seat commercially-operated amphitheater, it is recommended that the City consider outsourcing management of the amphitheater to VenuWorks in order to maximize the national touring concert event potential, manage the competition among local facilities and to achieve economies-of-scale associated with the operations of multi-venues in the marketplace.

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Overall, a naturalized amphitheater could serve to attract approximately 40,000 to 60,000 residents and visitors to the downtown riverfront each year and serve to further enhance the quality of life of local residents by providing a community asset for entertainment and leisure activities. This level of activity would help generate ancillary spending in the downtown area to support local businesses and, with the help of other riverfront projects, spur redevelopment of the downtown riverfront area.

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The report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

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# I. Introduction

## **I. Introduction**

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In April 2010, the City of Cedar Rapids (“City”) completed a long-awaited Parks and Recreation Master Plan which identified the development of a small to midsized naturalized amphitheater on the west bank of the Cedar River as one of several attractions that could draw residents and visitors to the downtown riverfront to spur revitalization, a top priority identified by Downtown Vision 2007 for Cedar Rapids. Momentum for amphitheater development began when a community needs assessment survey conducted in early 2008, as part of the Parks and Recreation master planning process, indicated that developing an outdoor performance/event space was one of the top three development actions that were most important to survey respondents.

In June 2008, six months into the planning process for the Parks and Recreation Master Plan, a devastating flood occurred in Cedar Rapids that extended well beyond the 500-year floodplain covering more than 10 square miles, or about 14 percent, of the city. When the river crested nearly twelve feet higher than ever in recorded history, more than 3,900 homes were flooded as 1,300 city blocks were inundated with water, causing over \$3 billion in damages.

Among the hardest hit areas was downtown Cedar Rapids. The flood impacted 101 of 132 greater downtown blocks and displaced 900 (100 percent) people residing downtown, impacted 450 (100 percent) downtown businesses, impacted 35 (95 percent) downtown restaurants, and displaced 9,000 (69 percent) people working downtown.

Since the 2008 flood, the City and its citizens have mobilized to create a plan for reinvestment and recovery. The community selected a preferred flood management system that would result in greenways along the Cedar River. Developing the riverfront is challenged by the type of developments and activities that are permitted. Allowable uses include open-air structures, public restrooms, camping, agriculture, unpaved roads, trails, boat ramps, docks, piers for public recreation and multi-purpose fields. Uses that are not allowed include enclosed structures, an indoor performance venues, indoor pavilions, impermeable surfaces, paved sports courts, swimming pools and paved streets. The public, through open house forums and public workshops, indicated support for a naturalized amphitheater built along the river that would also serve as part of the levy and flood protection system.

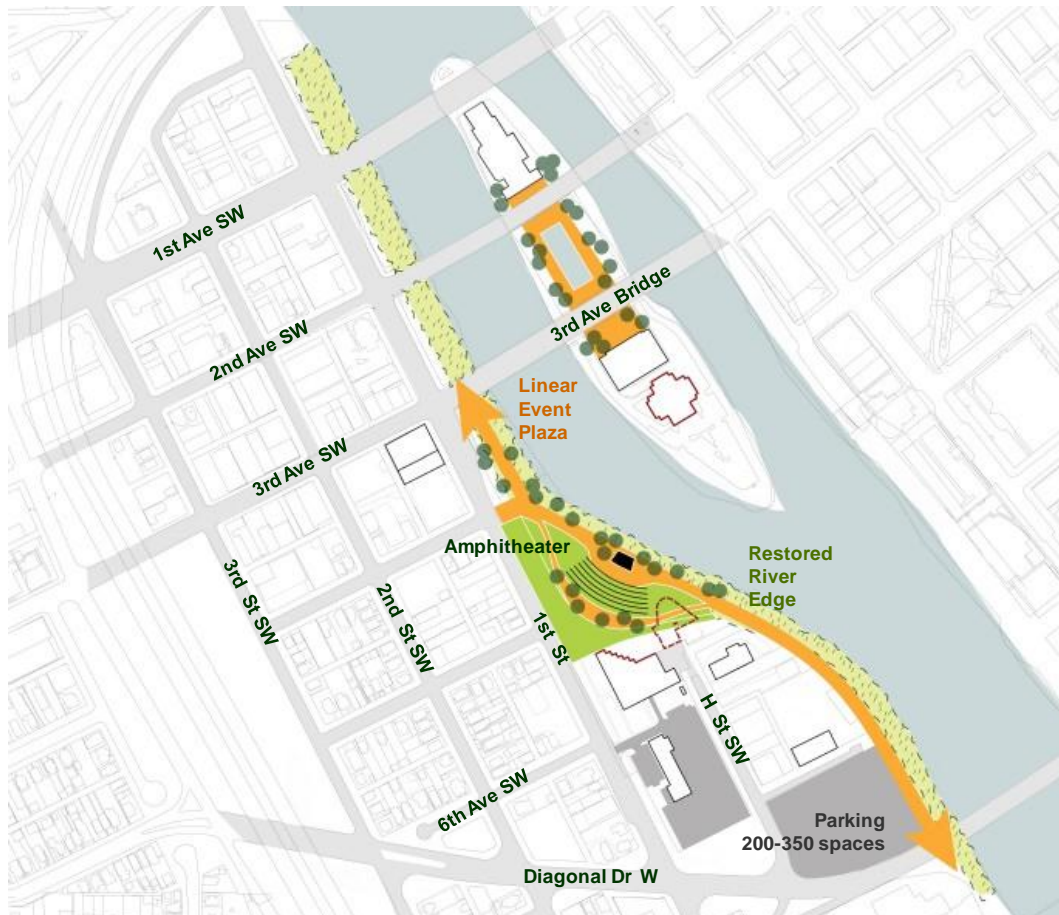
It is envisioned that the amphitheater would serve as one of six key riverfront projects, totaling nearly \$50 million in potential development that could draw residents and visitors downtown creating a vibrant riverfront that would spur further investment and revitalization in the immediate area.

## I. Introduction

An amphitheater is among the top development priorities for the downtown riverfront and is envisioned to be located on the western bank of the Cedar River along 1<sup>st</sup> Street. It is envisioned that the amphitheater would



be oriented with the stage at the edge of the river, providing patrons with optimal evening views of May's Island and downtown.



Given building and development site constraints along the riverfront, a new amphitheater is envisioned to be designed with a permanent stage that could withstand future flooding and would contain tiered lawn seating in a naturalized amphitheater setting. Portable

## **I. Introduction**

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concessions and restrooms would be provided for amphitheater patrons with consideration given to redeveloping an historic building located on site into permanent patron amenities. It is envisioned that adjacent county-owned land could be used in conjunction with the amphitheater to host a variety of larger community events including music festivals, holiday celebrations and other activities. In addition to serving as a live music entertainment venue, the amphitheater site is envisioned to serve as a community park that would be open to the public on non-event days.

The total development cost of the proposed amphitheater is estimated by City officials to be approximately \$1.75 million for construction of the levee, \$1.3 million for event/parking space and \$3.75 million for amphitheater construction.

In June 2010, the City issued a request for proposal to assist in the next step of project planning and following a formal bid process, engaged Conventions, Sports & Leisure (“CSL”) to conduct an amphitheater feasibility study to determine size, location, ancillary services, pro forma and potential operational partnerships.

In August 2010, the City of Cedar Rapids submitted an application for funding through the state I-JOBS II Disaster Prevention Grant Program for \$1.75 million to construct a flood protection levee along the west bank of the Cedar River from 3rd Avenue SW to the area of the Police Station’s helipad at the end of H Street SW. The portions of the levee and floodwall associated with the amphitheater project would be constructed to United States Army Corps of Engineers specifications so that it can be connected to potential future flood management structures protecting the west side of the Cedar River. Additional funding for the amphitheater could come from a combination of funds including monies from private foundations, the state’s Community Attraction and Tourism Development Program, the state’s River Enhancement Fund Program and city and county sources.

While the Parks and Recreation Master Plan recommends a 3,000 to 5,000 seat amphitheater located along the west bank of the Cedar River, this study considered the possibility that demand could warrant a smaller-scale or larger-scale amphitheater than initially contemplated (10,000 or more seats). A larger-scale amphitheater would likely require a different site within the city given development limitations along the riverfront.

This report outlines the key highlights of a feasibility study for an amphitheater in Cedar Rapids. The study is designed to assist the City and other project representatives in making informed decisions regarding amphitheater development and should be read in its entirety to obtain the background, methods and assumptions underlying the findings. Further research and analysis regarding the design, cost and funding sources may be necessary to determine the overall feasibility of the project.

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## **II. Market Characteristics**

## II. Market Characteristics

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It is anticipated that a new amphitheater in Cedar Rapids will seek to host national touring concerts as well as community-based events including locally-based musical artists, performing arts groups, community festivals, holiday celebrations, movie nights, private rentals and other activities.

Local market characteristics are an important consideration in assessing the feasibility of an amphitheater in Cedar Rapids. Live music promoters for national touring acts view several market characteristics as critical to the success of their events, and therefore, represent important selection criteria when booking venues for their events. These attributes include community demographic and socioeconomic data; geographic location and accessibility, competition and seasonal climate considerations.

This section provides an overview of the local market in terms of key market characteristics that can impact the viability of the proposed amphitheater. Accordingly, this section is presented in the following components:

- Demographic and Socioeconomic Characteristics;
- Geographic Location and Accessibility;
- Competitive Entertainment Venues; and,
- Climate.

### Demographic and Socioeconomic Characteristics

The feasibility of an amphitheater in terms of its ability to attract events, attract patrons, attract corporate sponsors and generate revenues is measured to some extent by the size of the regional market area population and its income characteristics. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support an amphitheater includes population, median age and age distribution, household income, and corporate base. Event producers typically consider these factors when selecting the appropriate markets for their events.

The demographic and socioeconomic data presented in this report is based on the anticipated *primary* and *secondary markets* of the proposed amphitheater. The *primary market* is the geographic area in which it is anticipated that the majority of attendees and corporate partners are expected to originate. The size of this primary market can be influenced by such factors as transportation systems, site accessibility, media coverage and competing entertainment venues in the surrounding region.

## II. Market Characteristics

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For purposes of this analysis, the primary market is assumed to comprise the Cedar Rapids Core-Based Statistical Area (“CBSA”), which is comprised of Linn, Benton and Jones counties. A CBSA, as defined by the United States Office of Management and Budget (“OMB”), is a geographical area consisting of a county or counties associated with at least one core (i.e. Cedar Rapids/Linn County), plus adjacent counties having a high degree of economic and social integration with that core.

In addition to the assessment of the primary market area, the analysis presented herein also includes an assessment of the combined *primary and secondary market* for the proposed amphitheater, which is anticipated to include a 75-mile radius from the proposed facility. This represents a market within a one and one-half hour drive time and includes cities such as Iowa City, Coralville, Waterloo, Cedar Falls, Muscatine, Dubuque and Marshalltown, among others.

In general, it is anticipated that the majority of amphitheater attendees would come from within the Cedar Rapids CBSA, particularly for community-based events. However, it is likely that national touring concerts could draw from a more regional basis, with 20 to 30 percent (or more) of ticket sales coming from beyond the primary market, depending on the popularity of the event.

### *Population*

The level of population from which to draw can impact the ability of the proposed amphitheater to attract events and patrons and operate at sustainable levels. As mentioned previously, live music and entertainment promoters for touring acts consider the population of a market as a key criterion in determining which cities to route their acts. The following table presents the historical, current and projected population of the primary and secondary markets for the proposed amphitheater.

**Population  
Cedar Rapids Amphitheater Market Area**

<b>Year</b>	<b>Cedar Rapids CBSA <sup>(1)</sup></b>	<b>75-Mile Radius <sup>(2)</sup></b>	<b>U.S. Total</b>
2000	237,230	1,358,597	281,421,906
2010	259,156	1,405,588	309,038,974
2015	268,446	1,421,936	321,675,005
Historical annual growth rate (2000 to 2010)	0.9%	0.3%	0.9%
Projected annual growth rate (2010 to 2015)	0.7%	0.2%	0.8%

(1) Primary market area is the Cedar Rapids Core-Based Statistical Area (Linn, Benton and Jones counties).

(2) Combined primary and secondary market area is a 75-mile radius surrounding the proposed amphitheater site.

Source: Claritas

## II. Market Characteristics

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The primary market area of the proposed amphitheater (the Cedar Rapids CBSA) has a population of 259,156 residents. Among 967 metropolitan and micropolitan areas in the United States, Cedar Rapids' CSBA population ranks 204 largest.

The population of the Cedar Rapids CBSA is expected to grow at an average annual growth rate of 0.7 percent over the next five years, resulting in an estimated primary market population of 268,446 by 2015. The growth rate of the primary market over the next five years is expected to be slightly lower than the national average of 0.8 percent.

In terms of the combined primary and secondary market (75-mile radius) of the proposed amphitheater, there are approximately 1.4 million residents within an approximate one and one-half hour drive. The 75-mile market population is expected to increase by over 15,000 residents by 2015, representing an anticipated growth rate that is much lower than the Cedar Rapids CBSA and the United State as a whole.

In order to put the population of Cedar Rapids CBSA in perspective, a population comparison was made to the markets containing the top 100 amphitheaters based on 2009 ticket sales as identified by *Pollstar*, a leading publication serving the concert and live music industry. The table on the following two pages summarizes the relative ranking the Cedar Rapids market to the CBSAs of the top 100 amphitheaters based on 2009 ticket sales. It is important to note that the information compiled by *Pollstar* generally reflects the ticket sales for national touring concert acts as reported by their promoters and generally does not reflect community-based programming that may be hosted at each amphitheater.

In terms of CBSAs, the proposed Cedar Rapids amphitheater would rank 90<sup>th</sup> largest (or 10<sup>th</sup> smallest) among the markets containing the top 100 amphitheaters according to 2009 ticket sales. While the average primary market size of the top 100 amphitheaters is 4.0 million people, there are several top-performing amphitheaters operating in markets comparable in size to Cedar Rapids.

In addition to an assessment of the top 100 producing amphitheaters in terms of touring concert ticket sales, there are a number of examples of amphitheaters operating in markets comparable in size to Cedar Rapids outside the list compiled by *Pollstar*, including many community-event focused amphitheaters. A review of the physical, operating and financial characteristics of amphitheaters located in similar-sized markets was undertaken to provide a benchmark from which to compare the potential operations of the proposed amphitheater and is presented later in this report.

## II. Market Characteristics

### Population Comparison Top 100 Amphitheaters Based on 2009 Ticket Sales Ranked by Market Population

Amphitheater	Location	CBSA Population		Ticket Sales		Total Seating Capacity
		Market Size	Rank	2009 Total	Rank	
Nikon at Jones Beach Theater	Wantagh, NY	19,104,202	1	278,199	17	15,000
PNC Bank Arts Center	Holmdel, NJ	19,104,202	1	200,699	27	17,500
Rumsey Playfield / Central Park	New York, NY	19,104,202	1	46,334	69	2,000
Prospect Park Bandshell	Brooklyn, NY	19,104,202	1	30,988	81	7,000
Stone Pony Summerstage	Asbury Park, NJ	19,104,202	1	20,823	91	2,500
Jones Beach Bay Stage	Wantagh, NY	19,104,202	1	10,867	100	5,000
Verizon Wireless Amphitheater	Irvine, CA	13,255,498	7	302,586	11	18,000
Greek Theatre	Los Angeles, CA	13,255,498	7	203,588	26	5,700
Hollywood Bowl	Los Angeles, CA	13,255,498	7	135,324	35	17,383
First Midwest Bank Amphitheatre	Tinley Park, IL	9,651,162	10	279,478	16	28,589
Charter One Pavilion at Northerly Island	Chicago, IL	9,651,162	10	87,363	47	7,500
Superpages.com Center	Dallas, TX	6,493,230	12	300,309	12	20,111
Susquehanna Bank Center	Camden, NJ	5,913,308	13	399,018	3	25,000
Festival Pier at Penn's Landing	Philadelphia, PA	5,913,308	13	59,471	59	24,000
Mann Center for the Performing Arts	Philadelphia, PA	5,913,308	13	21,856	90	7,200
The Cynthia Woods Mitchell Pavilion	The Woodlands, TX	5,909,705	16	346,519	6	16,040
Showgrounds at Sam Houston Race Park	Houston, TX	5,909,705	16	57,351	62	9,000
Molson Amphitheatre	Toronto, Ontario	5,623,500	18	284,069	14	16,000
Aaron's Amphitheater at Lakewood	Atlanta, GA	5,569,195	19	157,983	34	19,000
Verizon Wireless Amphitheater at Encore Park	Alpharetta, GA	5,569,195	19	133,790	36	12,000
Chastain Park Amphitheatre	Atlanta, GA	5,569,195	19	98,098	43	6,700
Cruzan Amphitheatre	West Palm Beach, FL	5,519,882	22	199,351	28	19,000
Pompano Beach Amphitheatre	Pompano Beach, FL	5,519,882	22	29,164	83	2,900
Filene Center at Wolf Trap	Vienna, VA	5,438,913	24	358,995	5	7,000
Nissan Pavilion at Stone Ridge	Bristow, VA	5,438,913	24	291,081	13	25,000
Comcast Center	Mansfield, MA	4,562,075	26	400,939	2	19,900
Bank of America Pavilion	Boston, MA	4,562,075	26	90,624	46	5,000
Cricket Wireless Pavilion	Phoenix, AZ	4,448,760	28	109,138	41	20,000
Mesa Amphitheatre	Mesa, AZ	4,448,760	28	14,660	96	5,000
DTE Energy Music Theatre	Clarkston, MI	4,392,431	30	694,801	1	15,274
Meadow Brook Music Festival	Rochester, MI	4,392,431	30	132,375	38	20,000
Chene Park	Detroit, MI	4,392,431	30	61,414	57	6,000
Freedom Hill Amphitheatre	Sterling Heights, MI	4,392,431	30	25,170	87	7,000
Shoreline Amphitheatre	Mountain View, CA	4,377,542	34	345,266	7	22,000
Mountain Winery	Saratoga, CA	4,377,542	34	109,414	40	9,500
Sleep Train Pavilion at Concord	Concord, CA	4,377,542	34	79,140	50	12,500
Greek Theatre	Berkeley, CA	4,377,542	34	61,078	58	8,500
San Manuel Amphitheater	Devore, CA	4,253,554	34	73,925	53	65,000
White River Amphitheatre	Auburn, WA	3,419,662	39	69,565	54	16,000
Woodland Park Zoo	Seattle, WA	3,419,662	39	42,115	71	2,600
Marymoor Amphitheatre	Redmond, WA	3,419,662	39	34,649	78	5,000
Chateau Ste. Michelle Winery	Woodinville, WA	3,419,662	39	28,585	84	4,300
Waldbuhne	Berlin, Germany	3,400,000	43	37,049	74	22,000
Minnesota Zoo Amphitheater	Apple Valley, MN	3,279,181	44	27,119	85	1,500
Cricket Wireless Amphitheatre	Chula Vista, CA	3,109,270	45	275,907	20	19,492
Humphrey's Concerts by the Bay	San Diego, CA	3,109,270	45	58,691	60	1,390
Harrah's Rincon Casino & Resort	Valley Center, CA	3,109,270	45	14,659	97	3,500
Verizon Wireless Amphitheater St. Louis	Maryland Heights, MO	2,835,186	48	321,093	9	12,000
Ford Amphitheater at State Fairgrounds	Tampa, FL	2,782,113	49	189,982	30	20,000
Merriweather Post Pavilion	Columbia, MD	2,677,198	50	339,000	8	19,316
Red Rocks Amphitheatre	Morrison, CO	2,582,000	51	305,672	10	9,450

Table continued on next page.

## II. Market Characteristics

### Population Comparison (cont'd) Top 100 Amphitheaters Based on 2009 Ticket Sales Ranked by Market Population

Amphitheater	Location	CBSA Population		Ticket Sales		Total Seating Capacity
		Market Size	Rank	2009 Total	Rank	
Fiddler's Green Amphitheatre	Englewood, CO	2,582,000	51	169,275	33	16,823
Post-Gazette Pavilion	Burgettstown, PA	2,339,954	53	275,913	19	18,000
McMenamins Edgefield Amphitheater	Troutdale, OR	2,250,194	54	49,914	66	4,500
Oregon Zoo Amphitheatre	Portland, OR	2,250,194	54	49,760	67	9,500
Amphitheater at Clark County	Ridgefield, WA	2,250,194	54	41,226	72	8,000
Riverbend Music Center	Cincinnati, OH	2,177,460	57	227,646	25	20,500
PNC Pavilion at Riverbend	Cincinnati, OH	2,177,460	57	69,089	55	4,100
Blossom Music Center	Cuyahoga Falls, OH	2,075,531	59	187,056	31	18,500
Time Warner Cable Amphitheater at Tower City	Cleveland, OH	2,075,531	59	58,433	61	8,500
Capitol Federal Park at Sandstone	Bonner Springs, KS	2,031,038	61	51,790	63	18,000
Starlight Theatre	Kansas City, MO	2,031,038	61	35,524	77	8,105
Verizon Wireless Amphitheatre	Charlotte, NC	1,780,697	63	237,921	23	19,500
Road Runner Mobile Amphitheatre	Charlotte, NC	1,780,697	63	34,497	79	4,983
Verizon Wireless Music Center	Noblesville, IN	1,748,230	65	364,609	4	24,000
Lawn at White River State Park	Indianapolis, IN	1,748,230	65	42,307	70	6,000
Verizon Wireless Virginia Beach Amphitheater	Virginia Beach, VA	1,670,719	67	283,772	15	20,000
Marcus Amphitheater	Milwaukee, WI	1,542,181	68	38,506	73	23,000
St. Augustine Amphitheatre	St. Augustine, FL	1,372,183	69	81,102	49	3,493
Snowden Grove Amphitheater	Southaven, MS	1,298,254	70	18,689	92	10,000
Mud Island Amphitheatre	Memphis, TN	1,298,254	70	16,087	94	5,000
Oklahoma City Zoo Amphitheater	Oklahoma City, OK	1,228,544	72	31,449	80	10,000
Comcast Theatre	Hartford, CT	1,195,680	73	276,226	18	30,000
Usana Amphitheatre	Salt Lake City, UT	1,150,758	74	91,112	45	20,000
Time Warner Cable Music Pavilion	Raleigh, NC	1,149,177	75	196,825	29	7,000
Koka Booth Amphitheater at Regency Park	Cary, NC	1,149,177	75	23,460	89	7,000
Verizon Wireless Center Birmingham	Pelham, AL	1,130,075	77	51,644	64	10,289
Constellation Brands - Marvin Sands PAC	Canandaigua, NY	1,033,458	78	50,864	65	15,000
Journal Pavilion	Albuquerque, NM	867,318	79	132,821	37	8,400
Saratoga Performing Arts Center	Saratoga Springs, NY	857,322	80	231,337	24	25,000
Harrah's Casino - Stir Concert Cove	Council Bluffs, IA	851,194	81	36,815	75	3,000
Westfair Amphitheatre	Council Bluffs, IA	851,194	81	29,619	82	12,000
Fraze Pavilion for the Performing Arts	Kettering, OH	833,283	83	78,817	51	4,300
Outlaw Field at Idaho Botanical Gardens	Boise, ID	623,694	84	10,944	99	3,500
Toyota Pavilion at Montage Mountain	Scranton, PA	548,683	85	99,580	42	17,600
Concrete Street Amphitheater	Corpus Christi, TX	420,177	86	49,749	68	10,000
The Pavilion at Concrete Street	Corpus Christi, TX	420,177	86	13,859	98	10,000
Santa Barbara Bowl	Santa Barbara, CA	418,959	88	93,190	44	4,500
Cuthbert Amphitheater	Eugene, OR	351,400	89	23,863	88	6,000
★ Proposed Cedar Rapids Amphitheater	Cedar Rapids, IA	259,156				
Amphitheater at the Wharf	Orange Beach, AL	179,770	90	77,091	52	10,000
Sleep Train Amphitheatre	Wheatland, CA	170,664	1	85,565	48	18,500
Les Schwab Amphitheater	Bend, OR	170,310	91	16,936	93	8,000
Alpine Valley Music Theatre	East Troy, WI	101,820	2	176,802	32	37,000
Gorge Amphitheatre	Quincy, WA	86,533	92	263,035	21	20,000
Bethel Woods Center for the Arts	Bethel, NY	76,363	3	119,246	39	5,000
Meadowbrook U.S. Cellular Pavilion	Gilford, NH	61,648	93	68,142	56	6,500
Darien Lake Performing Arts Center	Darien Center, NY	57,359	4	240,373	22	21,800
Ironstone Vineyards	Murphys, CA	47,098	94	35,692	76	6,700
Harveys Lake Tahoe Outdoor Arena	Stateline, NV	45,414	5	26,252	86	7,200
Hope Estate Winery	Pokolbin, Australia	1,000	95	15,924	95	19,000
<b>Average - All Amphitheaters</b>		<b>4,027,029</b>	<b>50</b>	<b>132,557</b>	<b>50</b>	<b>13,011</b>
<b>Average - Amphitheaters with &lt; 5,000 seats</b>		<b>3,109,270</b>	<b>45</b>	<b>58,691</b>	<b>60</b>	<b>1,390</b>
<b>Average - Amphitheaters with population &lt; 500,000</b>		<b>173,913</b>	<b>93</b>	<b>87,048</b>	<b>61</b>	<b>12,680</b>

Source: Claritas, Pollstar

## II. Market Characteristics

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### *Age*

Another demographic characteristic that is important to the overall viability of the proposed amphitheater is the age of the local population. Generally, the population group between the ages of 35 and 54 represent a strong proportion of concert attendees, as this age range typically demonstrates higher household income and entertainment spending levels compared with other age groups. The 18 to 34-year old age group is also important to concert promoters, as this age range represents a primary consumer of live and recorded popular music. The overall age distribution of the market can also be indicative of the types of events or acts that may be attracted to, and be successful in, the market.

The following table presents the median age and age distribution of the primary and secondary market for the proposed amphitheater compared to the U.S. population as a whole.

<b>Age Distribution</b>			
<b>Cedar Rapids Amphitheater Market Area</b>			
<b>Age</b>	<b>Cedar Rapids CBSA <sup>(1)</sup></b>	<b>75-Mile Radius <sup>(2)</sup></b>	<b>U.S. Total</b>
Median Age	37.4	37.9	37.0
<b>Age Distribution:</b>			
Under 18	24.3%	23.3%	24.3%
18 to 34	22.4%	23.1%	23.0%
35 to 54	28.3%	26.8%	28.1%
55 & Over	25.0%	26.8%	24.6%

(1) Primary market area is the Cedar Rapids Core-Based Statistical Area (Linn, Benton and Jones counties).

(2) Combined primary and secondary market area is a 75-mile radius surrounding the proposed amphitheater site.

Source: Claritas

The median age of residents within the Cedar Rapids CBSA is 37.4 years, slightly higher than the national average of 37.0 years. With a median age of 37.9 years, the combined primary and secondary market for the proposed amphitheater (75 mile radius) is slightly older than the primary market and the national average.

Young professionals are generally attracted to areas with a wide variety of entertainment options. The proposed amphitheater could serve to enhance the market's appeal, allowing the City to retain and attract younger residents to the area.

## II. Market Characteristics

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### *Income*

An important socioeconomic variable that is critical to the potential success of the proposed amphitheater is household income. Household income can be used as an indication of a market's ability to purchase tickets, concessions, merchandise, and parking.

The following table presents the median household income and household income distribution for the proposed amphitheater's market area.

**Household Income  
Cedar Rapids Amphitheater Market Area**

	<u>Cedar Rapids CBSA <sup>(1)</sup></u>	<u>75-Mile Radius <sup>(2)</sup></u>	<u>U.S. Total</u>
Median HH Income	\$53,657	\$49,231	\$52,795
Household Income Distribution:			
\$0 to \$24,999	18.8%	22.1%	22.3%
\$25,000 to \$49,999	27.8%	28.7%	25.5%
\$50,000 to \$74,999	23.1%	21.9%	19.5%
\$75,000 to \$99,999	14.2%	12.8%	12.5%
\$100,000 to \$149,999	11.6%	10.1%	12.1%
\$150,000 and over	4.4%	4.3%	8.0%

(1) Primary market area is the Cedar Rapids Core-Based Statistical Area (Linn, Benton and Jones counties).

(2) Combined primary and secondary market area is a 75-mile radius surrounding the proposed amphitheater site.

Source: Claritas

The primary market from which the majority of amphitheater attendance would likely be derived (Cedar Rapids CBSA) is characterized by median household incomes slightly higher than the national average. Specifically, the median household income in the Cedar Rapids CBSA is \$53,657. In comparison, the U.S. median household income is \$52,795. The income characteristics of the secondary market are lower than the Cedar Rapids CBSA and the United States as a whole.

An important consideration when assessing relative differences in household income is the cost of living considerations associated with a market. The cost of living index in Cedar Rapids is 91.4 compared to a national index of 100, indicating the cost of living is 8.6 percent lower in Cedar Rapids relative to the nation as a whole.

## II. Market Characteristics

### Corporate Base

Local corporate support can play a critical role in the overall success of the proposed amphitheater through the purchase of tickets, advertising/sponsorships opportunities and underwriting events. The following table summarizes the number of companies and the industries in which they operate for the proposed amphitheater's market area.

#### Corporate Base Cedar Rapids Amphitheater Market Area

	Cedar Rapids CBSA <sup>(1)</sup>		75-Mile Radius <sup>(2)</sup>		U.S. Total	
<b>Number of Companies:</b>						
Branches	692	8%	4,644	7%	783,176	6%
<b>Headquarter Locations:</b>						
Unknown Sales	463	5%	3,090	4%	705,095	5%
Under \$200k	5,024	59%	45,856	65%	7,815,917	60%
\$200k to \$499k	1,168	14%	9,286	13%	2,127,209	16%
\$500k to \$999k	529	6%	3,522	5%	802,847	6%
\$1.0 MM to \$2.4 MM	366	4%	2,267	3%	500,621	4%
\$2.5 MM to \$4.9 MM	132	2%	785	1%	172,705	1%
\$5.0 MM to \$9.9 MM	74	1%	402	1%	86,866	1%
\$10 MM to 24.9 MM	49	1%	284	0%	52,574	0%
\$25 MM to \$49.9 MM	11	0%	73	0%	14,864	0%
\$50 MM to \$99.9 MM	7	0%	48	0%	7,283	0%
\$100 MM to \$249.9 MM	6	0%	20	0%	4,299	0%
Over \$250 MM	1	0%	16	0%	4,092	0%
<b>TOTAL</b>	<b>8,522</b>	<b>100%</b>	<b>70,293</b>	<b>100%</b>	<b>13,077,548</b>	<b>100%</b>
<b>Industry Breakdown:</b>						
Services	41.0%		36.7%		43.2%	
Retail Trade	13.6%		14.0%		15.5%	
Construction	10.6%		9.5%		10.2%	
Finance, Insurance and Real Estate	9.6%		7.8%		9.2%	
Wholesale Trade	4.7%		4.3%		5.3%	
Agriculture, Forestry and Fishing	9.3%		17.7%		5.0%	
Manufacturing	4.8%		4.2%		4.9%	
Transportation and Public Utilities	4.2%		3.8%		3.8%	
Non-Classified	2.1%		1.9%		2.7%	
Mining	0.1%		0.1%		0.2%	
<b>TOTAL</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>	

(1) Primary market area is the Cedar Rapids Core-Based Statistical Area (Linn, Benton and Jones counties).

(2) Combined primary and secondary market area is a 75-mile radius surrounding the proposed amphitheater s

Source: Dun & Bradstreet.

## **II. Market Characteristics**

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There are over 8,500 companies in the Cedar Rapids CBSA and over 70,000 companies located within 75 miles of the proposed amphitheater. The majority of these companies are small in nature with annual sales of less than \$500,000 per year.

The largest industries include services, retail trade, construction, finance, insurance and real estate, which collectively account for approximately 75 percent of the companies in the primary and secondary market areas.

Major employers in the local area include companies such as Rockwell Collins (8,400 employees), AEGON (3,500 employees), St. Luke's Hospital (2,700 employees), Hy-Vee Food Stores (2,600 employees); Whirlpool Corporation (2,300 employees), and Quaker Food & Beverages (1,600 employees), among others.

### **Geographic Location and Accessibility**

Accessibility is vital to the success of any live entertainment venue. Ease of access is not only important from the perspective of attracting patrons on a local and regional basis, but also factors into the venue selection process of concert acts/producers which choose venues based on how the market fits in the context of the overall routing of touring acts.

Geographically, Cedar Rapids is potentially well-positioned to serve as a convenient stop for smaller touring acts that route through second-tier concert markets within in the state including Des Moines, Iowa City, Waterloo/Cedar Falls and Davenport (Quad Cities) and larger touring acts that route through first-tier regional cities such as Minneapolis, Chicago, St. Louis and Kansas City.

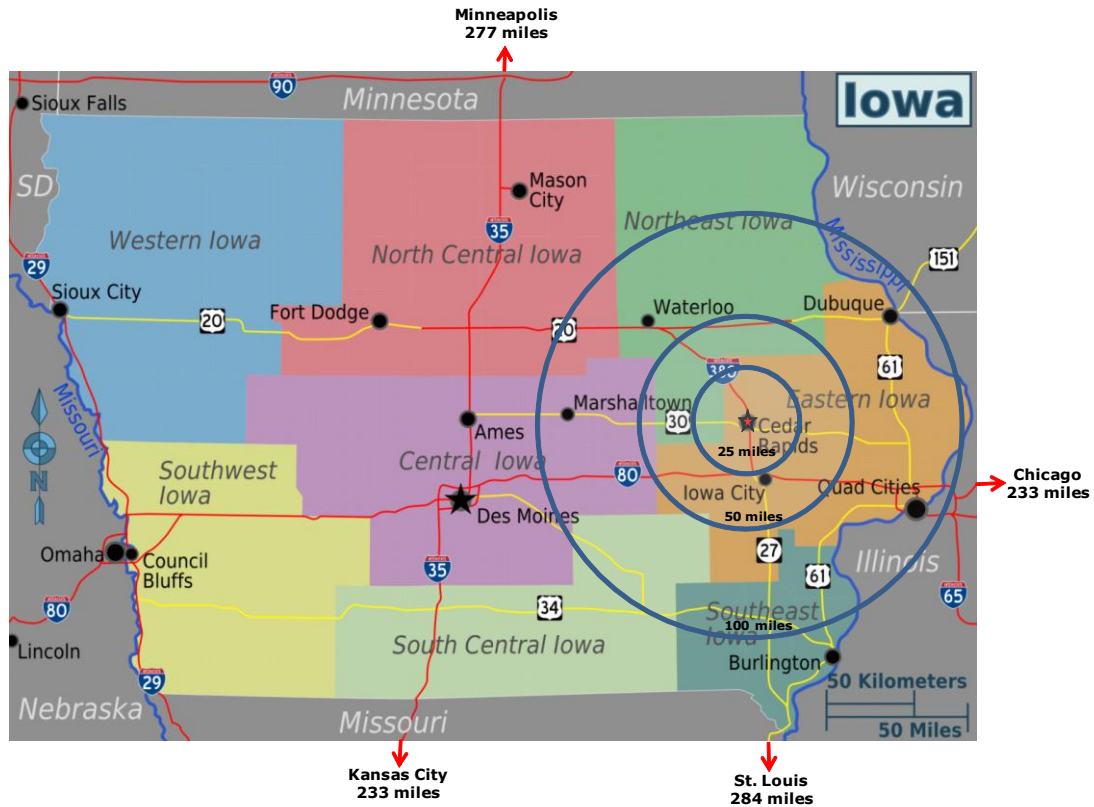
Cedar Rapids is accessible via Interstates 380 and 80, which intersect one another in Coralville, providing a western route to Des Moines and an eastern route to Davenport (Quad Cities). Interstate 380 connects Cedar Rapids north to south from Iowa City to Waterloo/Cedar Falls. Interstates 35 and 65 allow a relatively convenient regional connection to many Midwestern cities including Minneapolis, Chicago, St. Louis and Kansas City, among others.

Specific to the proposed amphitheater site on the west bank of the Cedar River, the site has immediate access to interstate 380 and is serviced by local streets including north-south streets such as 1<sup>st</sup> Street, 2<sup>nd</sup> Street and 3<sup>rd</sup> Street as well as east-west streets including Diagonal Drive, 6<sup>th</sup> Avenue, 5<sup>th</sup> Avenue and 4<sup>th</sup> Avenue, among other streets.

The amphitheater site has the ability to accommodate approximately 260 cars in an unpaved lot and there are an additional 5,000 parking spaces in the downtown area within a 5 to 10 minute walk, including a combination of parking lots and street parking.

## II. Market Characteristics

### Regional Accessibility Proposed Cedar Rapids Amphitheater



City	Distance from Cedar Rapids	Drive Time	Metro-Area Population
<b>Major Iowa Cities:</b>			
Iowa City	27 mi.	0.5 hr	152,776
Waterloo	55 mi.	1 hr.	165,025
Cedar Falls	65 mi.	1.1 hrs.	165,025
Dubuque	74 mi.	1.3 hrs.	93,463
Davenport/Moline	82 mi.	1.2 hrs.	379,321
Burlington	102 mi.	1.5 hrs.	48,704
Ames	108 mi.	2.1 hrs.	88,533
Des Moines	127 mi.	2.4 hrs.	570,780
Sioux City	271 mi.	5.3 hrs.	144,360
<b>Regional Major Cities:</b>			
Chicago	233 mi.	4.0 hrs.	9,651,162
Omaha	255 mi.	4.2 hrs.	849,517
Minneapolis	277 mi.	4.5 hrs.	3,279,181
Kansas City	320 mi.	5.3 hrs.	2,067,585
St. Louis	284 mi.	5.0 hrs.	2,852,905

Source: Google Maps, Claritas Inc.

## II. Market Characteristics

### Competitive Entertainment Venues

The number and type of local facilities that would possibly compete for the limited supply of events, patrons, corporate sponsors and philanthropic support within the marketplace will impact the market potential for the proposed amphitheater. The purpose of this section is to assess facilities in the proposed amphitheater's primary and secondary market area that could provide some level of competition for attracting events, the discretionary spending and leisure time of local residents, and corporate/philanthropic dollars.

The following table presents a summary of local and regional live entertainment venues and their anticipated degree of potential competition with the proposed amphitheater.

**Local and Regional Competitive Facilities  
Proposed Cedar Rapids Amphitheater**

<u>Facility</u>	<u>Location</u>	<u>Facility Type</u>	<u>Distance from Proposed Amphitheater (miles)</u>	<u>Seating Capacity</u>	<u>Anticipated Degree of Potential Competition</u>
<b><u>Local Competition:</u></b>					
Proposed Band Shell	Cedar Rapids	Amphitheater (outdoor)	1 mi.	1,500	Medium-to-High
U.S. Cellular Center	Cedar Rapids	Arena (indoor)	1 mi.	10,000	Medium
Linn County Fairgrounds	Central City	Multi-purpose facility (outdoor)	6 mi.	4,700	Medium
Proposed Band Shell	Marion, Iowa	Amphitheater (outdoor)	9 mi.	1,500	Medium
Brucemore	Cedar Rapids	Theater (outdoor)	3 mi.	650	Low-to-Medium
Veterans Memorial Stadium	Cedar Rapids	Ballpark (outdoor)	1 mi.	5,300	Low-to-Medium
Cedar Rapids Ice Arena	Cedar Rapids	Arena (indoor)	1 mi.	4,200	Low
Paramount Theatre (1)	Cedar Rapids	Theater (indoor)	1 mi.	1,200	Low
1st Avenue Live!	Cedar Rapids	Club (indoor)	4 mi.	600	Low
Theatre Cedar Rapids	Cedar Rapids	Theater (indoor)	1 mi.	550	Low
<b><u>Regional Competition:</u></b>					
Proposed Coralville Arena	Coralville	Arena (indoor)	22 mi.	5,000	Medium
Carver Hawkeye Arena	Iowa City	Arena (indoor)	25 mi.	15,500	Low
Kinnick Stadium	Iowa City	Stadium (outdoor)	26 mi.	70,585	Low
Hancher Auditorium	Iowa City	Theater (indoor)	26 mi.	1,500	Low
Iowa Memorial Union	Iowa City	Ballroom (indoor)	26 mi.	1,100	Low
Englert Theatre	Iowa City	Theater (indoor)	27 mi.	750	Low
Riverside Casino & Golf Resort	Riverside	Theater (indoor)	38 mi.	1,141	Low
Young Arena	Waterloo	Arena (indoor)	56 mi.	3,000	Low
McElroy Auditorium	Waterloo	Arena (indoor)	57 mi.	7,000	Low
McLeod Center	Cedar Falls	Arena (indoor)	64 mi.	7,018	Low
UNI-Dome	Cedar Falls	Stadium (indoor)	64 mi.	16,300	Low
Adler Theatre	Davenport	Theater (indoor)	82 mi.	2,411	Low
Col Ballroom	Davenport	Theater (indoor)	82 mi.	1,100	Low
Jack Trice Stadium	Ames	Stadium (outdoor)	107 mi.	55,000	Low
Hilton Coliseum	Ames	Arena (indoor)	110 mi.	14,356	Low
Civic Center of Greater Des Moines	Des Moines	Performing Arts Center (indoor)	127 mi.	2,755	Low
Veterans Memorial Auditorium	Des Moines	Arena (indoor)	127 mi.	7,227	Low
Wells Fargo Arena	Des Moines	Arena (indoor)	127 mi.	16,980	Low
Hoyt Sherman Place Theater	Des Moines	Theater (indoor)	128 mi.	1,252	Low
Principal Park	Des Moines	Ballpark (outdoor)	128 mi.	11,500	Low
Simon Estes Riverfront Amphitheater	Des Moines	Amphitheater	130 mi.	2,000	Low
Surf Ballroom	Clear Lake	Theater (indoor)	148 mi.	900	Low

(1) The Paramount Theatre was heavily damaged by the 2008 flood and is currently not operational. The facility is expected to re-open in 2012.

Source: Aud Arena Guide, 2010, CSL International Research, Google Maps.

## II. Market Characteristics

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Specific conclusions regarding the competitive environment in which the proposed amphitheater would operate include:

- The local area is home to a number of indoor live entertainment venues, but lacks a suitable outdoor live entertainment venue with a capacity over 700 that is dedicated to hosting concerts. While Veterans Memorial Stadium hosts occasional outdoor concerts, the 5,300-seat ballpark's ability to host concerts is limited due to its baseball schedule and the high cost to configure for concerts which impacts its viability as a major outdoor concert venue.
- In June 2010, the Cedar Rapids Jaycees proposed the idea of a 1,500-seat band shell located in Green Square Park to be used as the site of Uptown Fridays and various other events. At the time of this report, plans for the proposed band shell have been put on hold due to preliminary cost estimates and funding issues. When contacted regarding utilization of the proposed amphitheater, the Cedar Rapids Jaycees indicated that they would be interested in hosting Uptown Fridays at a naturalized amphitheater in downtown Cedar Rapids in lieu of building the band shell themselves.
- The U.S. Cellular Center, Cedar Rapids Ice Arena and Paramount Theatre (closed until 2012 due to flood damage) are collectively managed by VenuWorks and host concerts and other live music events. However, these venues are indoor facilities and generally host the majority of their concerts and live music events in the fall, winter and spring months with summer months generally representing slower concert seasons in these venues. While many touring acts are strictly arena tours that play indoor venues and others are strictly amphitheater tours that play outdoor venues, some tours utilize both facility types and could result in competition to host the same events on occasion. This competition could be minimized if the amphitheater was under common management as other city-owned venues or if cooperative event booking arrangements were established.
- The Brucemore is an historic estate equipped with a 650-seat outdoor theatre, which is located approximately three miles from the proposed amphitheater site. While it will present some competition to host symphony and other performing arts events, its limited capacity cannot support many of the larger community events and festivals expected to be held at the proposed amphitheater, as well as national touring concerts that will draw crowds in excess of 2,000.
- The Linn County Fairgrounds in Silver City hosts several concerts during the annual Linn County Fair in mid July. The venue accommodates up to 4,700 for concerts and would likely only serve as a direct competitor to the proposed amphitheater during the week of the county fair.
- The City of Marion has also discussed plans to develop a 1,500-seat band shell located in Lowe Park, approximately nine miles from downtown Cedar Rapids.

## II. Market Characteristics

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Initial plans include utilizing the facility for a variety of small community and municipal events that are specific to Marion. If developed, a new band shell in Marion could represent some competition to the proposed amphitheater in Cedar Rapids.

- The regional market is home to one outdoor live entertainment venue, the 2,000-seat Simon Estes Riverfront Amphitheater located approximately 130 miles away in Des Moines. Given its location and relatively small capacity, it is not expected that the Simon Estes Riverfront Amphitheater would compete to any significant degree with the proposed amphitheater in Cedar Rapids, but rather could provide important insight into the potential operations of the proposed amphitheater in Cedar Rapids given potential similarities in building scope and scale. A more detailed summary of Simon Estes Riverfront Amphitheater is provided in a subsequent section of this report which summarizes the operations of comparable amphitheaters.
- The Cedar Rapids local and regional areas are served by a variety of other public assembly venues. Given either the seating capacity differentials or the market focus (i.e. sports, performing arts, etc.) of these other venues, it is unlikely they would compete directly on a consistent basis with the proposed amphitheater in Cedar Rapids to attract concerts or similar events. However, these facilities would compete, to some degree, with the proposed amphitheater to attract the limited discretionary entertainment spending of local and regional residents and the corporate entertainment and sponsorship budgets of local and regional companies.

### Climate

Weather can have a significant impact on the operations of an outdoor amphitheater. For example, the outdoor season for amphitheaters located in northern climates is typically much shorter than markets located in the southern regions of the country. The typical outdoor concert season in the Midwest lasts from May through September, with a potential shoulder period in April and October. In addition to impacting the length of the outdoor season, inclement weather during the outdoor concert season can adversely impact walk-up ticket sales or can result in the cancellation of an event.

The following table summarizes the average daily minimum and maximum temperature and precipitation by month for the Cedar Rapids area.

## II. Market Characteristics

### Cedar Rapids Climatological Information

Month	Mean Temperature (°F)		Mean Precipitation (Inches)	Mean Precipitation (Days) <sup>(1)</sup>
	Daily Minimum	Daily Maximum		
January	10.0	26.7	1.0	7
February	14.6	31.9	1.1	6
March	26.2	44.5	2.1	9
April	38.6	60.1	3.4	11
May	49.7	71.5	3.9	11
June	59.3	80.6	4.5	10
July	63.4	84.0	4.3	10
August	61.1	81.9	4.2	9
September	52.1	74.5	3.5	9
October	40.8	62.5	2.4	8
November	28.5	46.5	2.0	8
December	15.6	31.9	1.5	8
<b>Average Month During Amphitheater Season</b>				
	<b>57.1</b>	<b>78.5</b>	<b>4.1</b>	<b>9</b>

Average  
Amphitheater  
Season

Note: Precipitation includes both rain and snow.

(1) Mean number of precipitation days equal to mean number of days with at least 0.1 inches of precipitation.

Source: Western Regional Climate Center

The mean temperature ranges from a low of approximately 57.0 to a high of approximately 79.0 degrees fahrenheit during the outdoor concert season in the Cedar Rapids area. The mean monthly precipitation is 4.1 inches, with a mean of nine days per month having at least 0.01 inches of precipitation during the outdoor concert season.

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The review of the Cedar Rapids market is considered together with an assessment of comparable facilities, potential user interviews and industry trends to estimate potential demand for the proposed amphitheater.

Executive Summary

I. Introduction

II. Market Characteristics

III. Overview of Live Music Industry

IV. Comparable Amphitheaters

V. Estimated Demand and Building Program

VI. Financial Analysis

VII. Management Analysis

VIII. SWOT Analysis

## **III. Overview of Live Music Industry**

### **III. Overview of Live Music Industry**

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It is anticipated that a majority of event activity at the proposed amphitheater will consist of community-based events including local musical acts, festivals, holiday celebrations, graduations, speakers, movie nights, private rentals, and other locally-based events. However, it is also anticipated that the proposed amphitheater could potentially host a number of national touring concerts and, therefore, it is important to understand national trends associated with the live music industry.

The live music industry has undergone significant changes over the past several years, impacting the operations of amphitheaters and other live entertainment venues nationwide. In order to provide a perspective from which to assess how these trends may impact the operations of the proposed amphitheater in Cedar Rapids, this section presents a summary of a variety of key industry data and trends as it relates to:

- U.S. Entertainment / Media Spending;
- Entertainment Ticket Purchases by Type;
- Live Concerts / Theater Attendance Frequency;
- Overview of Live Concert Business;
- Live Concert Economics;
- Talent Costs;
- Top 200 Grossing Artists in 2009;
- Ticket Price Trends;
- Ticket Revenue Trends;
- Attendance Trends;
- Performance Trends;
- Consolidation of Promoters;
- Venues Played;
- Amphitheater Development;
- Effects of Current Economy; and,
- Summary.

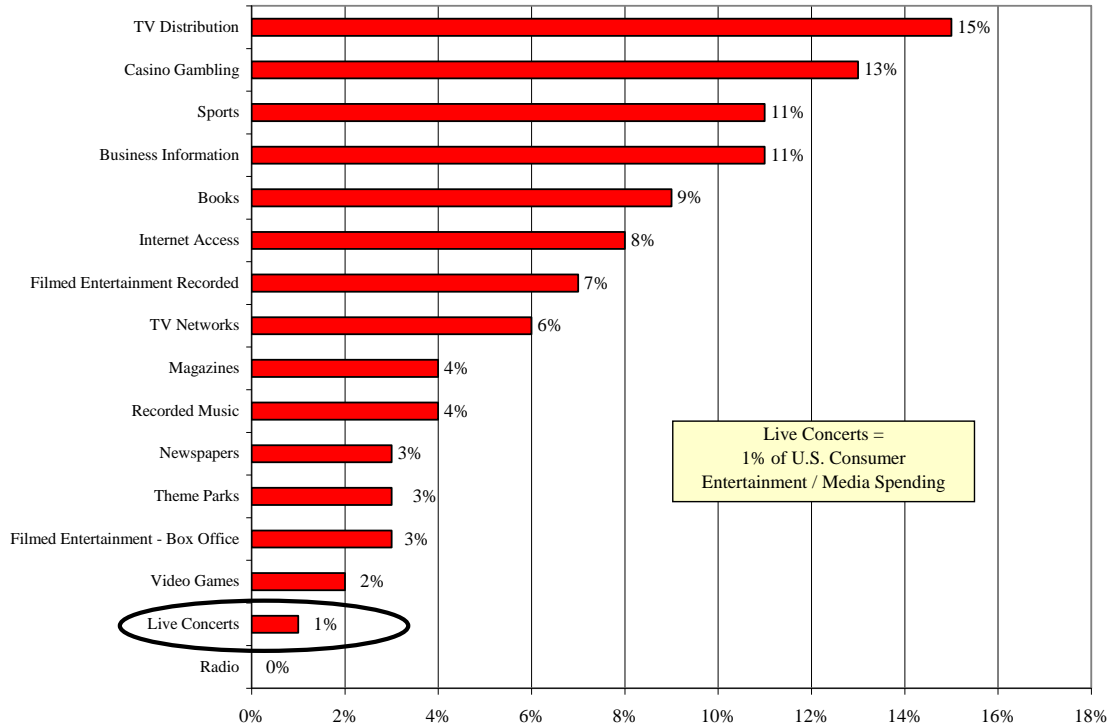
#### **U.S. Entertainment / Media Spending**

Live concert consumer spending is a relatively small component of total entertainment spending in the United States. As illustrated in the chart on the following page, live concert consumer spending comprises approximately one percent of total entertainment spending.

Approximately 80 percent of consumer spending on music products is spent on recorded music content as opposed to live music concerts, representing a ratio of 4 to 1 in terms of spending on recorded music versus live music. Recorded music accounts for over \$12 billion in annual spending compared to just over \$3 billion in live music spending.

### III. Overview of Live Music Industry

#### U.S. Entertainment / Media Spending Consumer End Use Spending

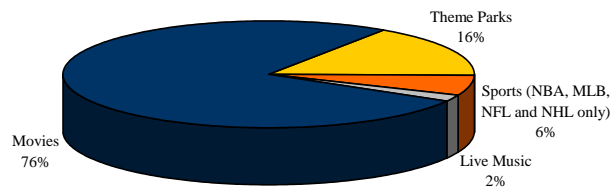


Source: Live Nation keynote presentation at Concert Industry Consortium.

#### Entertainment Ticket Purchases by Type

Live music concert ticket sales comprise approximately two percent of total spending on entertainment ticket purchases among spending on concerts, sports, theme parks and movie box office admissions spending. Movie box office admissions represent the largest source of entertainment ticket buyers, comprising 76 percent of the purchases, followed by theme parks at 16 percent and sports at 6 percent.

#### Entertainment Ticket Buyers Ticket Sales by Type



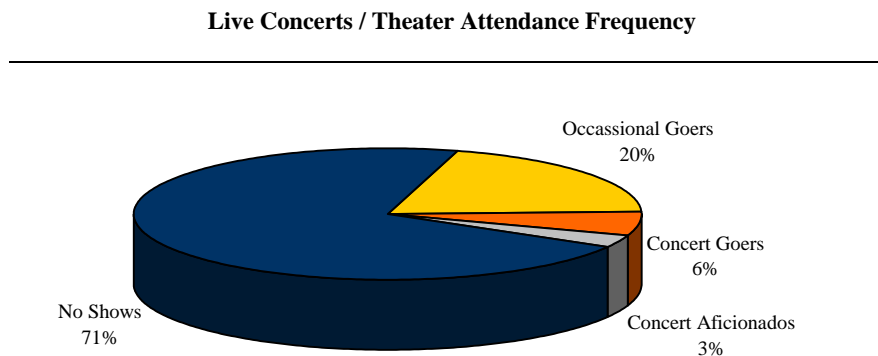
Source: Simons Market Research Bureau

### III. Overview of Live Music Industry

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#### Live Concerts / Theater Attendance Frequency

Based on research conducted by Simons Market Research Bureau, approximately 29 percent of the U.S. population, ages 15 and older, reported attending at least one live music concert in the past year.



Note: Population aged 15 and over that attended a live theater / concert event in past 12 months.  
Source: Simons Market Research Bureau

Approximately 20 percent of the U.S. population identified themselves as “Occasional Goers”, meaning they attended one concert in the past year. “Concert Goers” are those that reported attending two concerts in the past year and represent six percent of the U.S. population. Those attending three or more concerts in the past 12 months are “Concert Aficionados”, which represent three percent of the U.S. population.

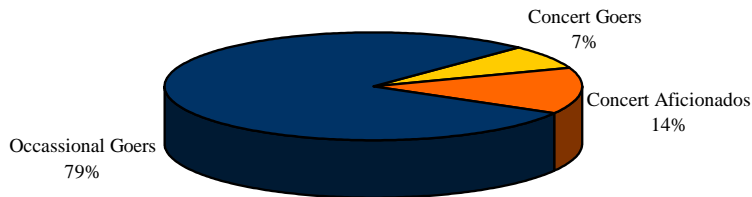
Of just the live music ticket buyers, 79 percent represent the occasional concert goers, 14 percent represent the concert aficionados and seven percent represent concert goers, as shown in the illustration on the following page.

On average, concert fans attend 2.2 concerts per year, with concert aficionados attending three or more, followed by concert goers which attend two concerts and the occasional goer that attends one concert per year. In terms of total concert ticket sales, the concert aficionados buy 24 percent of the tickets, concert goers buy 19 percent of the tickets and occasional concert goers buy 57 percent of the tickets. Overall, three percent of the U.S. population (concert aficionados) buys 24 percent of the concert tickets.

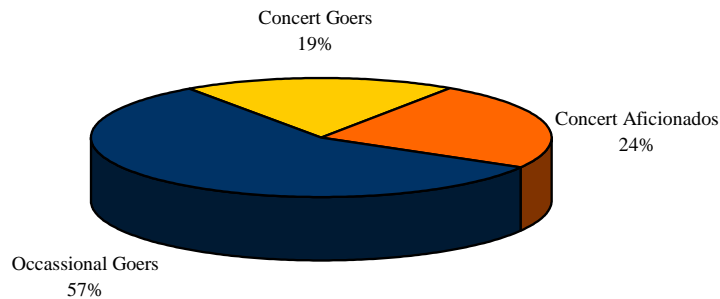
### III. Overview of Live Music Industry

#### Attendance at Live Concerts / Theater by Type of Buyer

Live Music Ticket Buyer Composition



Attendance Composition  
by Live Music Ticket Buyer Type



Source: Simons Market Research Bureau

Additional information related to ticket buying habits of live music concert attendees include:

- Concert attendees use a variety of sources to obtain information about upcoming concerts. The following table summarizes the information sources fans use to find out about concerts.

Source of Concert Information	Age Groups		
	13 to 17	18 to 24	25 and over
Website that Lists Show	20%	29%	25%
Radio	18%	14%	11%
Word of Mouth	22%	13%	5%
Band/Event Website	15%	14%	7%
Band E-Newsletter/Fan Club	10%	10%	9%
Alternative-Weekly	2%	6%	25%
Promoter E-Mail	6%	9%	5%
Local Paper	5%	4%	13%

Source: Live Nation research.

### III. Overview of Live Music Industry

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- The timing of a concert ticket purchase has changed over time. Research by Live Nation indicates that 43 percent of fans aged 13 to 24 buy their tickets within a couple of weeks of a show. The table below summarizes the percentage of ticket buyers by age group that purchase ticket on the on-sale date versus those that purchase tickets after the on-sale date.

Timing of Purchase	Age Groups		
	13 to 17	18 to 24	25 and over
On-Sale Date	19%	21%	42%
After On-Sale Date	81%	79%	58%

Source: Live Nation research.

- Live music concert attendees purchase their tickets from the following sources: internet (54 percent), venue box office (28 percent), phone center (12 percent) and kiosk (6 percent).
- The average number of people attending a concert together as a group is 2.7, while older concert attendees tend to go in pairs and younger concert attendees tend to go in groups of four.

#### Overview of Live Concert Business

Generally, to initiate live entertainment events or tours, booking agents directly contract with performers to represent them for specified periods. Booking agents, in turn, contact promoters, who will contract with them or directly with performers to arrange events. Booking agents typically receive fixed or percentage fees from performers for their services. Promoters earn revenues mainly from the sale of tickets, as well as occasional percentages of revenues from concessions. Performers are paid by the promoter under one of several different formulas, which may include fixed guarantees, percentages of ticket sales or the greater of guaranteed amounts or profit sharing payments based on gross ticket revenues. Additionally, promoters may also reimburse performers for certain costs of production, such as sound and lights. Under guaranteed payment formulas, promoters assume the risks of unprofitable events. Promoters may renegotiate lower guarantees or cancel events because of insufficient ticket sales in order to reduce their losses. Promoters can also reduce the risk of losses by entering into global or national touring agreements with performers and including the right to offset lower ticket revenue shows with higher performing shows on the tour in the determination of overall artist fees.

For musical tours, one to four months typically elapse between booking performers and the first performances. Promoters, in conjunction with performers, managers and agents,

### III. Overview of Live Music Industry

set ticket prices and advertise events to cover expenses. Promoters market events, sell tickets, rent or otherwise provide venues (if not provided by booking agents) and arrange for local production services, such as stages and sets.

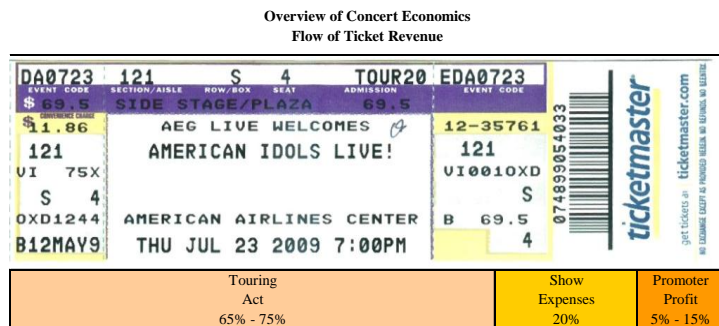
Venue operators typically contract with promoters to rent their venues for specific events on specific dates. Venue operators provide services such as concessions, parking, security, ushering and ticket-taking, and receive some or all of the revenues from concessions, merchandise, sponsorships, parking and premium seats. For the events they host, venue operators typically receive fixed fees or percentages of ticket sales, as well as percentages of total concession sales from the vendors and percentages of total merchandise sales from the merchandisers.

Industry participants often perform one or more of the booking, promotion and venue operation functions.

#### Live Concert Economics

The economics of the concert industry has changed substantially over the past several years as acts have demanded higher compensation or guarantees, which has resulted in an upward pressure on tickets prices in order to generate higher gross ticket sales. The upward trend in ticket prices has increased gross ticket sales to record levels, but has negatively impacted the attendance at concert events over the past several years. The result of these trends has produced lower margins for concert promoters and live music venues.

The graphic below illustrates a general breakdown of the average dollar spent on a concert ticket. As illustrated in the chart, concert ticket revenue is generally allocated between the touring act, show expenses and the promoter. While each deal is unique and can vary considerably from market to market, concert ticket revenue is generally allocated as follows: approximately 60 to 70 percent of the ticket price is paid to the performer as their guarantee; approximately 20 percent pays for show expenses including staffing, utilities, facility rent and other such costs, and approximately 10 to 20 percent is retained by the promoter.



Note: These percentages can vary significantly from market to market.

As previously mentioned, the venue operator generally receives revenue from rent, facility fees, premium seating, ticket sales rebates, concessions, merchandise, parking and advertising/sponsorships.

### **III. Overview of Live Music Industry**

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#### **Talent Costs**

An integral component of concert economics is the talent cost paid to the performers. Over the past several years, talent costs have increased substantially, impacting the industry in terms of increased ticket prices and lower operating margins. While there is not a public source of information that tracks talent cost trends, discussions with amphitheater operators and concert promoters indicate that cost as a percentage of ticket sales was approximately 50 to 55 percent nearly 10 years ago. Today, talent cost as a percentage of ticket sales, on average, is approximately 65 to 75 percent. Because each deal is unique and varies considerably by act and market, the ranges presented herein are provided as a means of conveying the significant increase in talent costs over the past 10 years. The result of increased talent costs have generally served to reduce the profitability of live concert venues.

#### **Top 200 Grossing Artists in 2009**

*Pollstar*, a leading publication in the live music industry, tracks concert ticket sales for the top grossing artists each year. The tables on the following pages summarize the top 200 tours in 2009 in terms of gross ticket sales and include information such as the number of shows, average ticket price, average paid attendance, total paid attendance and total gross ticket sales for each artist.

The top 200 tours represent approximately 65 percent of the ticket sales in the live music industry (approximately \$3.0 billion out of \$4.6 billion in ticket sales) and are expected to comprise some of the acts that could be hosted at the proposed amphitheater.

Among the top 200 tours in 2009, the average artist played 42 shows, drew an average paid attendance of 9,040 per show and charged an average ticket price of \$56.67.

Certain subsequent components of this section of the report present trends related to ticket prices, attendance and number of performances as they relate to the top 100 tours, as this was the information primarily reported by *Pollstar* in past years. *Pollstar* has only recently begun reporting information for the top 200 tours.

### III. Overview of Live Music Industry

#### Top 1-50 Tours Gross Ticket Sales

Gross Ticket Sales Rank	Artist	Shows	Average Ticket Price	Average Paid Attendance Per Show	Total Paid Attendance	Total Gross Ticket Sales (MM)
1	U2	20	\$93.77	82,004	1,312,068	\$123.0
2	Bruce Springsteen & The E Street Band	58	\$87.94	24,418	1,074,407	\$94.5
3	Elton John / Billy Joel	31	\$125.61	25,951	700,685	\$88.0
4	Britney Spears	61	\$88.04	18,383	937,527	\$82.5
5	AC/DC	47	\$83.76	19,786	929,949	\$77.9
6	Kenny Chesney	52	\$68.73	20,680	1,034,021	\$71.1
7	Jonas Brothers	64	\$59.78	22,447	1,167,246	\$69.8
8	Dave Matthews Band	62	\$52.97	22,864	1,074,602	\$56.9
9	Fleetwood Mac	52	\$97.02	11,004	561,215	\$54.5
10	Metallica	43	\$65.16	23,411	819,395	\$53.4
11	Nickelback	66	\$47.42	15,378	999,578	\$47.4
12	"Walking With Dinosaurs"	307	\$39.77	28,334	1,161,679	\$46.2
13	Miley Cyrus	45	\$68.87	15,183	652,879	\$45.0
14	Trans-Siberian Orchestra	114	\$44.68	13,584	978,066	\$43.7
15	Eagles	27	\$129.30	13,231	330,769	\$42.8
16	Keith Urban	64	\$63.27	11,255	675,278	\$42.7
17	Celine Dion	25	\$108.24	17,875	393,249	\$42.6
18	Rascal Flatts	56	\$54.84	13,985	769,167	\$42.2
19	Coldplay	40	\$61.79	16,931	660,301	\$40.8
20	Paul McCartney	11	\$121.57	41,848	334,786	\$40.7
21	Phish	48	\$48.21	26,608	771,624	\$37.2
22	Brad Paisley	66	\$42.35	12,649	834,845	\$35.4
23	Jeff Dunham	119	\$44.23	6,985	782,274	\$34.6
24	No Doubt	57	\$43.44	15,031	781,615	\$33.9
25	Cher	69	\$140.56	3,426	236,413	\$33.2
26	Lil' Wayne	58	\$51.66	10,707	621,008	\$32.1
27	KISS	52	\$63.88	9,649	477,457	\$30.5
28	"American Idols Live"	52	\$62.23	9,671	483,535	\$30.1
29	Toby Keith	50	\$41.36	14,380	719,009	\$29.7
30	Bette Midler	82	\$121.70	2,916	239,112	\$29.1
31	Dane Cook	46	\$62.45	10,709	449,775	\$28.1
32	Blink-182	54	\$34.21	14,994	779,707	\$26.7
33	The Dead	22	\$81.72	19,013	323,226	\$26.4
34	Beyonce	32	\$91.17	10,725	289,568	\$26.4
35	Il Divo	60	\$80.81	5,850	321,742	\$26.0
36	Taylor Swift	46	\$47.01	12,054	542,437	\$25.5
37	Def Leppard	41	\$42.75	14,174	581,123	\$24.8
38	Cirque du Soleil - "Saltimbanco"	209	\$54.05	19,463	447,656	\$24.2
39	Motley Crue	64	\$39.88	9,365	589,998	\$23.5
40	Depeche Mode	25	\$64.36	15,749	346,488	\$22.3
41	George Strait	16	\$97.47	14,107	225,710	\$22.0
42	Eric Clapton / Steve Winwood	14	\$116.38	13,441	188,172	\$21.9
43	Kings of Leon	59	\$41.87	9,118	519,703	\$21.8
44	Leonard Cohen	51	\$100.95	4,912	211,228	\$21.3
45	Bob Dylan	62	\$58.35	6,603	349,966	\$20.4
46	"So You Think You Can Dance"	73	\$50.42	5,427	390,717	\$19.7
47	Barry Manilow	73	\$107.88	12,661	177,254	\$19.1
48	Journey	48	\$62.54	6,828	300,426	\$18.8
49	Jimmy Buffett	30	\$18.70	6,186	173,212	\$18.7
50	Luis Miguel	37	\$71.11	43,391	260,348	\$18.5
<b>Average - Top 50 Tours</b>		<b>59</b>	<b>\$70.92</b>	<b>16,507</b>	<b>599,644</b>	<b>\$39.8</b>

Source: Pollstar

### III. Overview of Live Music Industry

#### Top 51-100 Tours Gross Ticket Sales

Gross Ticket Sales Rank	Artist	Shows	Average Ticket Price	Average Paid Attendance Per Show	Total Paid Attendance	Total Gross Ticket Sales (MM)
51	The Killers	57	\$42.84	7,670	429,505	\$18.4
52	"Vans Warped Tour"	46	\$29.30	13,585	624,910	\$18.3
53	Green Day	46	\$44.86	9,016	405,706	\$18.2
54	Kid Rock / Lynard Skynyrd	25	\$37.78	18,871	452,906	\$17.1
55	Andrea Bocelli	13	\$151.30	7,779	101,123	\$15.3
56	"Star Wars: In Concert"	51	\$57.45	5,555	261,096	\$15.0
57	Aerosmith	16	\$71.60	13,044	208,696	\$14.9
58	Steely Dan	58	\$93.61	4,650	158,102	\$14.8
59	Vicente Fernandez	21	\$91.91	8,418	159,939	\$14.7
60	Maxwell	44	\$69.28	4,790	210,739	\$14.6
61	Elton John	25	\$128.73	22,065	110,327	\$14.2
62	Robin Williams	51	\$84.46	4,281	166,942	\$14.1
63	New Kids On The Block	60	\$42.53	5,506	330,365	\$14.1
64	Chicago / Earth, Wind & Fire	41	\$53.08	6,763	263,752	\$14.0
65	Jay-Z	29	\$62.43	6,849	198,622	\$12.4
66	Pearl Jam	17	\$59.34	20,391	203,909	\$12.1
67	Van Morrison	23	\$173.89	69,009	750,000	\$12.0
68	"Yanni Voices: Live In Concert"	57	\$62.81	3,545	187,868	\$11.8
69	Rain - A Tribute To The Beatles	162	\$45.02	3,618	260,498	\$11.7
70	Ricardo Arjona	31	\$64.35	7,887	173,505	\$11.2
71	Styx / REO Speedwagon	55	\$36.71	5,530	304,141	\$11.2
72	Slipknot	53	\$38.24	5,503	286,177	\$10.9
73	Cirque du Soleil - "Algeria"	79	\$59.92	20,161	181,451	\$10.9
74	Disturbed	74	\$35.80	4,055	296,048	\$10.8
75	Alan Jackson	37	\$58.54	4,987	179,534	\$10.5
76	Jason Miraz	46	\$34.30	6,090	274,052	\$9.4
77	Andre Rieu	35	\$87.22	3,074	107,600	\$9.4
78	"Dancing With The Stars"	29	\$79.22	4,190	11,732	\$9.3
79	Incubus	30	\$34.52	9,190	266,512	\$9.2
80	Creed	41	\$30.59	7,046	288,889	\$8.8
81	Nine Inch Nails / Jane's Addiction`	24	\$39.52	9,173	220,141	\$8.7
82	John Legend	47	\$56.25	3,362	151,290	\$8.5
83	"Rockstar Energy Mayhem Festival" Marilyn Manson	26	\$28.95	11,302	293,864	\$8.5
84	Wisin & Yandel	18	\$45.37	13,343	186,805	\$8.5
85	Mannheim Steamroller	76	\$56.18	2,308	147,739	\$8.3
86	Celtic Women	54	\$53.52	3,586	154,215	\$8.3
87	The Allman Brothers Band	29	\$73.93	8,394	109,119	\$8.1
88	David Copperfield	109	\$53.29	3,862	150,625	\$8.0
89	Rod Stewart	16	\$88.67	5,939	89,091	\$7.9
90	Sugarland	30	\$44.64	6,040	175,158	\$7.8
91	Santana	34	\$77.72	11,131	100,176	\$7.8
92	The Fray	45	\$26.30	6,455	290,491	\$7.6
93	Kathy Griffin	56	\$58.17	3,111	130,651	\$7.6
94	Rodney Carrington	120	\$45.19	2,015	167,267	\$7.6
95	Ron White	86	\$45.06	2,738	167,039	\$7.5
96	Avenged Sevenfold / Buckcherry	39	\$37.10	5,106	199,117	\$7.4
97	Crosby, Stills & Nash	42	\$56.24	3,166	129,800	\$7.3
98	Tiesto	44	\$56.02	3,522	130,310	\$7.3
99	The Moody Blues	43	\$53.89	3,106	133,541	\$7.2
100	R. Kelly	40	\$66.09	2,956	106,425	\$7.0
<b>Average - 1-50 Tours</b>		<b>59</b>	<b>\$70.92</b>	<b>16,507</b>	<b>599,644</b>	<b>\$39.8</b>
<b>Average - 51-100 Tours</b>		<b>47</b>	<b>\$60.47</b>	<b>8,475</b>	<b>221,750</b>	<b>\$10.9</b>

Source: Pollstar

### III. Overview of Live Music Industry

#### Top 101-150 Tours Gross Ticket Sales

Gross Ticket Sales Rank	Artist	Shows	Average Ticket Price	Average Paid Attendance Per Show	Total Paid Attendance	Total Gross Ticket Sales (MM)
101	Demi Lovato	43	\$40.99	3,986	171,398	\$7.0
102	Bryan Adams	64	\$58.14	1,881	120,384	\$7.0
103	Pink	12	\$44.86	12,868	154,416	\$6.9
104	Jamie Foxx	27	\$60.70	4,224	114,048	\$6.9
105	311	49	\$28.85	4,859	238,091	\$6.9
106	George Lopez	32	\$52.05	4,083	130,656	\$6.8
107	Daughtry	50	\$37.65	3,612	180,600	\$6.8
108	Heart	49	\$40.31	3,426	167,874	\$6.8
109	Lyle Lovett	83	\$54.13	1,505	124,915	\$6.8
110	Jackson Browne	51	\$50.20	2,617	133,467	\$6.7
111	Jason Aldean	65	\$27.96	3,632	236,080	\$6.6
112	Marc Anthony	9	\$80.06	9,013	81,117	\$6.5
113	Larry The Cable Guy	37	\$35.26	4,936	182,632	\$6.4
114	Cheech & Chong	60	\$46.24	2,307	138,420	\$6.4
115	O.A.R.	68	\$28.84	3,212	218,416	\$6.3
116	Neil Young	13	\$66.74	7,215	93,795	\$6.3
117	The Allman Brothers Band / Widespread Panic	17	\$41.87	8,783	149,311	\$6.3
118	Michael Flatley's "Lord of the Dance"	59	\$45.75	2,282	134,638	\$6.2
119	Diana Krall	35	\$68.64	2,554	89,390	\$6.1
120	Judas Priest	34	\$43.86	4,087	138,958	\$6.1
121	Flight Of The Concorde	32	\$38.06	4,903	156,896	\$6.0
122	The Tragically Hip	25	\$58.39	3,975	99,375	\$5.8
123	Tool	12	\$53.75	8,992	107,904	\$5.8
124	Bill Gaither & Friends "Homecoming"	35	\$35.24	4,518	158,130	\$5.6
125	James Taylor	22	\$77.15	3,132	68,904	\$5.3
126	Chris Tomlin	56	\$27.40	3,454	193,424	\$5.3
127	John Fogerty	3	\$53.24	3,193	9,579	\$5.1
128	Lady Gaga	36	\$37.67	3,687	132,732	\$5.0
129	Bonnie Raitt / Taj Mahal	32	\$50.62	3,087	98,784	\$5.0
130	Celtic Thunder	55	\$51.75	1,751	96,305	\$5.0
131	Radiohead	1	\$44.97	109,480	109,480	\$4.9
132	Marco Antonio Solis / Pepe Aguilar	11	\$66.73	6,580	72,380	\$4.8
133	Counting Crows	34	\$47.31	2,984	101,456	\$4.8
134	B.B. King	38	\$54.17	2,312	87,856	\$4.8
135	Steve Miller Band	26	\$52.64	3,430	89,180	\$4.7
136	Fall Out Boy	30	\$33.29	4,651	139,530	\$4.6
137	The Offspring	34	\$31.76	4,255	144,670	\$4.6
138	Alejandro Fernandez	7	\$65.63	9,951	69,657	\$4.6
139	Russell Peters	5	\$73.72	12,291	61,455	\$4.5
140	Rise Against	36	\$32.18	3,884	139,824	\$4.5
141	3 Doors Down	39	\$37.44	3,046	118,794	\$4.4
142	Jerry Seinfeld	11	\$78.66	4,982	54,802	\$4.3
143	Lynyrd Skynyrd	40	\$44.11	2,437	97,480	\$4.3
144	Frankie Valli and the Four Seasons	23	\$76.74	2,436	56,028	\$4.3
145	Wilco	38	\$34.76	3,180	120,840	\$4.2
146	"Rock The Bells"	11	\$47.82	7,984	87,824	\$4.2
147	Joan Sebastian	9	\$58.61	7,850	70,650	\$4.1
148	Enrique Bunbury	17	\$38.57	6,184	105,128	\$4.1
149	Willie Nelson	31	\$55.69	2,341	72,571	\$4.0
150	Death Cab For Cutie	33	\$32.63	3,715	122,595	\$4.0
<b>Average - 1-50 Tours</b>		<b>59</b>	<b>\$70.92</b>	<b>16,507</b>	<b>599,644</b>	<b>\$39.8</b>
<b>Average - 51-100 Tours</b>		<b>47</b>	<b>\$60.47</b>	<b>8,475</b>	<b>221,750</b>	<b>\$10.9</b>
<b>Average - 101-150 Tours</b>		<b>33</b>	<b>\$48.88</b>	<b>6,715</b>	<b>120,857</b>	<b>\$5.5</b>

Source: Pollstar

### III. Overview of Live Music Industry

#### Top 151-200 Tours Gross Ticket Sales

Gross Ticket Sales Rank	Artist	Shows	Average Ticket Price	Average Paid Attendance Per Show	Total Paid Attendance	Total Gross Ticket Sales (MM)
151	Chris Isaak	37	\$52.23	2,070	76,590	\$4.0
152	Aventura	6	\$75.33	8,661	51,966	\$3.9
153	Gary Allan	50	\$34.06	2,290	114,500	\$3.9
154	The Black Crowes	60	\$39.08	1,663	99,780	\$3.9
155	Anthony Hamilton	23	\$58.59	2,868	65,964	\$3.9
156	The Pretenders	55	\$45.61	1,515	83,325	\$3.8
157	Zac Brown Band	54	\$25.51	2,737	147,798	\$3.8
158	Kid Rock	8	\$62.34	7,525	60,200	\$3.8
159	Sarah Brightman	6	\$57.44	10,739	64,434	\$3.7
160	Chicago	29	\$54.30	2,350	68,150	\$3.7
161	Casting Crowns	40	\$28.75	3,203	128,120	\$3.7
162	Slightly Stoopid / Snoop Dogg	20	\$27.78	6,627	132,540	\$3.7
163	Stone Temple Pilots	31	\$50.46	2,301	71,331	\$3.6
164	T.I.	12	\$51.68	5,783	69,396	\$3.6
165	Morrissey	33	\$50.32	2,125	70,125	\$3.5
166	David Byrne	21	\$54.34	3,067	64,407	\$3.5
167	Dame Edna	10	\$56.96	6,125	61,250	\$3.5
168	Chickenfoot	36	\$30.61	3,157	113,652	\$3.5
169	The Australian Pink Floyd Show	38	\$35.84	2,510	95,380	\$3.4
170	"Star Academie"	8	\$43.81	9,725	77,800	\$3.4
171	Marco Antonio Solis	7	\$51.72	9,374	65,618	\$3.4
172	"Winter Jam" tobyMac	35	\$10.00	9,579	335,265	\$3.4
173	Staind	29	\$31.20	3,647	105,763	\$3.3
174	Marilyn Manson	27	\$43.48	2,787	75,249	\$3.3
175	Iron Maiden	4	\$38.35	21,000	84,000	\$3.2
176	Juan Gabriel	3	\$57.24	18,635	55,905	\$3.2
177	Brooks & Dunn	27	\$69.39	1,708	46,116	\$3.2
178	Lamb of God	36	\$33.43	2,625	94,500	\$3.2
179	Rob Thomas	18	\$52.32	3,354	60,372	\$3.2
180	Veronic DiCaire	27	\$44.50	2,588	69,876	\$3.1
181	Jennifer Hudson / Robin Thicke	13	\$60.57	3,750	48,750	\$3.0
182	Café Tacuba	11	\$30.53	8,731	96,041	\$2.9
183	The Wiggles	23	\$27.25	4,642	106,766	\$2.9
184	Tom Jones	36	\$58.87	1,368	49,248	\$2.9
185	Dark Star Orchestra	104	\$27.60	1,010	105,040	\$2.9
186	Los Fabulosos Cadillacs	10	\$38.72	7,480	74,800	\$2.9
187	The Decemberists	46	\$43.53	1,398	64,308	\$2.8
188	Loggins & Messina	20	\$51.65	2,709	54,180	\$2.8
189	Third Eye Blind	65	\$25.78	1,659	107,835	\$2.8
190	Gipsy Kings	14	\$56.32	3,477	48,678	\$2.7
191	Tori Amos	27	\$46.29	2,160	58,320	\$2.7
192	Black Label Society	45	\$31.47	1,827	82,215	\$2.6
193	Lisa Lampanelli	36	\$39.33	1,859	66,924	\$2.6
194	Maze feat. Frankie Beverly	8	\$64.04	5,087	40,696	\$2.6
195	Seal	20	\$51.60	2,499	49,980	\$2.6
196	Yes	25	\$65.95	1,577	39,425	\$2.6
197	Dream Theater	26	\$56.96	1,756	45,656	\$2.6
198	Pet Shop Boys	20	\$53.01	2,452	49,040	\$2.6
199	Bachman - Cummings	15	\$54.42	3,185	47,775	\$2.6
200	Michael McDonald / Boz Scaggs	17	\$69.96	2,175	36,975	\$2.6
<b>Average - 1-50 Tours</b>		<b>59</b>	<b>\$70.92</b>	<b>16,507</b>	<b>599,644</b>	<b>\$39.8</b>
<b>Average - 51-100 Tours</b>		<b>47</b>	<b>\$60.47</b>	<b>8,475</b>	<b>221,750</b>	<b>\$10.9</b>
<b>Average - 101-150 Tours</b>		<b>33</b>	<b>\$48.88</b>	<b>6,715</b>	<b>120,857</b>	<b>\$5.5</b>
<b>Average - 151-200 Tours</b>		<b>27</b>	<b>\$46.41</b>	<b>4,463</b>	<b>79,640</b>	<b>\$3.2</b>

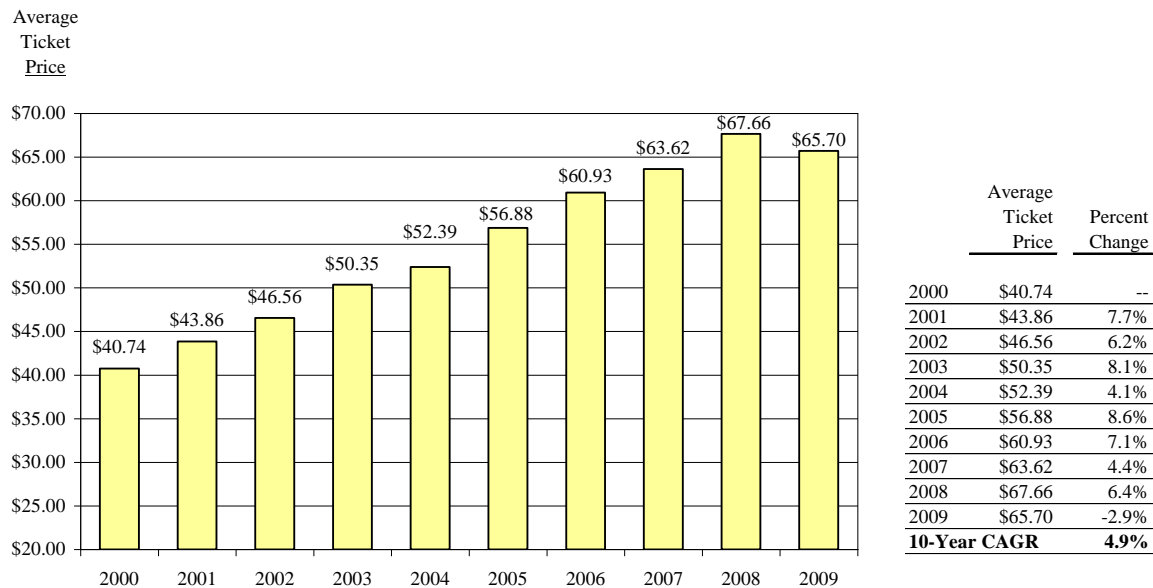
Source: Pollstar

### III. Overview of Live Music Industry

#### Ticket Price Trends

In general, ticket prices are determined by concert promoters and are based on several factors including but not limited to the guarantee/percentage of ticket sales paid to an act, anticipated event expenses, the desired level of promoter profit and the anticipated attendance for the show. The following table summarizes the average ticket price of the top 100 tours nationwide over the past 10 years.

**Average Ticket Price  
Top 100 Concert Tours (2000 to 2009)**



CAGR = Compounded Annual Growth Rate.  
Source: Pollstar.

As shown above, the average ticket price for the top 100 tours was \$65.70 in 2009, representing a 2.9 percent, or \$1.96, decrease over the average ticket price in 2008 and the first decrease in the past ten years. It is important to note that these ticket prices do not include additional charges such as convenience or handling charges, facility fees, parking charges, or taxes which can add upwards of \$5 to \$15 to the cost of a ticket in many markets.

Over the past 10 years, the compounded annual growth rate in concert ticket prices was approximately 4.9 percent. During this same time period, the Consumer Price Index (“CPI”) increased at an average annual rate of 2.2 percent. Although ticket prices grew steadily from 2000 to 2008, the decrease in ticket prices between 2008 and 2009 is attributed to a shift in the market and a response to the recent economic downturn. Nevertheless, the increase in concert ticket prices throughout the past decade is attributed to several factors, including but not limited to:

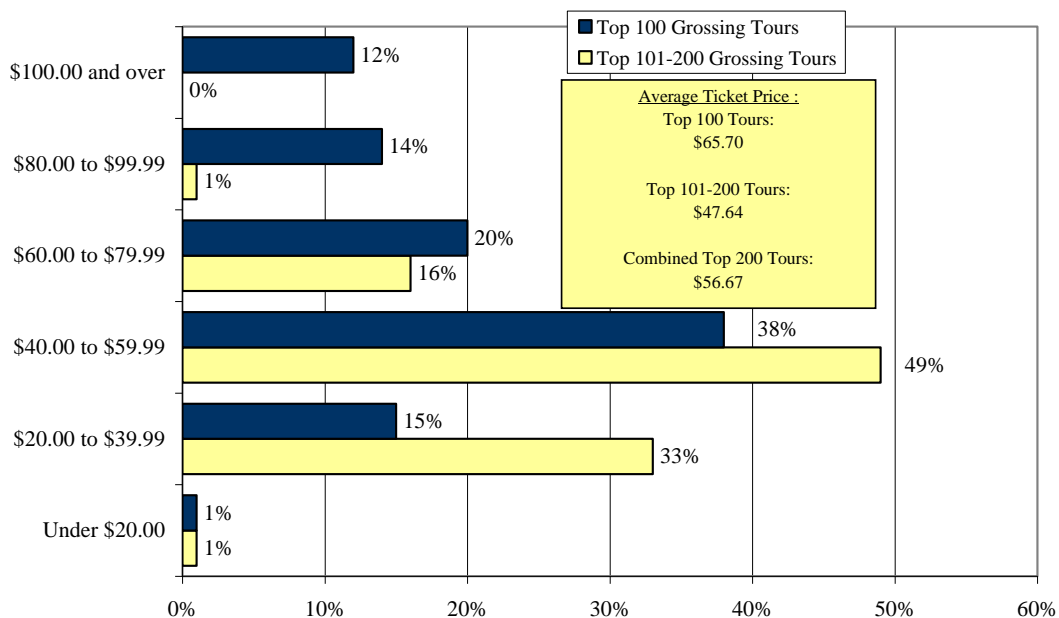
### III. Overview of Live Music Industry

- Realization by acts and promoters that patrons were willing to purchase tickets for more than face value from ticket brokers/scalpers in order to see their favorite acts;
- Increased guarantees demanded by artists as the income from album sales have decreased;
- Consolidation in the concert promotion business in which the largest promoters are paying higher guarantees in order to attract acts; and,
- The baby boomer generation, with higher disposable incomes, is more price elastic and is more willing to pay top dollar to see certain acts.

Industry insiders have expressed concerns over the escalation in concert ticket prices for the past several years and believe that many fans are being priced out of the market as evidenced by fewer sellouts and lower attendance trends.

Some acts comprehend what is happening in the industry and price themselves accordingly; however, others still attempt to capitalize on a market willing to pay steeper ticket prices. The following chart presents the distribution of the average ticket price for the top 200 tours nationwide in 2009.

**2009 Average Ticket Price Distribution  
Top 200 Concert Tours**



Source: Pollstar.

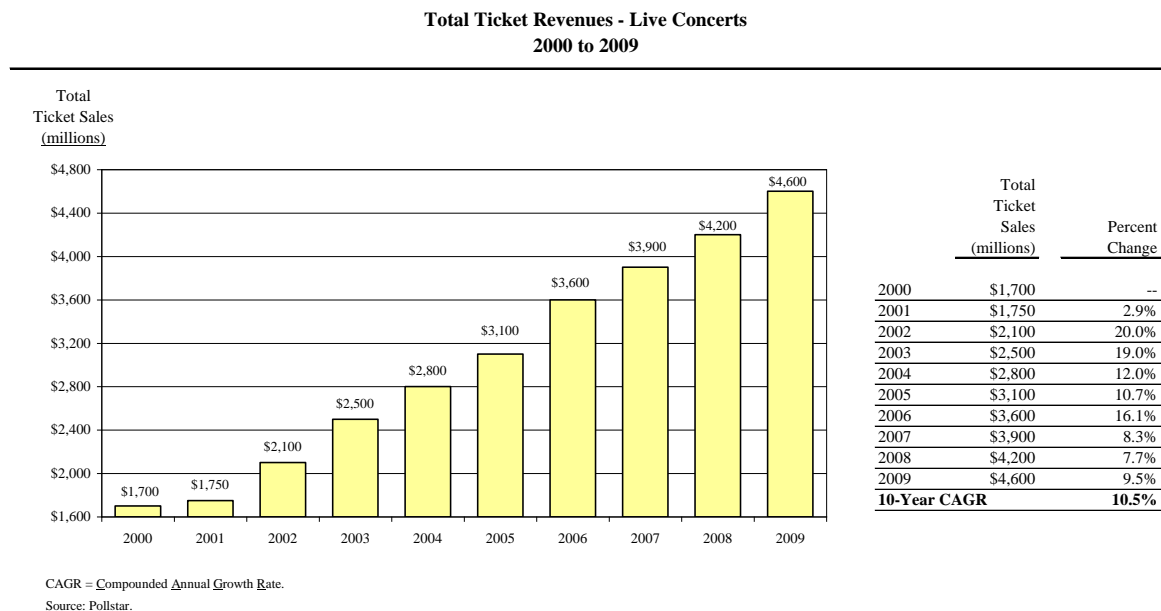
### III. Overview of Live Music Industry

While the average ticket price of the top 200 tours was \$56.67 in 2009, the average ticket price for a large percentage of tours was priced below \$60, particularly those artists not among the top 50 grossing acts. Approximately 83 percent of the 101-to-200 top grossing artists and 54 percent of the 1 to 100 top grossing artists had an average ticket price under \$60.

It should be noted that average amphitheater ticket prices tend to be lower than arena or theater venue ticket prices as a large portion of the seating associated with an amphitheatre is characterized by general admission lawn seating, which tends to be priced lower than prime, fixed seats that are covered.

#### Ticket Revenue Trends

While concert ticket prices and attendance levels have fluctuated over the past 10 years, total concert ticket revenue has increased steadily. The chart on the following page presents a summary of total concert ticket sales in North America over the past 10 years.



According to *Pollstar*, total concert ticket revenue reached record levels for the 10th consecutive year. *Pollstar* estimated that the industry generated \$4.6 billion in ticket revenue in 2009, an increase of approximately 9.5 percent from the previous year. Over the past 10 years, the industry average annual ticket revenue growth was 10.5 percent.

While ticket revenues have risen steadily over the past decade, the rate of growth has, at times, been impacted by economic factors. The smallest revenue growth of the past

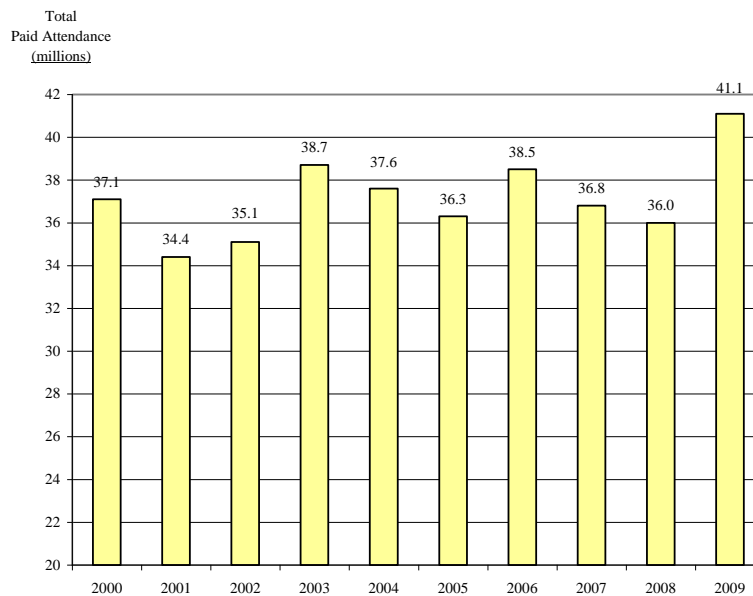
### III. Overview of Live Music Industry

decade was experienced during the economic downturn of 2001. Following six years of significant growth, total ticket revenue growth slowed again during another economic downturn from 2007 to 2009.

#### Attendance Trends

Despite a decade of continued record revenue levels in the concert industry, total paid attendance at live concerts has been mixed over the past several years. The following table illustrates the total paid attendance for the top 100 tours over the past 10 years.

**Total Paid Attendance  
Top 100 Concert Tours (2000 to 2009)**



*Average Paid Attendance*

	Attendance Per Show	Percent Change
2000	7,864	--
2001	7,755	-1.4%
2002	6,865	-11.5%
2003	7,029	2.4%
2004	6,692	-4.8%
2005	6,893	3.0%
2006	7,128	3.4%
2007	7,454	4.6%
2008	7,747	3.9%
2009	7,769	0.3%
<b>10-Year CAGR</b>		<b>-0.1%</b>

CAGR = Compounded Annual Growth Rate.  
Source: Pollstar.

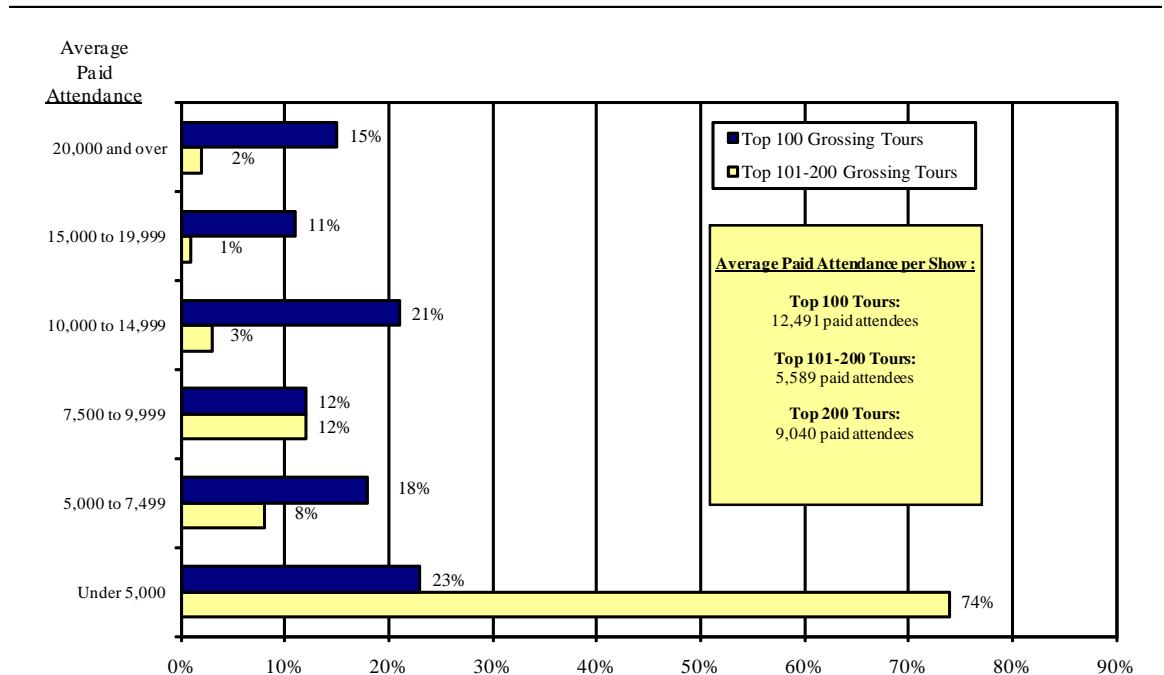
As illustrated, total paid attendance recorded by the top 100 tours in 2009 was approximately 41.1 million, the highest total paid attendance over the past 10 years. In 2009, total paid attendance of the top 100 concert tours was approximately 41.1 million. The average paid attendance of the top 100 tours was 7,769 in 2010, slightly higher than the average of 7,747 in 2009. Over the past 10 years, average paid attendance of the top 100 tours has decreased by 0.1 percent per year.

### III. Overview of Live Music Industry

Total paid attendance has varied from year to year and is largely a function of the number of concert performances produced in a given year. Years in which the top 100 tours have played a higher number of shows have generally resulted in higher total attendance levels in those years.

The following table summarizes the average paid attendance distribution for the top 200 tours in 2009.

**2009 Average Paid Attendance Distribution  
Top 200 Concert Tours**



Source: Pollstar.

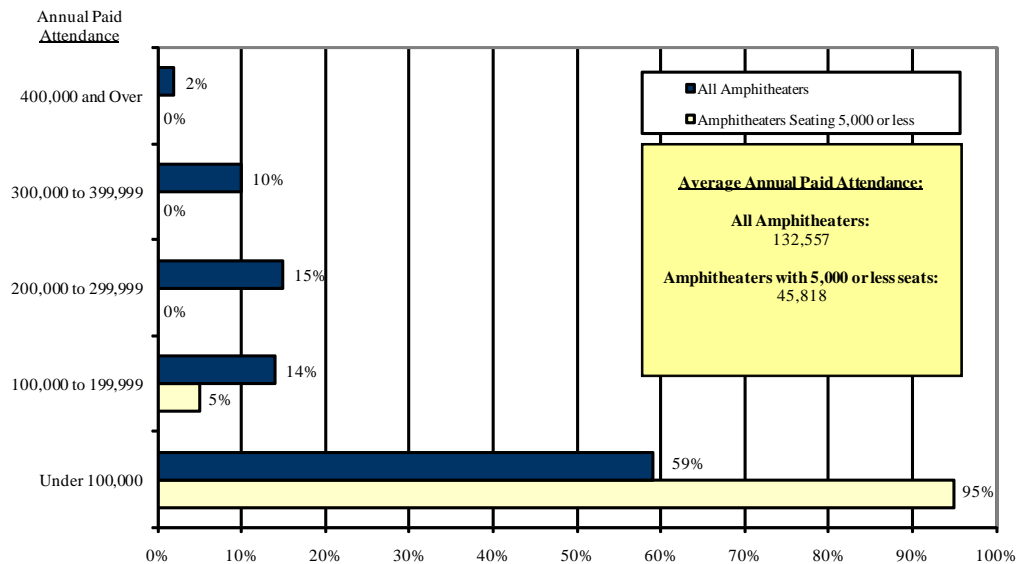
Note: Average paid attendance calculated by dividing total tickets sold by number of cities played.

Average paid attendance for the top 200 tours was 9,040. Approximately 23 percent of the top 100 tours and 74 percent of the top 101 to 200 tours recorded average paid attendance of 5,000 or less. In addition, approximately 18 percent of the top 100 tours and approximately eight percent of the top 101 to 200 tours recorded average paid attendance of between 5,000 and 7,499.

The table on the following page summarizes total paid attendance at the top 100 amphitheaters in the United States in 2009.

### III. Overview of Live Music Industry

#### 2009 Annual Paid Attendance Top 100 Amphitheaters



Source: Pollstar

The average annual paid attendance at the top 100 amphitheaters was approximately 133,000 in 2009. When analyzing the top 100 amphitheaters with a total seating capacity of 5,000 or less, the average annual paid attendance was approximately 46,000 in 2009.

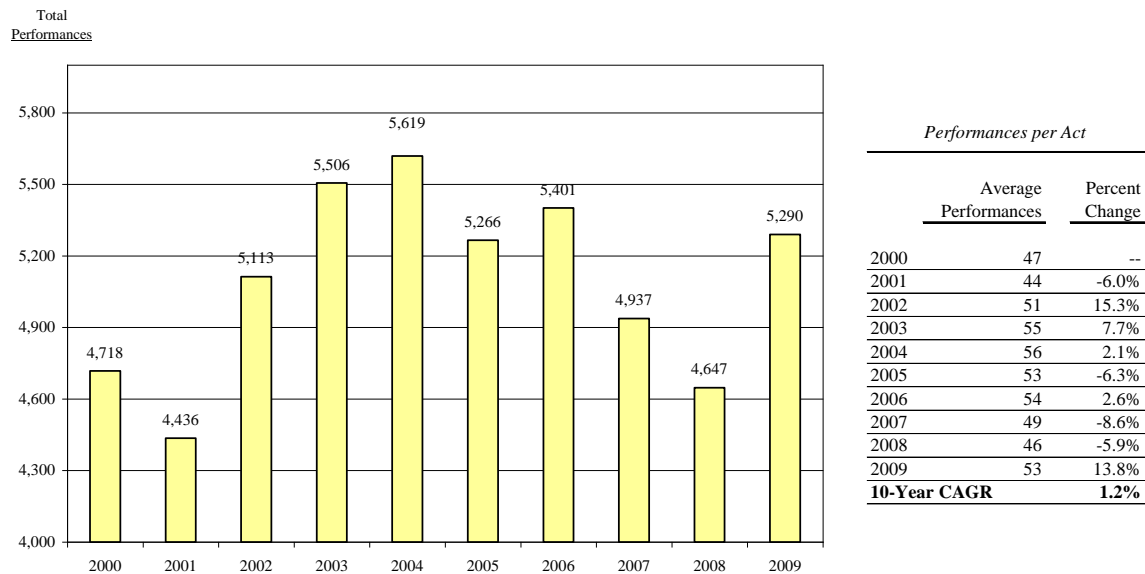
It is important to note that *Pollstar* does not often track the performance and attendance levels of local events such as community symphonic performances, holiday festivals and other events which could serve to increase the utilization of the top 100 amphitheaters presented herein.

#### Performance Trends

Although total concert revenue has continued to grow over the past decade, the total number of annual performances has been mixed over the past several years. The following table illustrates the total number of performances for the top 100 tours over the past 10 years.

### III. Overview of Live Music Industry

**Total Number of Performances  
Top 100 Concert Tours (2000 to 2009)**



Source: Pollstar.

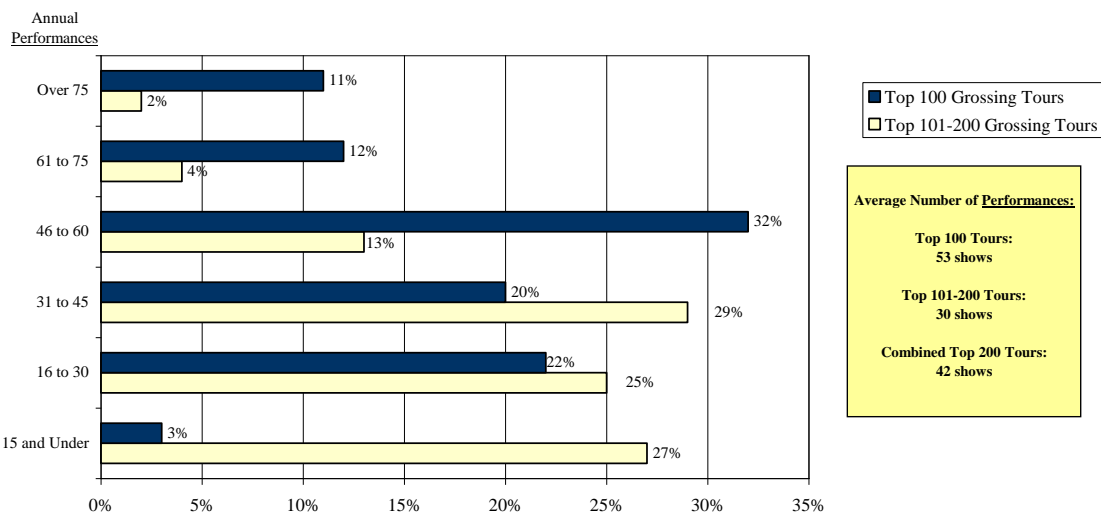
The cumulative number of performances for the top 100 tours was approximately 5,300 in 2009, significantly higher than the 2008 total of approximately 4,600. The highest number of performances over the past decade was approximately 5,600 in 2004. Overall, the average number of performances by the top 100 tours has grown by approximately 1.2 percent from 2000 to 2009.

The following chart presents a distribution of the number of performances for the top 200 tours in 2009.

The average number of concerts performed by the top 200 tours was 42 shows, with the average top 100 tours playing an average of 53 shows and the top 101-200 playing an average of 30 shows.

### III. Overview of Live Music Industry

2009 Distribution of Average Number of Performances  
Top 200 Tours



Source: Pollstar.

#### Consolidation of Promoters

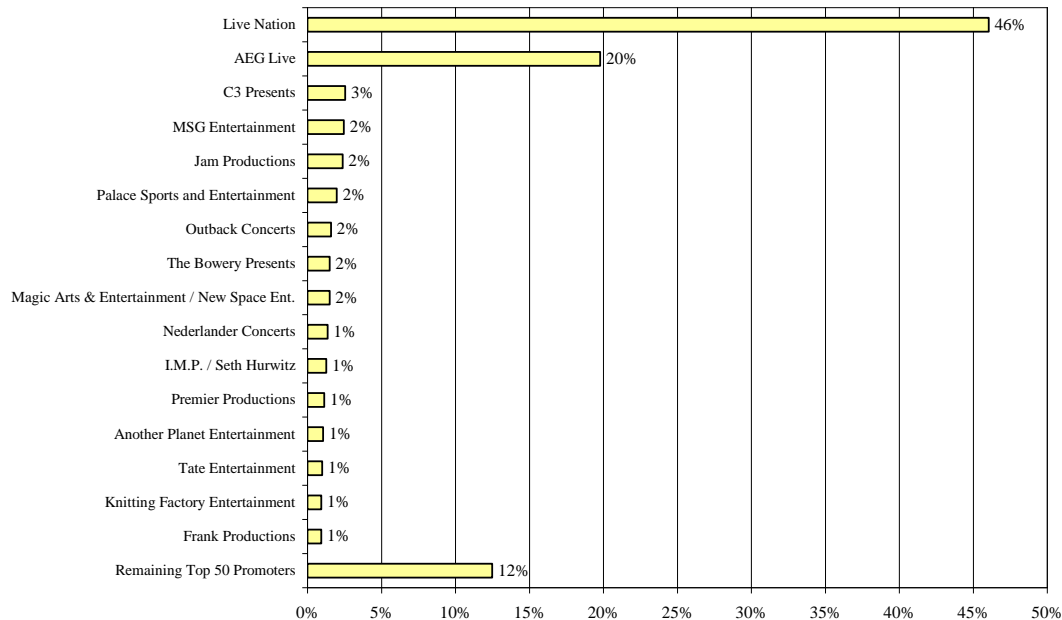
The concert industry has experienced a significant consolidation of promoters over the last several years. The consolidation of promoters within the concert industry has had a significant impact on several of the trends presented within this report.

In July 2005, Live Nation acquired House of Blues, which was the industry's second leading promoter at the time. Live Nation (formerly Clear Channel Entertainment) was responsible for nearly half of all ticket sales generated by the top 50 worldwide promoters in 2009.

The following table summarizes the top 50 promoters in 2009 in terms of percentage of ticket sales.

### III. Overview of Live Music Industry

2009 Top 50 Promoters  
Percentage of Ticket Sales  
U.S. Based Promoters with More Than 500,000 Tickets Sold



Source: Pollstar

Sixteen U.S.-based promoters sold at least 500,000 tickets each in 2009. In total, these promoters were responsible for over three-fourths of the total tickets sold by the top 50 promoters worldwide. As noted previously, Live Nation was the top selling promoter by a wide margin with more than 25.0 million tickets sold. The second largest promoter, AEG, sold approximately 10.7 million tickets, followed by approximately 1.4 million tickets sold by C3 Presents.

Today, Live Nation owns, operates, has booking rights and/or has an equity investment in approximately 160 concert venues, approximately 50 of which are amphitheaters. They produce over 16,000 concerts for 1,500 artists in 57 countries, annually. Their relationships/ownership positions with a significant number of live entertainment venues have given them the opportunity to create block-booking arrangements with its facilities across the U.S.

Traditionally, amphitheaters and other similar venues would have multiple booking agents and promoters bringing acts into their market. Over the past five to 10 years, organizations such as Live Nation have taken control of more acts and have sought exclusive rights to book a particular venue, altering the former “free market” relationships among artists, promoters and venues. However, the trend toward exclusivity seems to be waning, as these entities have become more willing to work with each other to maximize revenues. For example, a concert act controlled by Live Nation

### **III. Overview of Live Music Industry**

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may be more likely than in years past to play a venue operated by AEG if both entities feel there is an opportunity for a mutually beneficial agreement.

#### **Venues Played**

In general, the busiest season for live-performances and concerts spans Memorial Day to Labor Day. A number of artists prefer to book the majority of their shows in the summer months utilizing outdoor venues such as amphitheaters. Most artists and live-entertainment promoters feel there is an excess of competition during the autumn and winter months for the arena-touring circuit due to sporting events being held in conjunction at the arenas. The touring schedule is a significant consideration when acts decide on what type of venue to book.

Trends in the industry related to various venues in which acts can perform have changed over the years. Due to the increasing level of venue development, artists and shows have more options than in years past. Venues ranging from mega-theaters, amphitheaters, arenas, soccer stadiums, clubs and smaller theaters are available. Many touring acts focus on spring and summer dates targeting amphitheater venues.

#### **Amphitheater Development**

Outdoor amphitheaters, or “sheds”, have grown in popularity as a live performance venue since their broad introduction in the 1970s and early 1980s. The surge of development in the 1980s and early 1990s reflected the needs of the live music market, which sought to provide the “baby boomer” market with a low cost outdoor experience that was reminiscent of the Woodstock era. Many communities viewed amphitheaters as civic amenities and as places of gathering for families and friends. Major concert promoters also embraced the concept, becoming owners and operators of such venues while additionally capturing associated parking, concession and merchandise revenues.

Large-scale amphitheater development continued to grow during the 1990s; however, new construction has stagnated over the past decade potentially due to a variety of factors including increasing capital costs, tightening concert economics, dwindling appetite for publicly-funded projects and other such factors. However, the development of smaller, community-based amphitheaters has continued during this time because of their lower development costs, focus on community-based events and mid-to-lower tier national touring acts and other such factors.

### **III. Overview of Live Music Industry**

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#### **Impact of Current Economy**

The financial crisis that began in 2007 and continues today is considered by many economists to be the worst financial crisis since the Great Depression of the 1930s. It has adversely impacted various areas of the economy, most notably the stock market, banking, housing, jobs and discretionary spending.

While the overall live music industry trends continue to grow positively, the economic downturn has had an impact on the live music industry. For the most part, the current economy has had the most significant impact on larger musical acts whose artist guarantees require high ticket prices to be profitable for promoters as consumers have become more selective in spending their discretionary income, particularly on big ticket items.

In general, the smaller live musical acts with lower ticket prices have continued to do fairly well despite the economic downturn as consumers have opted for more affordable entertainment options. As a result, it is anticipated that the current economy, while expected to improve over the next several years, would not significantly impact the operations of a 3,000 to 5,000 seat naturalized amphitheater in Cedar Rapids to the extent that larger amphitheaters of 10,000 or more seats have been impacted.

A positive impact associated with the current economy is the depressed construction pricing that has occurred, making it an opportune time to build an amphitheater to realize construction cost savings by as much as 20 percent.

#### **Summary**

As noted previously, the concert industry has undergone significant changes over the past several years, which has impacted the operations of amphitheaters and live entertainment venues nationwide. A summary of key trends that have emerged from the concert industry include:

- The live music industry represents a \$4.6 billion industry and accounts for approximately one percent of overall consumer end-use spending on entertainment and media.
- Approximately 29 percent of the U.S. population reported attending a live music concert in the past 12 months. Of these, approximately 79 percent attended one concert, seven percent attended two concerts and 14 percent attended three or more concerts in the past 12 months.

### III. Overview of Live Music Industry

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- While the number of concert performances and total attendance at concerts has fluctuated in recent years, total concert ticket sales revenue has increased in each of the past 10 years.
- In 2009, the average ticket price of the top 100 tours decreased by 2.9 percent from 2008, the first such decline in the past 10 years. The decline in average ticket price could be directly attributed to a shift in the market and a response to the recent economic downturn.
- The single most important trend within the past several years has been the consolidation within the live entertainment industry. The consolidations have occurred across various local, regional and national promotional companies, radio stations and amphitheater venues.
- The large entertainment corporations formed by this consolidation leveraged their increased influence in the industry to acquire exclusive agreements to book particular venues and control particular touring artists. However, these entities have begun to show more of a willingness to cooperate (for example, an artist controlled by Company A playing a concert at a venue controlled by Company B), when such cooperation benefits both parties.
- Talent costs have increased substantially in recent years, resulting in an upward trend in ticket prices and a downward trend in attendance.
- Margins generated to promoters and concert venues have decreased over the past several years.
- Venue operators have increasingly relied on revenue from rent, facility fees, ticket sales rebates, concessions, merchandise, parking and advertising/sponsorships to generate operating profits.
- Amphitheaters can be a popular option for touring acts for a variety of reasons including:
  - low event costs relative to arenas, performance halls or stadiums;
  - seasonality of amphitheater season coincides with popular summer tours;
  - capacities provide ample seats to keep ticket prices lower;
  - variety of ticket prices available due to lawn seating versus covered, permanent seating appeals to a wider socioeconomic spectrum;
  - less competition for dates with other event types that are hosted at other multi-purpose facilities such as arenas or stadiums; and,

### III. Overview of Live Music Industry

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- comparatively low development costs relative to arenas or theaters has encouraged private and/or public-private development of amphitheaters by concert promoters that control bookings for many of the “A” and “B” concert acts.
- While the overall live music industry trends continue to grow positively, the economic downturn has had an impact on the live music industry. For the most part, the current economy has had the most significant impact on larger musical acts whose artist guarantees require high ticket prices to be profitable for promoters as consumers have become more selective in spending their discretionary income. In general, the smaller live musical acts with lower ticket prices have continued to do fairly well despite the economic downturn as consumers have opted for more affordable entertainment options.
- Large-scale amphitheater development has slowed over the past decade due to increasing capital costs, tightening concert economics, dwindling appetite for publicly-funded projects and other such factors. However, the development of smaller, community based amphitheaters has continued during this time because of their lower development costs, focus on community-based events and mid-to-lower tier national touring acts and other such factors.
- A positive impact associated with the current economy is the depressed construction pricing that has occurred, making it an opportune time to build an amphitheater to realize construction cost savings by as much as 20 percent.

National live music industry trends are considered together with local market characteristics, interest from local and national event promoters, and the historical operating results of amphitheaters located in comparable markets to estimate the potential demand and resulting financial operations of the proposed amphitheater in Cedar Rapids.

Executive Summary

I. Introduction

II. Market Characteristics

III. Overview of Live Music Industry

IV. Comparable Amphitheaters

V. Estimated Demand and Building Program

VI. Financial Analysis

VII. Management Analysis

VIII. SWOT Analysis

## **IV. Comparable Amphitheaters**

## IV. Comparable Amphitheatres

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The purpose of this section is to present an overview of comparable amphitheatres in order to provide a benchmark from which to assess the potential for the proposed amphitheatre in Cedar Rapids. The selection of comparable amphitheatres was generally based on meeting one or more of the following characteristics: (a) small to mid-size outdoor concert venue, (b) located in a downtown site and/or (c) located in a market size with a similar population to Cedar Rapids.

Physical, operating, and financial characteristics were reviewed for the following comparable facilities:

- Simon Estes Riverfront Amphitheatre;
- Stir Concert Cove;
- Charlottesville Pavilion;
- St. Augustine Amphitheatre;
- Frazee Pavilion;
- Anderson Amphitheater in Cole Park;
- Cuthbert Amphitheater;
- Koka Booth Amphitheatre; and,
- Les Schwab Amphitheater.

The remainder of this section provides an overview of each comparable amphitheater including a variety of information such as physical attributes, event utilization, financial performance, construction funding sources and other such information.

### Simon Estes Riverfront Amphitheater



City, State:	Des Moines, IA
Year Opened:	1996
Seating Capacity:	2,000
Owner:	City
Operator:	Private
Cost:	\$3.0
Financing:	100% Public
Location:	Downtown
2009 Events:	40
2009 Attendance:	25,000

The Simon Estes Riverfront Amphitheater opened in 1996 in downtown Des Moines, Iowa on the bank of the Des Moines River. The amphitheater has a total seating capacity of approximately 2,000 lawn seats. The amphitheater is owned by the City of Des Moines and operated by a private management company.

## IV. Comparable Amphitheaters

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Originally, the amphitheater was built as an Army Corps. of Engineers project and is designed as an outlet for the Des Moines River in order to prevent flooding of neighboring houses. The City of Des Moines owns and operated the amphitheater, but has to obtain permission from the Army Corps. of Engineers for upgrades and repairs.

In 2009, the amphitheater hosted approximately 40 events, including approximately 10 touring concerts by major recording artists such as David Cook, Colbie Caillat and The Black Crowes, approximately 15 weddings and approximately 15 other community events. Attendance totaled approximately 25,000 in 2009, approximately 15,000 of which was paid.

The amphitheater can also be rented for private events and costs between \$400 and \$750 for a four-hour session depending on event type. Each additional hour costs between \$75 and \$175 depending on event type attendance.

The total cost of the amphitheater was approximately \$3.0 million, including approximately \$2.3 million in construction costs and approximately \$700,000 for ADA compliance and other associated work done after completion. Total project costs were split evenly by the City and the Army Corps. of Engineers.

In 2009, the City entered into an agreement with a private concessionaire, which manages a summer concert series consisting of 10 events and provides concessions and alcohol sales for the facility. The City retains 100 percent of revenue generated from public and private rentals and receives a percentage of gross alcohol and vendor rental fees, which totaled approximately \$30,000 in 2009. The City is in charge of maintaining the facility, but the private concessionaire assumes all costs associated with hosting events.

Prior to 2009, the City was in charge of event programming and ticket prices were kept inexpensive in order to provide affordable family entertainment for area residents. Currently, the private concessionaire reserves the right to set ticket prices for all events without the approval of the City.

### Stir Concert Cove



City, State:	Council Bluffs, IA
Year Opened:	2004
Seating Capacity:	3,000
Owner:	Harrah's Casino
Operator:	Harrah's Casino
Cost:	n/a
Financing:	100% Private
Location:	Downtown
2009 Events:	25
2009 Attendance:	55,000

## IV. Comparable Amphitheaters

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Stir Concert Cove opened in 2004 in downtown Council Bluffs, Iowa as part of Harrah's Council Bluffs Casino. The amphitheater has a total capacity of 4,000, all of which is lawn seating. The amphitheater is owned and operated by Harrah's Council Bluffs.

The amphitheater has eight private decks that can be rented on a per-event basis for between \$1,500 and \$3,000 depending on the show. The decks are equipped with 26 lawn chairs, which are sold as a package deal.

In 2009, the amphitheater hosted 25 events, including 22 concerts by major recording artists such as Rob Thomas, Sheryl Crow, Peter Frampton and Heart and three other local concerts. In addition to concerts, the amphitheater began hosting outdoor cage fighting events in 2010. The amphitheater reported a total attendance of approximately 55,000 in 2009, 37,000 of which was paid attendance.

Harrah's representatives indicated that the amphitheater was built with minimal investment due to existing green space on casino property. A 50 x 50 concrete stage and perimeter fencing were installed in April of 2004 and the amphitheater hosted its first concert in June.

Harrah's declined to provide information related to the financial operations of the amphitheater citing confidentiality issues.

### Charlottesville Pavilion



City, State:	Charlottesville, VA
Year Opened:	2005
Seating Capacity:	4,000
Owner:	City
Operator:	Charlottesville Pavilion LLC
Cost:	\$6.0 million
Financing:	75% Public 25% Private
Location:	Downtown
2009 Events:	60
2009 Attendance:	105,000

Opened in 2005, the Charlottesville Pavilion is located in downtown Charlottesville, Virginia. The pavilion has multiple capacities which can accommodate a large number of events, including a total seated show capacity of 3,300 (2,500 covered reserved seats and 800 lawn seats) and a total general admission show capacity of 4,000 that includes only lawn seating. The pavilion is owned by the City of Charlottesville through the Charlottesville Industrial Development Authority and operated by a private management company known as Charlottesville Pavilion LLC.

## IV. Comparable Amphitheaters

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Prior to construction of the pavilion, the City of Charlottesville donated \$1.0 million worth of land and approximately \$3.5 million through the sale of City Industrial Authority bonds to Charlottesville Pavilion LLC as funding for the proposed facility. Charlottesville Pavilion LLC financed the remaining \$1.5 million and transferred ownership of the Pavilion back to the City upon completion.

Currently, the Charlottesville Pavilion LLC has a 40-year lease agreement with the Charlottesville Industrial Development Authority for use of the Pavilion and its annual rent is utilized to repay the City's initial \$3.5 million loan. According to the lease agreement, Charlottesville Pavilion LLC must pay a minimum of approximately \$171,000 per year to retire the note, as well as revenues generated from a ticket surcharge to a maintenance fund which totaled approximately \$42,000 in 2009.

In addition, Charlottesville Pavilion LLC provides its own concessionaire and serves as its own concert promoter and retains all revenue associated with facility operations. Charlottesville Pavilion LLC retains \$1.00 from the City for every voucher issued in City-owned parking facilities due to the absence of on-site parking.

Premium seating at the Pavilion consists of approximately 24 reserved boxes that seat between four and 16 people and cost between \$5,600 and \$9,600 per year depending on capacity and include event tickets, parking, in-seat wait service and upscale catering. The total number of boxes can fluctuate depending on the concert.

The Pavilion hosted approximately 60 total events in 2009, including approximately 15 performances by major recording artists such as John Legend, Heart and George Jones, approximately 20 band and happy hour events known as Fridays After Five, and approximately 25 children's concerts, book fairs and other community events. Attendance at the pavilion totaled approximately 105,000 in 2009, 19,000 of which was paid. Charlottesville Pavilion LLC also declined to provide information related to the financial operations of the facility citing confidentiality issues.

### St. Augustine Amphitheatre



City, State:	St. Augustine, FL
75-mile Population:	2,684,948
Year Opened:	1965
Seating Capacity:	4,100
Owner:	County
Operator:	County
Cost:	\$9.0 million
Financing:	100% public
Location:	State Park
2009 Events:	180
2009 Attendance:	200,000

## IV. Comparable Amphitheatres

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Opened in 1965, St. Augustine Amphitheatre is located adjacent to Anastasia State Park in St. Augustine, Florida. The 4,100-seat amphitheatre was originally constructed to commemorate the 400<sup>th</sup> anniversary of St. Augustine as the nation's oldest European settlement and following completion, became the 32-year host of Cross & Sword, Florida's official state play. The amphitheatre is owned and operated by St. Johns County.

The amphitheatre hosted 40 concerts in 2009, including performances by major recording artists such as James Taylor, The Beach Boys, Alan Jackson and Lynyrd Skynyrd. In addition to concerts, the amphitheatre hosts approximately 140 other events per year, including a 45-day ice and snow festival, a weekly farmers market, non-profit events, graduations and family shows. In 2009, approximately 200,000 attendees visited the amphitheatre, including approximately 60,000 of which was paid.

The amphitheatre does not offer premium seating. The amphitheatre has approximately 300 on-site and approximately 400 off-site parking spaces that cost \$10.00 per car.

In 2002, St. Johns County developed a plan to refurbish the amphitheatre, which included the addition of a new conference room, concession stands, merchandise area, plaza and an elaborate arboretum of walking trails. Completed in 2007, the renovation cost approximately \$9.0 million and was funded through a county-wide sales tax bond issue.

In 2009, the amphitheatre generated approximately \$5.45 million in revenues and incurred approximately \$5.65 million in expenses, resulting in a net loss of approximately \$200,000 which was subsidized by St. Johns County.

### Fraze Pavilion



City, State:	Kettering, OH
Year Opened:	1991
Seating Capacity:	4,300
Owner:	City
Operator:	City
Cost:	\$5.0 million
Financing:	80% Private 20% Public
Location:	Downtown
2009 Events:	60
2009 Attendance:	165,804

Located approximately six miles south of downtown Dayton, Fraze Pavilion opened in 1991 in Kettering, Ohio. The pavilion has a total seating capacity of 4,300, including 1,600 fixed seats, 1,370 lawn seats, 1,000 bleacher seats and 430 Gold Circle Seats and is the centerpiece of Lincoln Park Civic Commons, which features a two-acre pond,

## IV. Comparable Amphitheaters

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fountains, walking paths and reflecting pools. The amphitheater is owned and operated by the City of Kettering.

The pavilion has 1,600 fixed seats that require a seat license of between \$250 and \$850 per year and do not include the cost of tickets. The pavilion also includes a patio that can be rented during event and non-event days for between \$300 and \$650 per hour. Patrons renting the patio on event days are required to purchase a minimum of 30 tickets.

In 2009, the pavilion hosted approximately 60 events, including approximately 40 concerts by major recording artists such as The Beach Boys, Joe Cocker, Steve Miller Band and Randy Travis and approximately 20 festivals, free concerts and other community events. Total attendance was approximately 166,000 in 2009, approximately 80,000 of which was paid attendance.

Seat backs can be purchased for \$5.00 per show. Parking at the facility is free of charge for all events and is available in City-owned lots, a local high school and along select side streets adjacent to the facility.

Construction costs totaled approximately \$5.0 million and included \$4.0 million in private donations and approximately \$1.0 million from the City's capital reserve fund.

In 2009, the Pavilion generated approximately \$3.1 million in revenue and incurred approximately \$3.2 million in expenses, resulting in an operating loss of approximately \$100,000. The pavilion subsidized the 2009 operating loss through the use of excess funds which were left over from the previous year's operations. Officials estimate that the Pavilion will require approximately \$300,000 from the City's general fund to subsidize operating losses in 2010.

### Anderson Amphitheater in Cole Park



City, State:	Corpus Christi, TX
Year Opened:	1975
Seating Capacity:	5,000
Owner:	City
Operator:	City
Cost:	\$100,000
Financing:	100% Public
Location:	Downtown
2009 Events:	50
2009 Attendance:	30,000

The Anderson Amphitheater in Cole Park opened in 1975 in downtown Corpus Christi, Texas along the shoreline of the Gulf of Mexico. The amphitheater has a total seating

## IV. Comparable Amphitheaters

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capacity of 5,000, which includes only lawn seating and is owned and operated by the City of Corpus Christi.

In 2009, the amphitheater hosted approximately 50 events, including approximately 30 Bay Jammin' Surfing, Concert and Cinema Series events which feature musical performances by local and Texas bands, as well as family-friendly movie showings free of charge from Spring through the Fall, six municipal band concerts, one ballet performance and other community events. Attendance at the amphitheater totaled approximately 30,000 in 2009, however, all events held at the facility are either free community events or charity events and are not ticketed.

The amphitheater can be rented for a variety of events and costs \$250 for community and non-profit organizations and \$400 for all for-profit organizations. Rental terms include four hours of facility usage and can be extended for \$50 for each additional hour.

Originally known as Bi-Centennial Amphitheater, the facility cost approximately \$100,000, which was funded through a City-funded bond issue. A \$1.0 million voter-approved municipal bond issue was passed in 2008, a portion of which was designated for improvements to the amphitheater, including new electrical, parking and irrigation systems. The bond issue was secured through City property tax revenues.

City officials indicated that the financial operations of the amphitheater are incorporated into the overall operating budget of the Parks and Recreation Department and separate financial statements do not exist.

### Cuthbert Amphitheater



City, State:	Eugene, OR
Year Opened:	1982
Seating Capacity:	5,500
Owner:	City
Operator:	Kesey Management
Cost:	\$300,000
Financing:	100% Public
Location:	Downtown
2009 Events:	14
2009 Attendance:	27,800

Located in the Hult Center for the Performing Arts, the Cuthbert Amphitheater opened in 1982 in downtown Eugene, Oregon at the edge of Alton Baker Park near the University of Oregon's Autzen Stadium. The amphitheater has a total seating capacity of approximately 5,500, including 1,500 fixed seats and approximately 4,000 lawn seats. In addition to the amphitheater, the Hult Center for the Performing Arts also includes a 2,500-seat concert hall, a 500-seat theater, a public art gallery and 3,000 square feet of

## **IV. Comparable Amphitheatres**

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meeting space. The amphitheater is owned by the City of Eugene and operated by Kesey Management.

Premium seating consists of 200 VIP reserved seats located at the front of the stage that cost between \$50 and \$100 depending on the show.

The amphitheater hosted 14 events in 2009, including 12 concerts by major recording artists such as Bonnie Raitt, Chicago and Crosby, Stills & Nash and two performances by the Eugene Symphony. In 2009, the amphitheater reported a total attendance of 27,800, 23,800 of which was paid attendance.

The Hult Center for the Performing Arts is home to the Eugene Symphony, Eugene Ballet, Eugene Opera, Eugene Concert Choir, The John G. Shedd Institute for the Arts, Oregon Bach Festival and Oregon Mozart Players, which host occasional events at the amphitheater.

Following substantial losses and a lack of concert activity, the City hired a private management company to operate the facility in 2005. Representatives indicated that the partnership has been extremely successful due to the lack of financial risk to the City and the ability of the private management company to work quickly and efficiently and use their contacts in the music industry to bring in a large number of profitable events.

City officials indicated that the original costs of construction are unknown because development of the amphitheater was part of a larger City construction project. Renovations to the amphitheater were completed in 2009 and included the replacement of wooden benches with fixed seats and an additional grass berm. The project cost \$300,000 and was paid for by the City's capital fund and contributions from the Hult Center.

Kesey Management declined to provide information related to the financial operations of the facility citing confidentiality issues. The City does not provide any cash subsidy towards operation of the amphitheater, but is responsible for maintenance, day-to-day repairs and capital improvements.

## IV. Comparable Amphitheatres

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### Koka Booth Amphitheatre



City, State:	Carey, NC
Year Opened:	2001
Seating Capacity:	7,000
Owner:	City
Operator:	SMG
Cost:	\$16.2 million
Financing:	100% Public
Location:	Suburban
2009 Events:	100
2009 Attendance:	150,000

Opened in 2001, Koka Booth Amphitheatre is situated on 14 acres of parkland adjacent to Symphony Lake, approximately 12 miles west of Raleigh, North Carolina. The amphitheatre has a total seating capacity of 7,000, which includes only lawn and temporary seating. Although the amphitheatre does not have permanent seating, it offers approximately 1,000 reserved seats (uncovered lawn chairs) in front of the main stage. Lawn chairs can also be rented for \$5.00 per chair for all events. The amphitheatre is owned by the Town of Cary and operated privately by SMG.

Premium seating consists of approximately 400 VIP table seats located on the crescent deck, which is elevated and situated behind the lawn seating. VIP table seats costs \$1,100 per person and are sold in groups of two, four or six seats, which include one parking pass per two seats purchased, event tickets, access to a VIP café and in-seat wait service.

The amphitheatre hosted approximately 100 events in 2009, including approximately 20 concerts by major recording artists such as John Legend, Elvis Costello, Rob Thomas and the Zac Brown Band. In addition to national touring acts, the amphitheatre is home to the North Carolina Symphony Orchestra, as well as Movies by Moonlight, festivals and other community events. In 2009, the amphitheatre reported a total attendance of approximately 150,000, approximately 60,000 of which was paid attendance.

The amphitheatre cost approximately \$16.2 million, including approximately \$12.8 million in construction, approximately \$1.4 million in land acquisition and approximately \$1.9 million in services, equipment and other supplies. Since 2004, the amphitheatre has undergone approximately \$757,000 in improvements, including infrastructure upgrades, a new kitchen and other related equipment. The Town of Carey financed the initial project costs and the costs of the 2004 renovation through contributions from its general fund.

In a recent year, the amphitheatre generated approximately \$464,000 in revenue and incurred expenses of approximately \$637,000, resulting in a total operating loss of approximately \$173,000.

## IV. Comparable Amphitheaters

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### Les Schwab Amphitheater



City, State:	Bend, OR
Year Opened:	2001
Seating Capacity:	8,500
Owner:	River Bend LLP
Operator:	Deschutes River Amp. LLC
Cost:	\$1.25 million
Financing:	100% Private
Location:	Downtown
2009 Events:	50
2009 Attendance:	155,000

The Les Schwab Amphitheater opened in 2001 along the shoreline of the Deschutes River as part of the 270-acre Old Mill district in downtown Bend, Oregon. The amphitheater is entirely comprised of lawn seating, which can vary between 5,500 and 8,500 depending on the show and audience. The amphitheater is owned by River Bend LLP, operated by Deschutes River Amphitheater LLC and has an exclusive ticketed concert contract with Monqui Presents/Big Lava Concerts, LLC.

The amphitheater offers VIP tents that are located at the back of the venue and cost between \$6,000 and \$8,000 per event and include 50 tickets, food and beverages, VIP parking, private bathrooms and security. The number of VIP tents varies depending on the demand of each concert. VIP patrons also have the option to purchase up to 150 additional tickets depending on the popularity of the show that cost between \$100 and \$150 per person. During the first two years of operations, the VIP tents were located at the front of the stage, however, due to numerous artist complaints about the level of chatter, the VIP tents were relocated to their current location.

The amphitheater hosted approximately 50 events in 2009, including approximately 10 ticketed concerts by major recording artists such as Sugarland, Lyle Lovett, Bonnie Raitt and Jason Aldean, as well as approximately 10 “Summer Sunday” concerts and approximately 30 other community events. Attendance totaled approximately 160,000 in 2009, approximately 30,000 of which was paid attendance.

The amphitheater is named for Leslie Schwab, a friend and mentor to the family that started the venue in 2001. Construction costs of the amphitheater totaled approximately \$900,000 in 2001 and were funded privately by facility ownership. In 2006, the amphitheater underwent approximately \$325,000 in renovations, which included infrastructure improvements, equipment upgrades and refurbishing of buildings from the lumber mill that formerly occupied the venue site.

In 2009, the amphitheater generated approximately \$450,000 in revenue and incurred approximately \$450,000 in expenses. The exclusive promoter agreement began in 2001 and has been extended every three years since. According to the facility management

## **IV. Comparable Amphitheaters**

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agreement, the management company pays \$2,000 per event to the City to rent the stage. The City also receives \$2.00 per attendee and 25 percent of concessions.

### **Summary**

Within this section, physical, operating and financial characteristics of facilities that are comparable to the proposed amphitheater were reviewed. The review of these characteristics provides a benchmark from which to assess potential operations of the proposed amphitheater.

The following are key findings of the comparable facility analysis:

- The average seating capacity of comparable venues reviewed was approximately 4,900 seats.
- On average, comparable amphitheaters hosted approximately 65 annual events, including approximately 19 national concerts and approximately 46 community events.
- Total annual attendance at comparable amphitheaters was approximately 102,000, including approximately 36,000 paid attendees and approximately 66,000 unpaid attendees.
- Six of the nine comparable facilities offer premium seating, including reserved boxes, VIP tents and Gold Circle seats. Premium seating is generally sold on an annual basis for a set fee or on a per-event basis with pricing determined by the demand for each concert. Generally, premium seating includes private parking, access to an expanded concession menu, in-seat wait service and in some cases private club access.
- Comparable amphitheaters had an average construction cost of approximately \$5.1 million. Public sources of funding accounted for an average of approximately 66 percent of the overall cost costs, while private sources contributed an average of approximately 34 percent of the funding.
- While limited data was available regarding the financial operations of comparable amphitheaters, the financial data available indicated that comparable amphitheaters generally operate at breakeven levels or a small operating loss.

## **IV. Comparable Amphitheaters**

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- Ownership and management varied including both venues managed by public and private sector entities. However, most venues were owned by a public entity and managed by a private operating company.

The review of comparable facilities is considered together with an assessment of local market characteristics, competitive facilities and potential user interviews to estimate potential demand for the proposed amphitheater.

# IV. Comparable Amphitheaters

Comparable Amphitheater Summary

	Simon Estes Riverfront Amphitheater	Stir Concert Cove	Charlottesville Pavilion	St. Augustine Amphitheater	Fraze Pavilion	Anderson Amphitheater in Cole Park	Cuthbert Amphitheater	Koka Booth Amphitheatre	Les Schwab Amphitheater	Average
Location	Des Moines, IA	Council Bluffs, IA	Charlottesville, VA	St. Augustine, FL	Kettering, OH	Copus Christi, TX	Eugene, OR	Carey, NC	Bend, OR	
75-Mile Market Population	1,098,655	1,237,206	1,488,037	2,684,948	5,484,379	612,467	920,023	4,042,372	249,777	1,979,763
Year Opened	1996	2004	2005	1965	1991	1975	1982	2001	2001	1991
Seating Capacity:										
Fixed	0	0	0	4,100	1,600	0	1,500	0	0	2,400
Lawn (open air)	2,000	4,000	4,000	0	2,700	5,000	4,000	7,000	8,500	4,100
Total	2,000	4,000	4,000	4,100	4,300	5,000	5,500	7,000	8,500	4,900
Annual Events:										
National Concerts	10	22	15	40	40	0	12	20	10	19
Community Events	30	3	45	140	20	50	2	80	40	46
Total	40	25	60	180	60	50	14	100	50	64
Annual Attendance:										
Ticketed	15,000	37,000	19,000	60,000	80,000	0	23,800	60,000	30,000	36,100
Non-Ticketed	10,000	18,000	86,000	140,000	86,000	30,000	4,000	90,000	130,000	66,000
Total	25,000	55,000	105,000	200,000	166,000	30,000	27,800	150,000	160,000	102,100
Premium Seats:										
Number	0	8 <sup>(1)</sup>	24 <sup>(2)</sup>	0	1,600	0	200	400	n/a	n/a
Average Cost	n/a	\$2,250	\$7,600	n/a	\$650	n/a	\$75	\$1,100	\$7,000	n/a
Term	n/a	per event	per year	n/a	per year	n/a	per event	per year	per event	n/a
Financial Performance	confidential	confidential	confidential	operating loss	operating loss	n/a	confidential	operating loss	breaks even	
Construction Cost:	\$3,000,000	n/a	\$6,000,000	\$9,000,000	\$5,000,000	\$100,000	\$300,000	\$16,200,000	\$1,250,000	\$5,100,000
Funding:										
% Public	100%	0%	75%	100%	20%	100%	100%	100%	0%	66%
% Private	0%	100%	25%	0%	80%	0%	0%	0%	100%	34%
Facility Management:										
Owner	City	Private	City	County	City	City	City	City	Private	City
Operator	Private	Private	Private	County	City	City	Private	Private	Private	Private

(1) Stir Concert Cove has eight party decks that seat 26 people and cost between \$1,500 and \$3,000 per event.

(2) The Charlottesville Pavilion has 24 boxes that seat between four and 16 people and cost between \$5,600 and \$9,600 per year.

(3) The total number of VIP tents varies depending on the demand associated with each concert.

n/a = not applicable.



Executive Summary

- I. Introduction
- II. Market Characteristics
- III. Overview of Live Music Industry
- IV. Comparable Amphitheaters
- V. Estimated Demand and Building Program
- VI. Financial Analysis
- VII. Management Analysis
- VIII. SWOT Analysis

## **V. Estimated Demand and Building Program**

## **V. Estimated Demand and Building Program**

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Following the flood of 2008, the citizens of Cedar Rapids expressed their desire for a riverfront amphitheater that could bring together area residents and serve as an entertainment venue that could attract members of the community back to the downtown area. The purpose of this section is to estimate the potential utilization of the proposed amphitheater and to summarize general building program components that would be necessary to accommodate potential demand. Accordingly, this section is presented in the following components:

- Estimated Demand; and,
- Building Program Recommendations.

### **Estimated Demand**

In order to estimate the potential utilization of the proposed amphitheater in Cedar Rapids, interviews were conducted with industry promoters, agents, producers and other professionals involved in the live entertainment industry who are responsible for planning and booking events that could be hosted in the proposed facility. Based on these discussions, five broad areas of potential event types that could be hosted in the proposed downtown Cedar Rapids amphitheater have been identified

- National Touring Concerts;
- Ticketed Community Events;
- Non-Ticketed Community Events;
- Other Ticketed Events; and,
- Private Rentals.

The remainder of this section presents the results of these discussions and the resulting estimated utilization for the proposed amphitheater.

#### National Touring Concerts

National touring concerts could represent potential event activity hosted at the proposed amphitheater. For purposes of this report, concerts are assumed to include a variety of genres including rock, pop, alternative, country, rap, and comedy among others.

In order to assess potential demand for national touring concerts specific to the proposed amphitheater, national and regional concert promoters were contacted to assess their potential interest in booking concerts at the proposed facility.

## V. Estimated Demand and Building Program

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Specifically, as part of this analysis, key representatives from the following companies were contacted:

- AEG Live;
- Bravo Entertainment/Jade Presents;
- C3 Presents;
- Contemporary Productions;
- Emery Entertainment;
- Jam Productions;
- Magic Arts & Entertainment;
- Lighthouse Communications;
- Live Nation;
- NiteLite Promotions;
- Outback Concerts;
- Premier Productions;
- Rose Presents;
- Rush Concerts; and,
- Upper Deck Concerts.

Promoters indicated that the condition of the local market is the key consideration when determining where to route acts, followed by the venue deal and venue capacity. Promoter interest with regards to the prospect of booking national or regional touring events at the proposed amphitheater was generally mixed.

Promoters contacted generally believed that the Cedar Rapids market's size, income characteristics and centralized location providing easy access to Chicago and Minneapolis would help the proposed amphitheater attract national touring acts, specifically "secondary" acts. Promoters indicated that the proposed amphitheater could likely attract concert acts towards the end of their tour (known as "second leg" dates) once they have played larger markets or on their way to larger markets.

Specifically, the majority of promoters indicated that a small to midsize venue (2,000 to 5,000 seats) would be an appropriate fit in the Cedar Rapids market given the population and event history. The current economic recession has resulted in the majority of acts choosing to play in smaller venues in order to play in front of a packed house rather than playing a larger venue with a smaller crowd. In addition, the number of promoters that can book large venues and take on substantial financial risk has somewhat deteriorated due to the economy and resulted in promoters booking smaller venues with lower rental rates in order to make a profit.

## V. Estimated Demand and Building Program

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Conversely, opinions regarding a large-scale amphitheater (10,000 or more seats) in Cedar Rapids were mixed. The majority of national promoters felt that Cedar Rapids could not support a large venue because it would be forced to compete with major markets such as Chicago and Minneapolis to host the “top tier” acts and those types of acts require large financial guarantees which can result in only small profits or even losses for promoters. Further, it is likely that a larger venue and the acts it would take to sustain operations would require higher ticket prices which may not be supportable in Cedar Rapids given market demographic and socioeconomic characteristics. In addition, large live entertainment venues generally charge higher rental fees and have other high costs associated with marketing and equipment rental, which further impact promoter profits.

A few promoters believed that the market could support a larger facility, but the types of acts capable of playing in the venue would be much different than in a smaller facility and it could be difficult attracting “secondary” or smaller acts to perform due to the lack of a probable sell-out based on the market demographics of Cedar Rapids.

Overall, national and regional promoters believed that a small to midsized amphitheater would be an ideal live entertainment venue for the Cedar Rapids market and could effectively accommodate “secondary” acts looking to play to a sell-out crowd. Promoters indicated that a small to midsized amphitheater would provide the City with a better return on its investment than a larger-scale venue due to the higher costs associated with hosting an event at the larger venue.

Based on the results of market research, two amphitheater options have been suggested. The first option is a 2,000 seat naturalized amphitheater that would be managed by the City and would be primarily focused on hosting community-based events. The second options is a 4,000 seat naturalized amphitheater that would be managed by VenuWorks or some other private management company that would focus on maximizing commercial activity at the amphitheater including hosting national touring concerts and other live entertainment. Under either development scenario, adjacent county-owned land could be used in conjunction with the amphitheater to host music festivals, holiday celebrations and other events that could accommodate additional people.

The following table summarizes the estimated annual events and attendance that is anticipated to be attracted to a small to midsized, naturalized amphitheater in downtown Cedar Rapids in a stabilized year of operations.

## V. Estimated Demand and Building Program

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### Estimated Demand National Touring Concerts

	<u>2,000-Seat Community-Based Amphitheater</u>	<u>4,000-Seat Commercially-Run Amphitheater</u>
Number of Performances	2	8
Average Paid Attendance	1,300	2,500
Total Paid Attendance	2,600	20,000
Average Actual Attendance	1,400	2,750
Total Actual Attendance	2,900	22,000
Average Ticket Price	\$20.00	\$35.00
Concessions Per Cap	\$6.00	\$6.00
Merchandise Per Cap	\$2.50	\$2.50

(1) Stabilized year.

(2) 2010 dollars.

Overall, it is estimated that a 2,000-seat amphitheater could host two national touring concerts, drawing a total attendance of 2,900, including 1,300 paid attendees, in a stabilized year of operations. In addition, it is estimated that a 4,000-seat amphitheater could host eight national touring concerts and a total attendance of 22,000, including 20,000 paid attendees, in a stabilized year of operations.

### Ticketed Community Events

Ticketed community events will likely represent a large event segment at the proposed amphitheater in Cedar Rapids. In order to assess potential demand for ticketed community events at the proposed amphitheater, local organizations were contacted to assess their potential interest in booking events at the proposed facility.

Specifically, as part of this analysis, key representatives from the following organizations were contacted:

- Freedom Fest;
- Cedar Rapids Jaycees;
- Theatre Cedar Rapids; and,
- Cedar Rapids Opera Theatre, among others.

## **V. Estimated Demand and Building Program**

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### *Freedom Fest*

The Cedar Rapids Freedom Fest currently hosts a variety of concerts, parades, fireworks displays, festivals and other community events at various Cedar Rapids area venues, including Kirkwood Community College, the Brucemore and other area venues.

Freedom Fest organizers require a minimum seating capacity of approximately 1,100 seats and would prefer a small, naturalized amphitheater (less than 5,000 seats) to provide an intimate, family-friendly environment for their events. Freedom Fest representatives stated that a 10,000-plus seat amphitheater would be too large for their event and would likely demand larger rental fees that their budget can not accommodate.

Overall, officials stated that they would likely utilize a small, naturalized amphitheater and could foresee bringing between two and four events on an annual basis, which could include local concerts, the Fire and Ice Festival, Chili Challenge and/or parades.

Representatives indicated that the location of the proposed amphitheater in downtown Cedar Rapids is attractive, however, concerns were expressed about parking availability in the immediate area.

Freedom Fest officials also expressed a concern regarding any possible use of a private ticketing company and stated that they would not be supportive of extra service charges and convenience fees being added to the tickets they sell to members of the community.

### *Cedar Rapids Jaycees*

Annual events hosted by the Cedar Rapids Jaycees include Uptown Fridays, a weekly concert series hosted in Green Square Park from Memorial Day through the last Friday in July, as well as other live music events, including Floodstock and Rocktober Fest.

Representatives stated that attendance levels at Uptown Fridays are generally between 1,000 and 3,500, depending on weather, and a small, naturalized amphitheater located downtown would be a very attractive for Uptown Fridays, especially if the venue provided a permanent stage.

## V. Estimated Demand and Building Program

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Representatives indicated that a small, naturalized amphitheater could allow Uptown Fridays to grow and possibly extend beyond the month of July. Representatives indicated that a large-scale amphitheater (10,000 plus seats) would not be ideal for their event and indicated their preference for no fixed seating as it would serve as a barrier to the stage.

Cedar Rapids Jaycees indicated that they would likely utilize a small, naturalized amphitheater for between 10 and 12 events per year. It is unlikely they would utilize a large-scale amphitheater (10,000 plus seats) unless the size could be altered to effectively accommodate smaller events.

### *Theatre Cedar Rapids*

Theatre Cedar Rapids produces approximately eight shows per year in their in-house 550-seat theatre located in downtown Cedar Rapids. Each show includes between seven and 12 performances and can attract a total of between 1,000 and 6,000 patrons over the course of the production. Officials indicated that they would not move any of their productions to a new amphitheater because their in-house theatre effectively accommodates their needs. If they were to use an amphitheater, it would be a one-time event that is not currently part of their schedule.

### *Cedar Rapids Opera Theatre*

The Cedar Rapids Opera Theatre utilizes the 550-seat Theatre Cedar Rapids and prior to its temporary closing, the 2,000-seat Paramount Theatre for its opera performances throughout the year. Representatives indicated that the downtown location of the proposed amphitheater is attractive because it gives patrons the opportunity to have dinner and cocktails prior to the opera, but also presents logistical problems due to the lack of parking spaces in the area. The possibility exists for the opera to utilize a small, naturalized amphitheater in partnership with another organization to provide singers for a concert or other production, but neither amphitheater could serve as the site of an opera due to acoustic issues.

### *Ticketed Community Event Demand Summary*

The following table summarizes the estimated number of ticketed community events and associated attendance estimated to be hosted by a small to midsized, naturalized amphitheater in a stabilized year of operations.

## V. Estimated Demand and Building Program

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### Estimated Demand Ticketed Community Events

	<u>2,000-Seat Community-Based Amphitheater</u>	<u>4,000-Seat Commercially-Run Amphitheater</u>
Number of Performances	14	14
Average Paid Attendance	1,000	1,000
Total Paid Attendance	14,000	14,000
Average Actual Attendance	1,300	1,300
Total Actual Attendance	18,200	18,200
Average Ticket Price	\$5.00	\$5.00
Concessions Per Cap	\$2.50	\$2.50
Merchandise Per Cap	\$1.00	\$1.00

(1) Stabilized year.

(2) 2010 dollars.

It is estimated that both amphitheater development options could host 14 ticketed community events, such as Uptown Fridays, the Fire and Ice Festival, Rocktober Fest or chili challenges, among others and draw a total attendance of 18,200, including 14,000 paid attendees, in a stabilized year of operations

### Non-Ticketed Community Events

Non-ticketed community events will likely also be a significant event segment at a new amphitheater in Cedar Rapids. In order to assess potential demand for non-ticketed community events at the proposed amphitheater, local organizations were contacted to assess their potential interest in booking events at the proposed facility.

Specifically, as part of this analysis, key representatives from the following organizations were contacted:

- Cedar Rapids Downtown District;
- Cedar Rapids Municipal Band; and,
- Area High Schools, among others.

## **V. Estimated Demand and Building Program**

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### *Cedar Rapids Downtown District*

The Cedar Rapids Downtown District organizes a variety of events on an annual basis, including concerts, a farmer's market, Taste of Cedar Rapids, holiday parades, pub crawls and other events intended to cultivate the downtown area. Officials indicated that a small, naturalized amphitheater would effectively accommodate their desired seating capacity of approximately 1,500 and could possibly host one to two events on an annual basis, including the farmer's market and Taste of Cedar Rapids. It is unlikely that a large-scale amphitheater (10,000 seats or more) could be utilized due to its size and past experiences with unprofitable large-scale events.

### *Cedar Rapids Municipal Band*

On an annual basis, the Cedar Rapids Municipal Band hosts two outdoor concerts per week during the summer in parks throughout Cedar Rapids utilizing a portable band shell, as well as several indoor concerts at school gymnasiums.

Cedar Rapids Municipal Band representatives indicated they are interested in utilizing a new downtown amphitheater to host their nine Sunday concerts that draw between 200 and 300 people per show. Based on their historical attendance patterns, a small, naturalized amphitheater would best meet their needs.

### *Area High Schools*

Representatives of Jefferson, Kennedy, Washington and Xavier High Schools were contacted in order to gauge their potential interest in hosting band concerts and other performing arts events at the proposed amphitheater. Currently, the high schools host the majority of their events at their respective auditoriums, however, Xavier High School hosts a very limited number of events at area churches and Jefferson High School hosts a marching band event outside of Veterans Memorial Stadium.

Officials stated that the fall season is dedicated to marching band and there would be limited opportunities to host events at the proposed amphitheater. In the spring they have a one-month window that could allow them to host a concert at the proposed amphitheater, but would require additional planning because it would represent new programming in addition to their traditional annual program schedule.

## V. Estimated Demand and Building Program

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Generally, high school representatives were more interested to using a small, naturalized amphitheater than a larger-scale facility because the average attendance at their events is usually between 200 and 300.

### *Non-Ticketed Community Event Demand Summary*

The following table summarizes the estimated number of non-ticketed community events and associated attendance estimated to be hosted by a small to midsized, naturalized amphitheater in a stabilized year of operations.

#### **Estimated Demand Non-Ticketed Community Events**

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
Number of Performances	14	14
Average Actual Attendance	500	500
Total Actual Attendance	7,000	7,000
Average Ticket Price	\$0.00	\$0.00
Concessions Per Cap	\$2.00	\$2.00
Merchandise Per Cap	\$0.50	\$0.50

(1) Stabilized year.

(2) 2010 dollars.

It is estimated that both amphitheater development options could host 14 non-ticketed community events, such as Cedar Rapids Municipal Band concerts, Taste of Cedar Rapids or downtown farmer's markets, among others and draw 7,000 attendees in a stabilized year of operations.

### Other Ticketed Events

Amphitheaters can host a variety of other events including speaking engagements, comedic performances and other ticketed events. Based on a review of event activity at comparable amphitheatres, the following table summarizes the estimated number of other ticketed events and associated attendance estimated to be hosted by a small to midsized, naturalized amphitheater in a stabilized year of operations.

## V. Estimated Demand and Building Program

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### Estimated Demand Other Ticketed Events

	<u>2,000-Seat Community-Based Amphitheater</u>	<u>4,000-Seat Commercially-Run Amphitheater</u>
Number of Performances	6	6
Average Paid Attendance	1,000	1,000
Total Paid Attendance	6,000	6,000
Average Actual Attendance	1,100	1,100
Total Actual Attendance	6,600	6,600
Average Ticket Price	\$15.00	\$15.00
Concessions Per Cap	\$2.50	\$2.50
Merchandise Per Cap	\$1.00	\$1.00

(1) Stabilized year.

(2) 2010 dollars.

As depicted above, it is estimated that both amphitheater development options could host six other ticketed events, which could include other local concerts, symphony orchestra performances, theatre and other such events and draw a total attendance of 6,600, including 6,000 paid attendees, in a stabilized year of operations.

### Private Rentals

It is also envisioned that a portion of the programming and events at the proposed amphitheater will consist of private rentals. Private rentals could include uses such as corporate meetings, banquets, meetings, wedding receptions, graduations and other such uses. The following table summarizes the estimated number of private rentals and associated attendance that are estimated to be hosted by a small to midsized, naturalized amphitheater in a stabilized year of operations.

## V. Estimated Demand and Building Program

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### Estimated Demand Private Rentals

	<u>2,000-Seat Community-Based Amphitheater</u>	<u>4,000-Seat Commercially-Run Amphitheater</u>
Number of Performances	10	10
Average Actual Attendance	350	350
Total Actual Attendance	3,500	3,500
Average Ticket Price	\$0.00	\$0.00
Concessions Per Cap	\$2.50	\$2.50
Merchandise Per Cap	\$0.00	\$0.00

(1) Stabilized year.

(2) 2010 dollars.

As shown above, it is estimated that each amphitheater development option could host 10 private rentals and 3,500 attendees in a stabilized year of operations.

### Summary of Estimated Demand

The following table summarizes the estimated annual utilization of a small to midsized, naturalized amphitheater in a stabilized year of operations.

## V. Estimated Demand and Building Program

### Estimated Demand Stabilized Year of Operations

Annual Events
---------------

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
National Touring Concerts	2	8
Ticketed Community Events	14	14
Non-Ticketed Community Events	14	14
Other Ticketed Events	6	6
Private Rentals	10	10
Total Events	46	52

Total Annual Paid Attendance
------------------------------

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
National Touring Concerts	2,600	20,000
Ticketed Community Events	14,000	14,000
Non-Ticketed Community Events	0	0
Other Ticketed Events	6,000	6,000
Private Rentals	0	0
Total Attendance	22,600	40,000

Total Annual Actual Attendance
--------------------------------

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
National Touring Concerts	2,900	22,000
Ticketed Community Events	18,200	18,200
Non-Ticketed Community Events	7,000	7,000
Other Ticketed Events	6,600	6,600
Private Rentals	3,500	3,500
Total Attendance	38,200	57,300

(1) Stabilized year.

(2) 2010 dollars.

As depicted in the table, it is estimated that a 2,000-seat community-based amphitheater could host 46 events and attract 38,200 total attendees, including 22,600 paid attendees, in a stabilized year of operations. It is estimated that a 4,000-seat commercially-run amphitheater could host 52 events and 57,300 total attendees, including 40,000 paid attendees, in a stabilized year of operations.

## **V. Estimated Demand and Building Program**

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### **Building Program Recommendations**

The purpose of this section is to summarize general building program components that are necessary to accommodate potential demand based on the results of the market analysis. The building program analysis has been divided into the following sections:

- Seating capacity;
- Premium seating;
- Parking;
- Other Building Components; and,
- Summary.

It is assumed that architectural, engineering and other professional services will be obtained to further define the building program for the proposed amphitheater beyond the general parameters set forth herein.

### Seating Capacity

The seating capacity of an amphitheater, among other factors, plays a critical component in whether a promoter will book a certain facility. The number of seats available for sale plays a key role in the determination of ticket prices for a concert and must be balanced against potential demand and market realities.

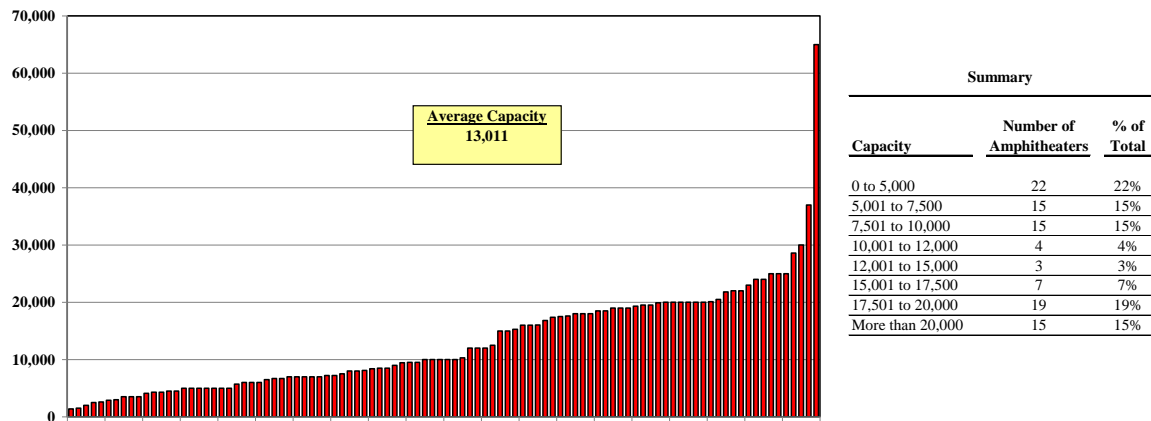
To determine the appropriate seating capacity for a new amphitheater in Cedar Rapids, industry data was compiled related to the seating capacities of the top 100 amphitheaters, historical average attendance levels of the top 200 grossing concert tours, historical paid attendance levels at comparable amphitheaters and an assessment of local facility concert capacities.

#### *Seating Capacities of the Top 100 Grossing Amphitheaters*

The chart below presents a summary of the total seating capacity for each of the top 100 grossing (ticket sales) amphitheaters.

## V. Estimated Demand and Building Program

Seating Capacity  
Top 100 Amphitheaters of 2009



Source: Pollstar; industry research.

As shown above, amphitheater capacities ranged from 1,390 to 65,000 seats, with an average seating capacity of 13,011 seats. Approximately 22 percent of the top 100 amphitheaters have a capacity of 5,000 seats or less. In comparison, only four percent of the top 100 amphitheaters have a capacity of between 10,000 and 12,000 seats.

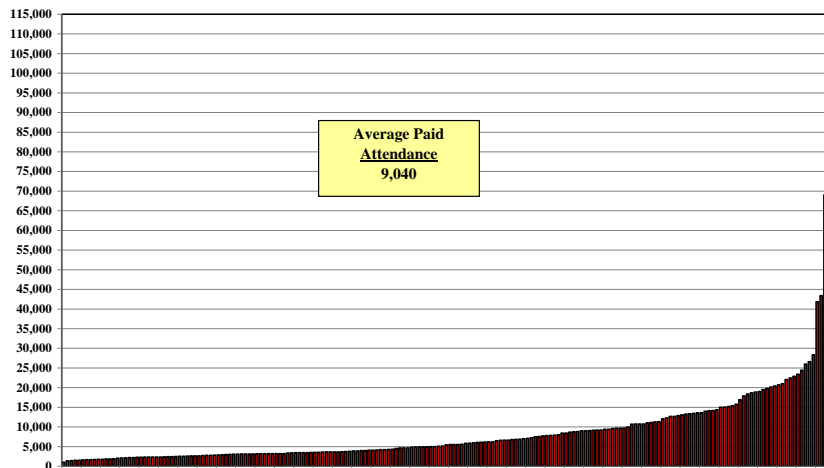
It is important to note that the seating capacities discussed herein include both fixed and lawn seating. Fixed, covered seats in an amphitheater are usually the highest priced seats in the facility. Therefore, promoters and building operators generally prefer more fixed seats in order to generate higher gross ticket sales, provided the market can support higher ticket prices.

### *Average Paid Attendance of the Top 200 Tours in 2009*

To determine the historical seating demand for major concert acts, an analysis of the average paid attendance for the top 200 tours in 2009 was undertaken. The following table illustrates the average paid attendance for the top 200 tours in 2009.

## V. Estimated Demand and Building Program

Average Paid Attendance per Performance  
Top 200 Concert Tours of 2009



Source: Pollstar; industry research.

Summary

Attendance	Number of Tours	% of Total
0 to 5,000	97	49%
5,001 to 7,500	26	13%
7,501 to 10,000	24	12%
10,001 to 12,000	8	4%
12,001 to 15,000	16	8%
15,001 to 17,500	5	3%
17,501 to 20,000	7	4%
More than 20,000	17	9%

As shown above, the average paid attendance of the top 200 tours ranged from 1,010 to 109,480 (two sell-out performances by Radiohead in Mexico City). Overall, the average attendance of the top 200 tours was 9,040 in 2009. Approximately 49 percent of the average attendance of the top 200 tours in 2009 could potentially be accommodated in a venue of 5,000 seats or less, while approximately 78 percent could potentially be accommodated in a venue of 12,000 seats or less.

In considering this data, it is important to note that the top 200 tours played in a wide range of facilities with varying capacities including theaters, arenas, amphitheaters and stadiums. Additionally, the data presented herein represents the average attendance for a particular tour with attendance for a particular performance subject to large variances depending on the market and seating capacity of the venue played. Finally, the data presented herein represents paid attendance. Actual, or turnstile attendance, could be higher or lower depending on the number of complimentary tickets and no-shows. Nonetheless, the data presented herein is useful in understanding the general seating demand of the top 200 tours.

### *Paid Attendance at Comparable Amphitheaters*

In an effort to focus on historical demand specific to amphitheaters, an analysis of paid attendance for national touring concerts hosted at comparable amphitheaters in 2009 was analyzed. The following table presents a summary of this analysis including the total seating capacity, number of national touring concerts and total paid attendance. It should be noted that the following summary only includes

## V. Estimated Demand and Building Program

national concert tours reported by *Pollstar*, which does not report all events hosted at a venue in a given year.

**2009 Paid Attendance at National Touring Concerts  
Comparable Amphitheaters**

Amphitheater	Total Seating Capacity	Total 2009 Concerts	2009 Ticket Sales		
			Low	High	Average
Koka Booth Amphitheatre	7,000	9	2,107	5,518	3,379
St. Augustine Amphitheatre	4,100	17	1,227	4,015	3,156
Les Schwab Amphitheater	8,500	6	1,323	4,454	2,823
Fraze Pavilion	4,300	33	327	4,046	2,388
Cuthbert Amphitheater	5,500	10	1,496	3,831	2,386
Stir Concert Cove	3,000	22	452	3,973	2,217
Charlottesville Pavilion	4,000	2	1,303	2,539	1,921
Simon Estes Riverfront Amphitheater	2,000	6	644	1,603	1,084
Anderson Amphitheater in Cole Park	5,000	0 <sup>(1)</sup>	n/a	n/a	n/a
<b>Average</b>	<b>4,822</b>	<b>12</b>	<b>1,110</b>	<b>3,747</b>	<b>2,419</b>

(1) The Anderson Amphitheater in Cole Park did not host a major concert in 2009.

Note: Reflects only the shows reported by *Pollstar* in 2009. *Pollstar* does not report all events held at a venue in a given year.

Source: *Pollstar*

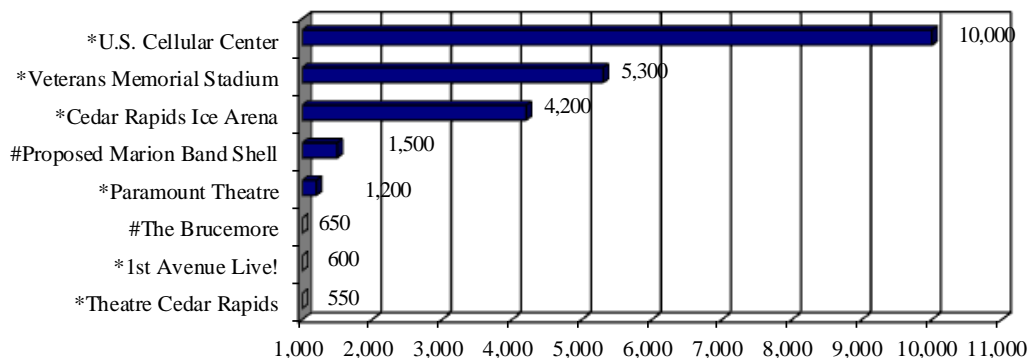
As shown above, average attendance of national touring concerts at comparable amphitheaters was approximately 2,400 in 2009, ranging from a low of approximately 1,100 to a high of approximately 3,400. Comparable amphitheaters have an average total seating capacity of approximately 4,800 and hosted an average of 12 national touring concerts in 2009.

### *Local Facility Concert Capacity*

Based on existing concert facilities in the Cedar Rapids market area, the market provides a variety of seating capacities ranging from approximately 550 seats at Theatre Cedar Rapids to approximately 10,000 seats at U.S. Cellular Center. The chart below presents a summary of the capacity for venues in the Cedar Rapids marketplace.

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Concert Seating Capacity  
Cedar Rapids-Area Venues



\* Indoor venue.

# Outdoor venue.

Source: Facility interviews

As shown above, the Cedar Rapids market has a sufficient number of indoor concert venues with the ability to accommodate a variety of concerts, but does not have a facility dedicated to hosting outdoor concerts with a seating capacity between 650 and 5,300 seats.

### *Recommended Seating Capacity*

Based on discussions with potential event users, a review of outdoor concert seating capacity in the immediate market and a review of industry trends, it is recommended that a new amphitheater in Cedar Rapids contain 2,000 to 4,000 lawn seats. This level of seating capacity will allow the facility to attract some national touring concerts while providing room for growth for locally-based community events.

### Premium Seating

Demand for premium seating at amphitheaters is typically dependent on the facility offering a wide-range of national touring acts throughout the season. Given site development limitations and the expected event mix at the proposed amphitheater, which is estimated to consist of a majority of community and other municipal events and a limited number of national touring concerts, permanent premium seating is not recommended as part of the initial building program. However, consideration should be given to designing the facility in a manner that would allow for temporary corporate hospitality and premium seating areas through tent structures or other temporary means

## **V. Estimated Demand and Building Program**

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as a way of generating additional revenues. For purposes of this study, no premium seating was assumed in the base case financial analysis.

### Parking

The availability of sufficient parking will be critical to the success of the proposed amphitheater. It is a generally accepted industry standard that approximately one parking space should be provided for every three seats. Given the recommended capacity of 2,000 to 4,000 seats, it is estimated that approximately 650 to 1,300 parking spaces would be needed to support the requirements of most large events.

Linn County currently owns a section of land located adjacent to the proposed amphitheater site. City officials have had preliminary discussions with the County about donating the land as part of the development of the site in order to be used as event area space (festivals and other large gatherings) as well as an on-site parking area for approximately 260 cars. The area of land is located in the 100-year flood plain and City officials have indicated that the land cannot be paved due to FEMA regulations.

For purposes of this analysis, demand for parking at the amphitheater will be accommodated through the use of the on-site grass area (anticipated to be donated by the County) with a total capacity of approximately 260 cars, as well as existing City parking lots and on-street parking. According to City officials, within a 5 to 10 minute walk of the proposed amphitheater site there are approximately 5,000 total parking spaces, including approximately 3,900 in existing parking lots and approximately 1,100 on-street spaces.

It should be noted however, that under this scenario, the proposed amphitheater would not control any off-site parking spaces and, therefore, would not receive any revenue from off-site parking spaces. The estimated revenues presented later in this report assume that the proposed amphitheater will only generate parking revenue from a 260-space future parking lot adjacent to the proposed facility. Adjustments to the financial projections presented in the report would need to be made once more information is known regarding the potential development of any additional parking spaces controlled by facility management.

### Other Building Components

Other building components that are integral to the success of an amphitheater include, but are not limited to:

## **V. Estimated Demand and Building Program**

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- Permanent stage with rigging grid capable of holding required poundage (50,000 plus for some acts) of touring acts with appropriate stage clearance.
- To the extent possible, sufficient number and quality dressing rooms including one (1) star dressing room and up to three (3) small dressing rooms. These could be provided off-site, but nearby. Alternatively or additionally, space should be provided backstage or stage side to allow for tour bus parking to serve as dressing room facilities for acts.
- Permanent or temporary fencing to secure the amphitheater for ticketed events.
- Sufficient concession points of sale should be provided to maximize per capita revenues. Industry standards dictate that there should be approximately one concession point of sale for every 300 seats. Given site development limitations, it is likely that concession points-of-sale will be temporary and set up on an event-by-event basis.
- Sufficient restrooms should be provided to ensure an enjoyable patron experience. Industry standards dictate that there should be one water closet per 50 seats and one urinal per 100 seats. Given site development limitations, it is likely that restrooms will be temporary and set up on an event-by-event basis.
- Sufficient loading areas to allow acts to efficiently move in/out stage equipment;
- State-of-the-art audio, video and lighting equipment.
- Sufficient power for stage equipment and buses.
- Sufficient storage space for equipment, materials, supplies and other needs. This can be provided off-site if necessary.
- Administrative office space for full-time and seasonal staff. This can be provided off-site.
- Ticket or box office space for walk-up sales, will call and other ticketing needs. Permanent box office space at other existing city facilities (U.S. Cellular Arena, Paramount Theater, etc.) could be used for amphitheater operations and temporary box office facilities could be set up at the amphitheater site for walk-up ticket sales on event day.

## **V. Estimated Demand and Building Program**

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As facility planning progresses, it will be important that project architects experienced in amphitheater design work closely with concert promoters and facility management to create a design that would maximize the market and revenue potential of the facility.

Executive Summary

I. Introduction

II. Market Characteristics

III. Overview of Live Music Industry

IV. Comparable Amphitheaters

V. Estimated Demand and Building Program

VI. Financial Analysis

VII. Management Analysis

VIII. SWOT Analysis

## **VI. Financial Analysis**

## **VI. Financial Analysis**

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The purpose of this section is to present estimated operating revenues and expenses for a naturalized amphitheater in downtown Cedar Rapids in a stabilized year of operations. Based upon the results of the market analyses presented in previous sections of this report, financial operating projections have been developed for a 2,000-seat community-based amphitheater and a 4,000-seat commercially-run amphitheater.

Since detailed facility design, configuration, and cost estimates have not yet been completed, the assumptions used in this analysis are based on the results of the market analysis, industry trends, knowledge of the marketplace, and financial results from comparable facilities.

This presentation is designed to assist the City and other project representatives in estimating the financial attributes of a naturalized amphitheater and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material.

The presentation of financial operating results is divided into the following components:

- Financial Pro Forma;
- Revenue Assumptions;
- Expense Assumptions; and,
- Sensitivity Analysis.

Key assumptions used to estimate the potential financial operations of the proposed amphitheater include, but are not limited to the following:

- The amphitheater will consist entirely of general admission lawn seating with the ability to bring in temporary chairs and tables, as desired.
- The facility will be developed as a quality, state-of-the-art venue with the necessary acoustics, stage configuration, and support space to accommodate the needs of various types of users.
- The facility will be owned by the City and will be exempt from property taxes.
- The facility is aggressively marketed, providing competitive guarantees and rental rates.

## **VI. Financial Analysis**

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- Facility management and/or the City will be proactive in creating original programming for the amphitheater to supplement third-party local and national touring events.
- Staffing efficiencies will be realized with City and/or private management company personnel, hereby reducing the number of full and part-time staffing.
- The amphitheater will control approximately 260 on-site parking spaces.
- There are no significant or material changes in the supply or quality of existing venues in the marketplace.
- There are no significant or material changes to current trends in the live entertainment industry.

Additional detailed physical development planning must be completed before more precise estimations of the proposed amphitheater's operating costs can be made. Also, upon completion of preliminary planning, revenue and expense assumptions should be updated to reflect changes to assumptions made herein. These changes could significantly affect the analysis of future operating results.

### **Financial Pro Forma**

The table on the following page presents a comparison of the estimated operating revenues and expenses associated with a naturalized amphitheater in downtown Cedar Rapids in a stabilized year of operations. Because the timing of development of the proposed amphitheater in Cedar Rapids is unknown, the stabilized year is presented in 2010 dollars. Adjustments will need to be made to this analysis at the appropriate time to reflect the actual timing of venue development.

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### Estimated Revenues and Expenses Stabilized Year of Operations - 2010 Dollars

	<u>2,000-Seat Community-Based Amphitheater</u>	<u>4,000-Seat Commercially-Run Amphitheater</u>
Total Events	46	52
Total Paid Attendance	22,600	40,000
Total Actual Attendance	38,200	57,300
REVENUES:		
Facility Rental	\$73,500	\$123,500
Facility Fees	\$19,400	\$58,500
Ticket Rebates	\$4,800	\$15,900
Box Office Fees	\$2,600	\$7,800
Event Services	\$258,100	\$339,000
Parking	\$46,100	\$53,900
Food and Beverage	\$101,900	\$216,800
Merchandise	\$35,500	\$83,300
Sponsorships	\$45,000	\$99,000
Other	\$10,000	\$15,000
Total Revenues	\$596,900	\$1,012,700
EXPENSES:		
Direct Event Costs:		
Food and Beverage	\$61,100	\$130,100
Merchandise	\$28,400	\$66,600
Parking Expenses	\$6,900	\$8,100
Event Marketing	\$15,000	\$30,000
Event Expenses	\$198,500	\$260,800
Total Direct Costs	\$309,900	\$495,600
Indirect Overhead Costs:		
Salaries & Wages	\$58,500	\$104,000
General and Administrative	\$147,500	\$225,000
Utilities	\$35,000	\$45,000
Insurance	\$30,000	\$40,000
Repairs and Maintenance	\$25,000	\$30,000
Total Indirect Costs	\$296,000	\$444,000
Total Expenses	\$605,900	\$939,600
NET INCOME (LOSS) FROM OPERATIONS	(\$9,000)	\$73,100

## **VI. Financial Analysis**

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As shown in the table on the previous page, a 2,000-seat community-based amphitheater is estimated to operate at a deficit of approximately \$9,000 and a 4,000-seat commercially-run amphitheater is estimated to operate at a profit of approximately \$73,100 in a stabilized year of operations. It is important to note that these estimates do not include the funding of a capital reserve or facility debt payments.

The remainder of this section presents an overview of key revenue and expense assumptions used to estimate the potential financial operating results of each amphitheater development option as well as a sensitivity analysis to determine the impact that varying key assumptions can have on the financial operations of the venue.

### **Revenue Assumptions**

Revenue sources generated by the operations of the proposed amphitheater are estimated to include facility rental, facility fees, ticket rebates, event services, concessions, merchandise, advertising/sponsorships and other income. A brief description of each revenue source is provided below.

#### Facility Rental

It is expected that rent will be charged for all events hosted at the proposed amphitheater. For most events, facility rent is typically based on a base rental fee or a percentage of gross ticket sales, whichever is greater. Rental rates will likely vary depending on the type of event (i.e. commercial, not-for-profit, community events, etc.) and the portion of the facility used (i.e. full-house, half-house, stage/backstage, etc.).

Events, facility rental rates, paid attendance and ticket price assumptions estimated herein are based on an analysis of events, ticket prices, attendance and rental rates at comparable amphitheaters, local competitive facilities, discussions with promoters and industry trends.

The following table summarizes estimated facility rental revenue for each amphitheater development option in a stabilized year of operations.

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### Estimated Facility Rental Fees Stabilized Year of Operations - 2010 Dollars

<b>2,000-Seat Community-Based Amphitheater</b>								
	Performances	Average Paid Attendance	Total Paid Attendance	Average Ticket Price	Gross Ticket Sales	Rental Rate (1) Flat Fee	Percentage of Tickets	Facility Rental Revenue
National Touring Concerts	2	1,300	2,600	\$20.00	\$52,000	\$3,000	8.0%	\$6,000
Ticketed Community Events	14	1,000	14,000	\$5.00	\$70,000	\$1,500	8.0%	\$21,000
Non-Ticketed Community Events	14	500	7,000	\$0.00	\$0	\$1,500	8.0%	\$21,000
Other Ticketed Events	6	1,000	6,000	\$15.00	\$90,000	\$3,000	8.0%	\$18,000
Private Rentals	10	350	3,500	\$0.00	\$0	\$750	8.0%	\$7,500
<b>Total / Average</b>	<b>46</b>	<b>720</b>	<b>33,100</b>	<b>\$6.40</b>	<b>\$212,000</b>			<b>\$73,500</b>

<b>4,000-Seat Commercially-Run Amphitheater</b>								
	Performances	Average Paid Attendance	Total Paid Attendance	Average Ticket Price	Gross Ticket Sales	Rental Rate (1) Flat Fee	Percentage of Tickets	Facility Rental Revenue
National Touring Concerts	8	2,500	20,000	\$35.00	\$700,000	\$3,000	8.0%	\$56,000
Ticketed Community Events	14	1,000	14,000	\$5.00	\$70,000	\$1,500	8.0%	\$21,000
Non-Ticketed Community Events	14	500	7,000	\$0.00	\$0	\$1,500	8.0%	\$21,000
Other Ticketed Events	6	1,000	6,000	\$15.00	\$90,000	\$3,000	8.0%	\$18,000
Private Rentals	10	350	3,500	\$0.00	\$0	\$750	8.0%	\$7,500
<b>Total / Average</b>	<b>52</b>	<b>971</b>	<b>50,500</b>	<b>\$17.03</b>	<b>\$860,000</b>			<b>\$123,500</b>

(1) Depending on the event, rent is either a flat rental fee or the greater of a flat rental fee versus a percentage of ticket sales.

Based on the estimated number of performances, paid attendance, ticket prices and rental rate structures for the various event types envisioned to be hosted at each amphitheater development option, facility rental revenue is estimated to be \$73,500 at a 2,000-seat community-based amphitheater and \$123,500 in a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Facility Fees

Most amphitheatres and other live entertainment venues charge a facility fee in addition to the ticket price. Facility fees generally range from \$1.00 to \$4.00 per ticket, depending on the event type.

The chart on the following page summarizes estimated facility fees for each amphitheater development option in a stabilized year of operations.

## VI. Financial Analysis

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### Estimated Facility Fees Stabilized Year of Operations - 2010 Dollars

#### 2,000-Seat Community-Based Amphitheater

	Total Paid Attendance	Facility Fee Per Paid Admission	Total Facility Fees
National Touring Concerts	2,600	\$2.25	\$5,850
Ticketed Community Events	14,000	\$0.00	\$0
Non-Ticketed Community Events	7,000	\$0.00	\$0
Other Ticketed Events	6,000	\$2.25	\$13,500
Private Rentals	3,500	\$0.00	\$0
<b>Total</b>	<b>33,100</b>		<b>\$19,400</b>

#### 4,000-Seat Commercially-Run Amphitheater

	Total Paid Attendance	Facility Fee Per Paid Admission	Total Facility Fees
National Touring Concerts	20,000	\$2.25	\$45,000
Ticketed Community Events	14,000	\$0.00	\$0
Non-Ticketed Community Events	7,000	\$0.00	\$0
Other Ticketed Events	6,000	\$2.25	\$13,500
Private Rentals	3,500	\$0.00	\$0
<b>Total</b>	<b>50,500</b>		<b>\$58,500</b>

Based on paid attendance estimates, facility fees are estimated to generate \$19,400 at a 2,000-seat community-based amphitheater and \$58,500 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

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### Ticket Service Rebate

Ticket service providers (i.e. Ticketmaster) for performance venues typically charge a convenience charge and handling charge per ticket purchased through their ticketing system. Convenience charges and handling fees generally range from \$1.00 to \$4.00 per ticket. Facilities can obtain a portion of the convenience charge per ticket from the ticket service provider.

The following chart summarizes estimated ticket service rebates that could be generated at each amphitheater development option in a stabilized year of operations.

#### Estimated Ticket Service Rebates Stabilized Year of Operations - 2010 Dollars

##### 2,000-Seat Community-Based Amphitheater

	Total Paid Attendance	Percentage of Tickets Sold by Ticket Service	Average Convenience Charge Per Ticket	Percentage Rebated to Amphitheater	Total Ticket Service Rebates
National Touring Concerts	2,600	85%	\$3.00	25%	\$1,700
Ticketed Community Events	14,000	0%	\$0.00	25%	\$0
Non-Ticketed Community Events	7,000	0%	\$0.00	25%	\$0
Other Ticketed Events	6,000	85%	\$2.50	25%	\$3,200
Private Rentals	3,500	0%	\$0.00	25%	\$0
<b>Total</b>	<b>33,100</b>				<b>\$4,900</b>

##### 4,000-Seat Commercially-Run Amphitheater

	Total Paid Attendance	Percentage of Tickets Sold by Ticket Service	Average Convenience Charge Per Ticket	Percentage Rebated to Amphitheater	Total Ticket Service Rebates
National Touring Concerts	20,000	85%	\$3.00	25%	\$12,800
Ticketed Community Events	14,000	0%	\$0.00	25%	\$0
Non-Ticketed Community Events	7,000	0%	\$0.00	25%	\$0
Other Ticketed Events	6,000	85%	\$2.50	25%	\$3,200
Private Rentals	3,500	0%	\$0.00	25%	\$0
<b>Total</b>	<b>50,500</b>				<b>\$16,000</b>

## VI. Financial Analysis

Based on paid attendance estimates, ticket service rebates are estimated to generate \$4,900 at a 2,000-seat community-based amphitheater and \$16,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Box Office Fees

Amphitheaters typically collect a fee or commission on tickets sold through their own box office. The following table summarizes the estimated box office fees that could be generated by each amphitheater development option.

**Estimated Box Office Fees  
Stabilized Year of Operations - 2010 Dollars**

#### 2,000-Seat Community-Based Amphitheater

	Total Paid Attendance	Percentage of Tickets Sold by Box Office	Average Box Office Fee	Total Box Office Fees
National Touring Concerts	2,600	15%	\$2.00	\$800
Ticketed Community Events	14,000	100%	\$0.00	\$0
Non-Ticketed Community Events	7,000	100%	\$0.00	\$0
Other Ticketed Events	6,000	15%	\$2.00	\$1,800
Private Rentals	3,500	0%	\$0.00	\$0
Total	33,100			\$2,600

#### 4,000-Seat Commercially-Run Amphitheater

	Total Paid Attendance	Percentage of Tickets Sold by Box Office	Average Box Office Fee	Total Box Office Fees
National Touring Concerts	20,000	15%	\$2.00	\$6,000
Ticketed Community Events	14,000	100%	\$0.00	\$0
Non-Ticketed Community Events	7,000	100%	\$0.00	\$0
Other Ticketed Events	6,000	15%	\$2.00	\$1,800
Private Rentals	3,500	0%	\$0.00	\$0
Total	50,500			\$7,800

For purposes of this analysis, it is assumed that each amphitheater development option would collect a box office fee or commission equal to \$2.00 per national touring concert and other ticketed event sold through the box office, which could be located at the U.S. Cellular Center and/or the Paramount Theater.

## **VI. Financial Analysis**

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Based on a review of industry data, it is estimated that 15 percent of event tickets for national touring concerts and other ticketed events would be sold through the amphitheater box office, generating \$2,600 in box office fees at a 2,000-seat community-based amphitheater and \$7,800 in box office fees at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Event Services

Event expenses (operations and production expenses) are assumed to be charged back to the event promoter with a 30 percent mark-up. Event services provided by the proposed amphitheater are assumed to include personnel (police, emergency medical technicians, box office, ticket takers, ushers, security, stagehands, janitors, etc.), utilities, contract services, equipment rental, insurance and other services.

Event services revenue is estimated to be \$258,100 at a 2,000-seat community-based amphitheater and \$339,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Parking

It is anticipated that parking will be charged to event attendees in a parking area adjacent to the proposed downtown Cedar Rapids amphitheater. For purposes of this analysis, it is assumed that 260 parking spaces will be provided by the venue and under direct control of the facility. Additional parking will be necessary for large crowds and is expected to be accommodated by existing parking lot and on-street spaces. Requiring some of the amphitheater patrons to park in existing downtown spaces will encourage them to patronize restaurant and retail establishments and serve to further enhance the viability of those businesses.

The following chart summarizes estimated gross parking revenue that could be generated at each amphitheater development option in a stabilized year of operations.

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### Estimated Parking Revenue Stabilized Year of Operations - 2010 Dollars

#### 2,000-Seat Community-Based Amphitheater

On-Site Parking Spaces:	260						
	Average Turnstile Attendance	People Per Car	Estimated Parking Demand	Estimated Demand Accommodated On-Site	Parking Charge Per Car	Number of Performances	Gross Parking Revenue
National Touring Concerts	1,400	3.0	477	260	\$5.00	2	\$2,600
Ticketed Community Events	1,300	3.0	433	260	\$5.00	14	\$18,200
Non-Ticketed Community Events	500	3.0	167	167	\$5.00	14	\$11,667
Other Ticketed Events	1,100	3.0	367	260	\$5.00	6	\$7,800
Private Rentals	350	3.0	117	117	\$5.00	10	\$5,833
Total / Average							<u>\$46,100</u>

#### 4,000-Seat Commercially-Run Amphitheater

On-Site Parking Spaces:	260						
	Average Turnstile Attendance	People Per Car	Estimated Parking Demand	Estimated Demand Accommodated On-Site	Parking Charge Per Car	Number of Performances	Gross Parking Revenue
National Touring Concerts	2,750	3.0	917	260	\$5.00	8	\$10,400
Ticketed Community Events	1,300	3.0	433	260	\$5.00	14	\$18,200
Non-Ticketed Community Events	500	3.0	167	167	\$5.00	14	\$11,667
Other Ticketed Events	1,100	3.0	367	260	\$5.00	6	\$7,800
Private Rentals	350	3.0	117	117	\$5.00	10	\$5,833
Total / Average							<u>\$53,900</u>

Assuming 260 parking spaces, 3.0 people per car and a \$5.00 parking charge per vehicle, gross parking revenues are estimated to be \$46,100 at a 2,000-seat community-based amphitheater and \$53,900 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Food and Beverage

Concessions revenue consists of food and beverage sales. Gross food and beverage sales are estimated based on turnstile attendance and per capita concession revenues by event type. Per capita concession spending assumptions were based on an analysis of per capita spending at local competitive venues, comparable amphitheaters throughout the country and general industry trends.

## VI. Financial Analysis

The following chart summarizes estimated gross food and beverage revenue that could be generated at each amphitheater development option in a stabilized year of operations.

### Estimated Food and Beverage Revenue Stabilized Year of Operations - 2010 Dollars

<b>2,000-Seat Community-Based Amphitheater</b>			
	Total Turnstile Attendance	Average Concession Per Cap	Gross Concessions Revenues
National Touring Concerts	2,800	\$6.00	\$16,800
Ticketed Community Events	18,200	\$2.50	\$45,500
Non-Ticketed Community Events	7,000	\$2.00	\$14,000
Other Ticketed Events	6,600	\$2.50	\$16,500
Private Rentals	3,500	\$2.50	\$8,800
Total / Average	38,100	\$2.67	\$101,600

<b>4,000-Seat Commercially-Run Amphitheater</b>			
	Total Turnstile Attendance	Average Concession Per Cap	Gross Concessions Revenues
National Touring Concerts	22,000	\$6.00	\$132,000
Ticketed Community Events	18,200	\$2.50	\$45,500
Non-Ticketed Community Events	7,000	\$2.00	\$14,000
Other Ticketed Events	6,600	\$2.50	\$16,500
Private Rentals	3,500	\$2.50	\$8,800
Total / Average	57,300	\$3.78	\$216,800

Based on estimated turnstile attendance and average concession per capita spending by event type, gross concession revenues are estimated to be \$101,600 at a 2,000-seat community-based amphitheater and \$216,800 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Merchandise

Merchandise revenue consists of t-shirt and other novelty item sales. Gross merchandise revenues are estimated based on turnstile attendance and per capita

## VI. Financial Analysis

merchandise spending by event type. Per capita merchandise spending assumptions were based on an analysis of per capita spending at local competitive venues, comparable amphitheatres throughout the country and general industry trends.

The following chart summarizes estimated gross merchandise revenue that could be generated at each amphitheater development option in a stabilized year of operations.

### Estimated Merchandise Revenues Stabilized Year of Operations - 2010 Dollars

#### 2,000-Seat Community-Based Amphitheater

	<u>Total Turnstile Attendance</u>	<u>Average Merchandise Per Cap</u>	<u>Gross Merchandise Revenues</u>
National Touring Concerts	2,800	\$2.50	\$7,000
Ticketed Community Events	18,200	\$1.00	\$18,200
Non-Ticketed Community Events	7,000	\$0.50	\$3,500
Other Ticketed Events	6,600	\$1.00	\$6,600
Private Rentals	<u>3,500</u>	<u>\$0.00</u>	<u>\$0</u>
Total / Average	<u>38,100</u>	<u>\$0.93</u>	<u>\$35,300</u>

#### 4,000-Seat Commercially-Run Amphitheater

	<u>Total Turnstile Attendance</u>	<u>Average Merchandise Per Cap</u>	<u>Gross Merchandise Revenues</u>
National Touring Concerts	22,000	\$2.50	\$55,000
Ticketed Community Events	18,200	\$1.00	\$18,200
Non-Ticketed Community Events	7,000	\$0.50	\$3,500
Other Ticketed Events	6,600	\$1.00	\$6,600
Private Rentals	<u>3,500</u>	<u>\$0.00</u>	<u>\$0</u>
Total / Average	<u>57,300</u>	<u>\$1.45</u>	<u>\$83,300</u>

Based on estimated turnstile attendance and average merchandise per capita spending by event type, gross merchandise revenues are estimated to be \$35,300 at a 2,000-seat community-based amphitheater and \$83,300 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

## **VI. Financial Analysis**

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### Advertising / Sponsorships

Advertising revenue includes signage, print programs, video screens and other advertising. Sponsorship revenues include event sponsorship, title sponsorship of a series, facility naming rights and other sponsorships.

Based on an analysis of advertising/sponsorship programs at comparable amphitheaters, local competitive facilities and general industry trends, gross advertising/sponsorship revenues are estimated to be \$50,000 at a 2,000-seat community-based amphitheater and approximately \$100,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations. Net advertising and sponsorship revenue after sales commissions are estimated to be approximately \$45,000 at a 2,000-seat community based amphitheater and approximately \$90,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Other Income

Other income includes revenues generated from lawn chair rentals, credit card fees and other miscellaneous such sources. Other income is estimated to be \$10,000 at a 2,000-seat community-based amphitheater and \$15,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### **Expense Assumptions**

Amphitheater operating expenses typically comprise two broad categories: direct event expenses and indirect (or overhead) expenses. Direct event expenses include costs such as food and beverage, merchandise, event marketing and event expenses. Indirect overhead expenses include non-event related costs such as administrative salaries and benefits, utilities, insurance, repairs and maintenance, facility management fees and other such costs.

## VI. Financial Analysis

### Direct Event Expenses

#### *Food and Beverage, Merchandise and Parking Expense*

Food and beverage, merchandise and parking operations can be operated either in-house or outsourced to a third-party provider. In order to estimate expenses associated with providing these services, operating margins experienced at other live entertainment venues with respect to food and beverage and merchandise expenses were reviewed.

#### Estimated Cost of Goods Sold Stabilized Year of Operations - 2010 Dollars

<b>2,000-Seat Community-Based Amphitheater</b>			
	Total Gross Revenue	Average Cost of Goods	Total Expenses
Food and Beverage	\$101,600	60.0%	\$61,000
Merchandise	\$35,300	80.0%	\$28,200
Parking	\$46,100	15.0%	\$6,900
Total / Average	<u>\$183,000</u>	<u>52.5%</u>	<u>\$96,100</u>

<b>4,000-Seat Commercially-Run Amphitheater</b>			
	Total Gross Revenue	Average Cost of Goods	Total Expenses
Food and Beverage	\$216,800	60.0%	\$130,100
Merchandise	\$83,300	80.0%	\$66,600
Parking	\$53,900	15.0%	\$8,100
Total / Average	<u>\$354,000</u>	<u>57.9%</u>	<u>\$204,800</u>

The table to the right presents a summary of the estimated expenses associated with the operations of food and beverage service and merchandise.

Based on industry standard ranges for operating costs associated with food and beverage (60 percent of gross sales) and merchandise operations (80 percent of gross sales) and parking (15 percent of gross sales), direct costs are estimated to be \$96,500 at a 2,000-seat community-based amphitheater and \$204,800 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

#### *Event Marketing*

It has been assumed that management of the proposed amphitheater will undertake no (or very little) risk in the events at the venue and will limit self-promoted bookings. As such, event marketing expenditures are expected to be minimal and are estimated to be \$15,000 at a 2,000-seat community-based amphitheater and \$30,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

## **VI. Financial Analysis**

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### *Event Expenses*

Event expenses generally comprise event staff wages and benefits as well as other overhead expenses that are directly tied to an event.

Event staff salaries and benefits include expenses associated with part-time event personnel. Typical event personnel required to service amphitheater events include police, emergency medical technicians, box office personnel, ushers, ticket takers, parking, security, stagehands, janitorial crews and other such staff. Other staff related to concessions and merchandise operations have been accounted for in the cost of goods associated with these revenue sources.

Other event related expenses include expenses such as utilities, contract services, advertising and promotions, equipment rental, insurance and other such expenses. In order to estimate these expenses, the expense level of comparable amphitheaters, local competitive venues and general industry trends were reviewed to determine an average expense per event.

Based on total event activity and attendance, event-related expenses are estimated to be \$198,500 at a 2,000-seat community-based amphitheater and \$260,800 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

It should be noted that for purposes of this analysis, the event expenses presented herein are net of the artist/promoter guarantee or share of tickets. As a result, the revenue also presented in this analysis does not include gross ticket sales, but rather only the venue's revenue from facility rent.

### Indirect (Overhead) Expenses

Overhead expenses represent non-event specific expenses associated with operating the amphitheatre and include administrative salaries and benefits, utilities, insurance and repairs and maintenance.

## **VI. Financial Analysis**

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### *Administrative Salaries and Benefits*

Salaries, wages and benefits include expenses for full-time personnel, excluding event-related personnel expenses. It is expected that a naturalized amphitheater could achieve some level of staffing efficiency being managed by either the City, VenuWorks or another private management company. Typically, an amphitheater of this nature could require up to six full and part-time front office personnel in roles such as management, production, operations, sales and marketing, administration and box office (excluding non-front office, event day personnel such as ticket takers, ushers, security, stage hands, concession workers, janitors, etc.).

Annual salaries and benefits associated with a 2,000-seat community-based amphitheater are estimated to be \$58,500 in a stabilized year of operations (assuming one full-time equivalent position is needed). Annual salaries and benefits associated with a 4,000-seat commercially-run amphitheater are estimated to be \$104,200 in a stabilized year of operations (assuming two full-time equivalent positions are needed).

### *General and Administrative*

General and administrative expenses include a variety of expenses incurred during the operations of an amphitheater. Examples of general and administrative expenses including advertising, facility management fees, postage, printing, service agreements, supplies and other costs. For purposes of this analysis, it is assumed that a 4,000-seat commercially-run amphitheater would be operated by a private management company, while a 2,000-seat community-based amphitheater would be operated by the City.

The table on the following page presents a summary of the estimated general and administrative costs expected to be incurred by each amphitheater development option in a stabilized year of operations.

## VI. Financial Analysis

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### Estimated General and Administrative Expenses Stabilized Year of Operations - 2010 Dollars

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	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
Advertising and Sales	\$20,000	\$30,000
Data Processing/Web Site	\$12,500	\$15,000
Dues and Subscriptions	\$3,000	\$3,000
Equipment Rental	\$10,000	\$10,000
Facility Management Fee	\$0	\$50,000
Misc./Other	\$5,000	\$5,000
Postage and Delivery	\$3,000	\$4,000
Printing	\$8,000	\$12,000
Professional Fees (Accounting/Legal)	\$20,000	\$20,000
Service Agreements	\$17,500	\$20,000
Supplies	\$17,500	\$20,000
Telephone	\$8,000	\$8,000
Training	\$5,000	\$5,000
Trash Removal/Pest Control	\$7,500	\$10,000
Travel	\$5,000	\$5,000
Uniform	\$3,000	\$3,000
Vehicles	\$5,000	\$5,000
	<hr/>	<hr/>
Total	\$150,000	\$225,000

Total general and administrative expenses are estimated to be \$150,000 at a 2,000-seat community-based amphitheater and \$225,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

#### *Other Overhead Expenses*

Other overhead expenses include utilities, insurance and repairs and maintenance. The table on the following page presents a summary of estimated other overhead expenses.

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### Estimated Other Overhead Expenses Stabilized Year of Operations - 2010 Dollars

	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
Utilities		
Electricity	\$10,000	\$15,000
Natural Gas	\$10,000	\$10,000
Water and Sewer	\$15,000	\$20,000
Subtotal - Utilities	\$35,000	\$45,000
Insurance	\$30,000	\$40,000
Repairs and Maintenance	\$25,000	\$30,000
Total	<u>\$90,000</u>	<u>\$115,000</u>

Other overhead expenses are estimated to total \$90,000 at a 2,000-seat community-based amphitheater and \$115,000 at a 4,000-seat commercially-run amphitheater in a stabilized year of operations.

### Sensitivity Analysis

Based on the results of market research, two amphitheater options have been suggested. The first option is a 2,000 seat naturalized amphitheater that would be managed by the City and would be primarily focused on hosting community-based events. The second option is a 4,000 seat naturalized amphitheater that would be managed by VenuWorks or some other private management company that would focus on maximizing commercial activity at the amphitheater including hosting national touring concerts and other live entertainment. Under either development scenario, adjacent county-owned land could be used in conjunction with the amphitheater to host music festivals, holiday celebrations and other events that could accommodate additional people.

The operations of an amphitheater can be impacted by a variety of factors including the economy, weather, competition and other factors. The purpose of the sensitivity analysis is to inform the City of the potential ranges of net income or losses that could be sustained by each potential amphitheater development option in any given year. The sensitivity analysis compares the operating revenue, operating expenses and resulting net income from operations before any applicable debt service payments that could result

## VI. Financial Analysis

based on differing event levels, attendance levels and changes to operating expense assumptions. The following table summarizes the results of the sensitivity analysis.

**Sensitivity Analysis**  
**Stabilized Year of Operations - 2010 Dollars**

<b>Variable</b>	<b>2,000-Seat Community-Based Amphitheater</b>	<b>4,000-Seat Commercially-Run Amphitheater</b>
<b>Base Analysis</b>		
Total Operating Revenues	\$596,900	\$1,012,700
Total Operating Expenses	\$605,900	\$939,600
Net Income (Loss) From Operations	(\$9,000)	\$73,100
<b>Reduced National Touring Concerts - 4 Fewer Events Each Year</b>		
Total Operating Revenues	\$529,100	\$869,900
Total Operating Expenses	\$582,900	\$888,700
Net Income (Loss) From Operations	(\$53,800)	(\$18,800)
<b>Increased National Touring Concerts - 4 More Events Each Year</b>		
Total Operating Revenues	\$799,700	\$1,311,000
Total Operating Expenses	\$738,200	\$1,116,800
Net Income (Loss) From Operations	\$61,500	\$194,200
<b>Reduced Attendance - 15 percent reduction</b>		
Total Operating Revenues	\$627,500	\$1,008,600
Total Operating Expenses	\$639,400	\$961,600
Net Income (Loss) From Operations	(\$11,900)	\$47,000
<b>Increased Attendance - 15 percent increase</b>		
Total Operating Revenues	\$695,900	\$1,168,100
Total Operating Expenses	\$678,600	\$1,040,300
Net Income (Loss) From Operations	\$17,300	\$127,800
<b>Increased Operating Expenses - 15 percent</b>		
Total Operating Revenues	\$712,100	\$1,153,700
Total Operating Expenses	\$746,100	\$1,123,400
Net Income (Loss) From Operations	(\$34,000)	\$30,300

Amphitheater operations could fluctuate year-to-year due to a variety of possible influences including economic conditions, weather, competition, the number of touring acts and other such factors that could serve to either positively or negatively impact the projections presented in this report. A variety of sensitivity analyses were performed to understand the range of potential operations including varying the number of national touring concerts, attendance and operating expenses. The results of these sensitivity analyses indicate that a 2,000-seat community based, naturalized amphitheater could

## **VI. Financial Analysis**

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potentially operate within a range of an approximate \$50,000 deficit to a \$50,000 profit. A 4,000-seat commercially-operated, naturalized amphitheater could potentially operate within a range of an approximate \$20,000 deficit to a \$200,000 profit. Any operating losses could potentially be mitigated, to some degree, by increased tax revenues generated to the City from amphitheater patron spending in the area as well as from potential increases in property values and real estate development in the immediate area of the downtown riverfront. These ranges of net income and losses are consistent with comparable amphitheaters operating in other communities across the country.

Executive Summary

- I. Introduction
- II. Market Characteristics
- III. Overview of Live Music Industry
- IV. Comparable Amphitheaters
- V. Estimated Demand and Building Program
- VI. Financial Analysis
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| VII. Management Analysis |
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- VIII. SWOT Analysis

## **VII. Management Analysis**

## **VII. Management Analysis**

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The purpose of this section of the report is to present an overview of various options regarding the management and operations of a proposed amphitheater. Each potential management structure for the proposed amphitheater has its own unique advantages and disadvantages, which should be considered when making decisions regarding the management of the facility. The following is an overview of each potential amphitheater management structure.

### **Public Management**

Public management of amphitheaters and other live entertainment venues was commonplace prior to the early 1990's. Facility operational control within a government is typically accomplished either by creating a separate department that is responsible for amphitheater management or by designating facility management responsibility to a department that already exists within the government. Often a government will already have other existing public assembly facilities such as arenas, auditoriums or theatres under their control prior to the development of a new facility. In these cases, the governmental departments currently overseeing the other public assembly facilities could control the amphitheater as well.

An advantage of public management pertains to the ability of the government entity to maintain control of all aspects of facility operations. Within this structure, the management's primary responsibility is to the city/county/state government and the facility. The ability to combine the purchase of goods and services with other governmental departments provides an advantage in maximizing purchasing power and rate structures. In addition, the ability to use governmental employees from other departments when needed can be advantageous. Further, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a management contractor is not required.

A number of potential disadvantages can be associated with the management of the facility within a governmental department. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate building operating decisions. The decisions made regarding the operation of a facility may be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures. When competing with other facilities and markets for potential events, this aspect can sometimes hinder a facility's ability to effectively compete. A summary of key advantages and disadvantages to the public sector associated with public management include, but are not limited to:

## VII. Management Analysis

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### Advantages:

- Owner control;
- Financial support;
- Coordination/sharing of staff/support functions; and,
- Bulk-price purchasing.

### Disadvantages:

- Lack of outside/private sector financial support;
- Civic service constraints;
- Contract approval requirements;
- Changing political policies;
- Lack of incentives; and,
- Limited flexibility.

It is unlikely that public management would be a feasible option for the proposed amphitheater due to current/projected City staffing and budget constraints. However, the City can provide assistance in the form of maintenance services and management of small-scale community events.

### Private/Contract Management

Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for facilities to break even has forced many governments to attempt changes in the fundamental process of managing amphitheaters and other live entertainment venues. As a result, numerous amphitheaters across the country have contracted day-to-day operations to a private management company. The City of The City of Cedar Rapids currently retains VenuWorks to manage the U.S. Cellular Center, the Paramount Theatre and the Cedar Rapids Ice Arena. Other private management companies such as Live Nation, SMG and AEG Live control numerous other amphitheaters and live entertainment venues across the country and worldwide.

Oftentimes, contract management supplies full facility management services, consulting and project services. Under full or contract management, the facility owner retains all of the rights and privileges of ownership while the contract management firm performs assigned management functions. The owner sets policies while the contract management firm establishes procedures in order to implement the policies.

The contract management company is typically an agent of the hiring body (either a government department or an Authority). The firm is usually compensated with a flat annual fee plus incentive payments designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the governing body of the facility for approval. The governing body is responsible for providing the funds necessary to operate the facility.

## VII. Management Analysis

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Contract management organizations are typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting and capital repairs. In addition to the day-to-day operations of the venue, a number of contract management firms also offer project services such as pre-opening management services, operational audit services and marketing support as alternatives to full facility management. A summary of key advantages and disadvantages to the public sector associated with contract management include, but are not limited to:

### Advantages

- Greatest operating autonomy;
- Efficiency incentives;
- Network of relationships to leverage event bookings;
- Internal network of knowledge/experience;
- More independence in negotiations;
- Greater staffing resources;
- More objective criteria for accountability;
- More efficient procurement process;
- Design and pre-opening services; and,
- Less financial risk for owner.

### Disadvantages

- Potential loss of direct control by State;
- Profit motive versus economic impact motive;
- Facility management fees;
- Management personnel turnover; and,
- Corporate resources spread among several facilities.

Based on discussions with the City, private management of the proposed amphitheater is a feasible option due to current successful private management partnerships of other City facilities. One possible scenario could involve an open-bid process by which the City would solicit proposals from private management companies such as VenuWorks, Live Nation, SMG and AEG Live, among others, and work to acquire the agreement that most benefits the City, its taxpayers and the proposed amphitheater financially.

### Comparable Facility Organizational Structures

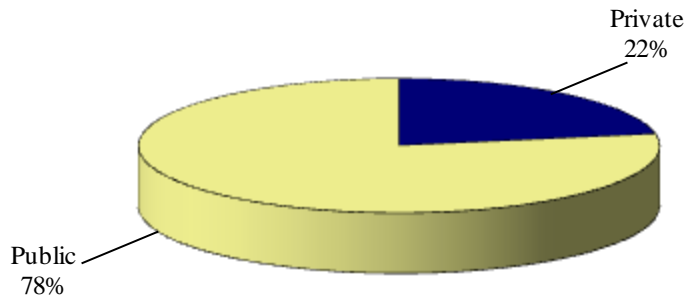
The organizational structures at comparable facilities can provide a framework for project stakeholders to determine an appropriate organizational structure for the City of Cedar Rapids and the proposed amphitheater. The following chart summarizes the ownership composition of comparable amphitheaters.

## VII. Management Analysis

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### Comparable Amphitheater Ownership

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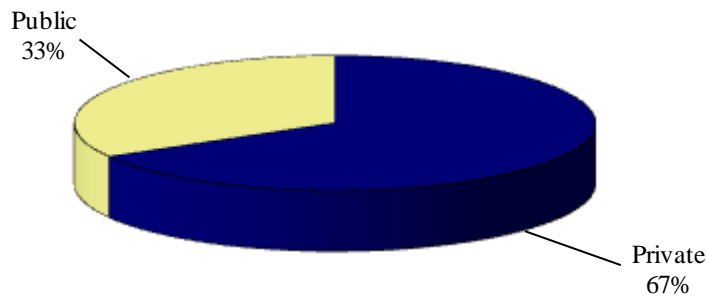
Source: Facility interviews

As shown above, approximately 78 percent of comparable amphitheaters are owned by a public entity. In comparison, two of the nine comparable facilities, or 22 percent, are owned by a private entity.

The following chart summarizes the operational structure of comparable amphitheaters.

### Comparable Amphitheater Operation

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Source: Facility interviews

Approximately 67 percent of comparable amphitheaters are operated by a private entity. Local management companies operate four of the comparable amphitheaters, while two of the comparable amphitheaters are operated by national management companies (SMG and Harrah's). In contrast, approximately 33 percent of comparable amphitheaters are operated by a public entity which typically entrust the day-to-day operations to a parks and recreation department, economic development authority or other such municipal body.

## **VII. Management Analysis**

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### **Amphitheater Operational Recommendation**

Based on a review of the ownership and management of comparable amphitheatres indicates the majority are publicly-owned but privately managed. For purposes of this analysis, it is assumed that the City will own the proposed amphitheater.

It is recommended that the 2,000-seat community-based, naturalized amphitheater option be managed by the City and that a booking arrangement be made with VenuWorks or a concert promoter such as Live Nation or AEG to attract national touring concerts.

Under the 4,000-seat commercially-operated, naturalized amphitheater option, it is recommended that the City consider outsourcing management of the amphitheater to VenuWorks in order to maximize the national touring concert event potential, manage the competition among local facilities and to achieve economies-of-scale associated with the operations of multi-venues in the marketplace. The operational agreement could include a base annual management fee paid to VenuWorks and additional incentives tied to the number of touring concerts and paid attendance generated. This type of operational structure could allow the City to manage small-scale community events and mitigate the financial risks associated with national touring concerts.

Executive Summary

- I. Introduction
- II. Market Characteristics
- III. Overview of Live Music Industry
- IV. Comparable Amphitheatres
- V. Estimated Demand and Building Program
- VI. Financial Analysis
- VII. Management Analysis
- VIII. SWOT Analysis

## VIII. SWOT Analysis

## VIII. SWOT Analysis

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In order to assess the potential of the Cedar Rapids market to support the proposed amphitheater, it is important to examine the internal and external factors that may contribute to the overall success of the proposed facility.

SWOT analysis is a strategic planning method used to evaluate the internal Strengths and Weaknesses, as well as the external Opportunities and Threats involved in a project or business venture. The SWOT analysis provides information that is helpful in matching a market's resources and capabilities to the competitive environment in which it operates. The purpose of this section is to summarize the potential strengths, weaknesses, opportunities and threats associated with the proposed amphitheater. Accordingly, this section is presented in the following components:

- Internal Factors; and,
- External Factors.

### Internal Factors

The following presents a summary of the internal strengths and weaknesses associated with the Cedar Rapids market and the proposed amphitheater.

#### Strengths

- A community needs assessment survey conducted in early 2008 identified the development of an outdoor performance space as a top-three development priority by local residents;
- The City has developed a comprehensive Parks and Recreation Master Plan that has identified a riverfront amphitheater as a key component in creating a vibrant riverfront;
- Lack of dedicated outdoor performance venue in the marketplace;
- A population of approximately 1.4 million residents with 75 miles (within an approximate 1.5 hour drive) of downtown Cedar Rapids;
- Downtown location of proposed amphitheater with proximity to restaurants, bars, and existing surface and street parking;
- Moderate-to-strong interest levels expressed by locally-based organizations in using a new amphitheater for their event programming needs;
- Small to mid-size amphitheater seating capacity that can accommodate local needs and still attract some national touring concerts while minimizing operating costs; and,
- Convenient location to serve as a stop-over market for touring acts play in larger regional markets such as Des Moines, Minneapolis, Chicago, Kansas City, St. Louis and other markets.

## VIII. SWOT Analysis

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### Weaknesses

- A relatively small primary market (Cedar Rapids CBSA) population of approximately 259,000 residents;
- Proposed downtown amphitheater site is located in a 100-year flood plain;
- Concerns with availability of sufficient parking for amphitheater patrons;
- Possible noise and odors emitted by Penford that may impact the enjoyment of the amphitheater experience;
- Jail in foreground of downtown views;
- Possible traffic congestion near police headquarters that could hinder ability of police department to provide public safety to the community;
- Unpredictable climate that can shorten the amphitheater season due to irregular weather;
- Perception of some national promoters that the market cannot support national touring concerts due to location and a small population; and,
- City budget constraints during economic downturn and flood recovery that may limit its ability to fund potential amphitheater operating losses or fund future capital improvements.

### **External Factors**

The following presents a summary of the external opportunities and threats associated with the Cedar Rapids market and the regional/national live entertainment industry.

### Opportunities

- Abundance of touring acts during amphitheater season;
- Unfulfilled need for outdoor live music venue in Cedar Rapids;
- Limited entertainment options within the local and regional markets;
- Demand by local organizations to utilize the facility, such as the Freedom Fest, Cedar Rapids Jaycees, Downtown District and Cedar Rapids Municipal Band, among others;
- Opportunities for facility management to create new event programming that will represent new entertainment opportunities for local residents;
- Opportunity to attract 40,000 to 60,000 or more people to the downtown riverfront each year;

## VIII. SWOT Analysis

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- Available grants provided by the state I-JOBS disaster-related funds, of which the City has already obtained approximately \$43.0 million for various existing and planned facilities;
- Current trend of promoters and touring acts deciding to play in smaller venues due to a decrease in attendance and a desire to play in front of a sell-out;
- Lower ticket prices of amphitheater shows and lawn seating compared to indoor venues and fixed seating;
- A large percentage of national touring acts with an average attendance of 5,000 or less per concert;
- Lower event costs relative to other live entertainment venues;
- Suppressed construction costs due to economic downturn has resulted in approximate 20 percent reduction in costs over the past few years; and,
- Potential economies-of-scale that could be achieved by common management of City-owned public assembly facilities.

### Threats

- Potential development of competitive facilities in the local marketplace including two possible band shells;
- The economic recession has had a negative impact on live entertainment venues across the country;
- Decrease in overall consumer spending on entertainment;
- Artist guarantees and costs have continued to increase in recent years;
- Industry-wide ticket price escalation and attendance decrease;
- High overhead costs to promoters;
- Decreased profit margins for promoters and venues;
- Consolidation of music industry, including promoters, venues and media, resulting in a small number of companies controlling a large segment of the live music industry; and,
- Use of facility fees and ticket surcharges could deter users and patrons.