

DRAFT



AMPHITHEATER FEASIBILITY STUDY

May 2021





DRAFT

May 10, 2021

Mr. Bryan Carter
City Manager, City of St. Joseph
bcarter@stjoemo.org

Dear Mr. Carter:

Stone Planning LLC has completed its feasibility analysis of a potential new amphitheater in St. Joseph. The attached report presents the results of our research, analysis, findings, and conclusions and recommendations, and is intended to assist the City in evaluating the viability of the facility.

The analyses presented in this report are based on estimates, assumptions, and other information developed from industry research, data provided by the City and others, interviews with local and industry stakeholders, and analysis of other facilities and markets. The sources of information and the basis of assumptions, estimates, and forecasts are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented are based on analysis of present and near-term conditions in the St. Joseph area, as well as existing interest levels by potential users for a new facility. Any significant changes in the characteristics of the local community, such as change in population, corporate inventory, and/or competitive facilities, could materially impact conclusions and recommendations developed in this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facility and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. Neither Stone Planning LLC, its managers, members, officers, employees, agents nor representatives makes any representation or warranty, expressed or implied, as to the accuracy or completeness of this report or any of its contents, and no legal liability is assumed or is to be implied against any of the aforementioned with respect thereto. This report does not purport to contain all of the information that may be required to evaluate all of the factors which would be relevant.

This report has been prepared for use by the City and its stakeholders. The report has been structured to provide the City and other stakeholders with research, conclusions and recommendations, and forecasts to provide the City with information to strategically plan for potential new development. Stone Planning LLC does not expect to, and assumes no obligation to update or otherwise revise this report or any information contained herein.

We very much appreciate the assistance and cooperation that has been provided in the completion of this report, and have enjoyed working with you. Should you need anything else, please let us know.

Sincerely,


Stone Planning LLC

An aerial photograph of a large, modern stadium or arena, partially obscured by a dense forest. The stadium has a distinctive circular design with a central field area. The surrounding area is filled with trees, and some buildings are visible in the distance.

DRAFT

TABLE OF CONTENTS

| | |
|---|-----------|
| Executive Summary | 4 |
| The Local Market | 9 |
| The Facilities and Events Industry | 22 |
| Conclusions and Recommendations | 37 |
| Operating Projections | 41 |



City of
St. Joseph
Missouri

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Stone Planning LLC was engaged to complete a feasibility study for a new amphitheater at Krug Park in St. Joseph. Stone Planning is a consulting firm that specializes in the planning and operations of entertainment, sports, and other public-assembly venues and events. The Rooney Sports and Entertainment Group, which has experience in the planning, development, and operations of amphitheaters and their events, also informed the study. In general, this independent analysis is aimed at understanding the opportunities for a potential new facility in St. Joseph, given the local market, the competitive environment, and other factors.

In preparing this analysis, we completed the following major tasks:

- Analyzed the local market and its characteristics, such as population, as well as Krug Park and past analyses of amphitheater opportunities and infrastructure in and around the park.
- Obtained feedback from a wide range of local and industry stakeholders, including the primary concert promoters who are active in the local and regional market.
- Analyzed the live entertainment industry and the competitive environment for similar facilities in the region.
- Analyzed the characteristics and operations of comparable facilities in other markets.
- Provided conclusions regarding the market analyses and recommendations regarding new amphitheater opportunities.
- Forecasted future operations of the recommended facility.

This executive summary provides an overview of the analyses that appear in the full report.

The Local Market

- The City of St. Joseph is the largest city in the St. Joseph Metropolitan Statistical Area in northwestern Missouri. The four-county MSA is immediately north of the Kansas City metro area and has approximately 125,000 residents. St. Joseph, the metro area's largest city, has approximately 75,000 residents.
- The city and metro area's population has remained relatively unchanged in the last decade, compared to approximately 6% population growth nationwide (which is similar to the population increase in the Kansas City metro area, which currently has more than 2.1 million residents).
- Local income levels are relatively low, as the city and metro area's median household incomes are 73% and 80%, respectively, of the national median of \$65,200. However, this is partially offset by a low cost of living.
- The overall age composition of the local market is fairly similar to that of the US as a whole; the national median age is 37.4, and is 36.8 in the city and 38.9 in the metro area.
- Unemployment rates in the metro area have consistently been lower than national rates, including throughout 2020 when national unemployment increased significantly due to COVID-

19. From 2015 through 2019, the metro area’s annual unemployment rate ranged from approximately 3% to 4.5%, which averaged nearly one percentage point below the national rate. In 2020, when the national rate increased to an estimated 8.1%, the estimated local rate increased to only 4.7%.

- Recent studies and surveys have shown that city residents desire additional entertainment options and that these options can influence decisions on continuing to live in St. Joseph. Improving Krug Park also received strong support from city residents, and this is also a goal of the city’s long-term plan.
- The 163-acre Krug Park currently has a natural amphitheater with a stage and limited permanent seating, as well as lawn seating, but very little infrastructure (such as power, storage, restrooms, technology, and others) that could serve large-scale events. In addition, existing local roads are not considered sufficient to accommodate significant event-related traffic, and the park has no parking for large crowds. However, previous analyses have shown a physical capacity of the park itself to accommodate a modern amphitheater and needed amenities for as many as 40,000+ attendees (without consideration of off-site infrastructure such as roads and parking), while other analyses have identified road and parking improvements that could serve a large amphitheater.

The Live Entertainment Industry and Competitive Environment

- Aside from essentially shutting down entirely for most of 2020 due to COVID, the concert industry has continued to grow, particularly as live shows have become more and more important to performers and their income. In recent years, even as ticket prices have increased significantly, demand (ticket sales) has also increased.
- Of the 200 largest tours in North America, approximately one-third sell fewer than 5,000 tickets per show, and an additional 22% sell between 5,000 and 7,500 tickets. As attendance increases, these shows generally represent a smaller share of the market (for example, only 8% of all shows sell 15,000 tickets or more per show).
- While St. Joseph is not far from Kansas City (particularly its northern side), it can be difficult to attract Kansas City residents to come to St. Joseph.
- The Kansas City market generally captures all touring concerts that want to perform in the market, which could make competing with a Kansas City venue difficult. Kansas City’s primary amphitheaters are the 8,000-capacity Starlight Theatre and the 18,000-seat Azura Amphitheater, but the 3,000-capacity CrossroadsKC venue also hosts a large number of shows.
- Starlight, which also hosts an outdoor Broadway series, generally has 20 or more touring concerts per season (that are exclusively promoted by Live Nation), with an average attendance of approximately 5,000. Azura Amphitheater hosts a similar level of shows, with an average attendance of approximately 6,600. Despite their capacities, since 1999, nearly half of their concerts have sold fewer than 6,000 tickets, although 25% sold 10,000 or more. CrossroadsKC typically hosts 30 or more shows per year that, on average, nearly sell out the 3,000-capacity venue.
- Local performance groups, such as the St. Joseph Symphony, have indicated interest in using a new facility that can meet its needs.

Conclusions and Recommendations

- We have analyzed the characteristics and performance of other amphitheaters across the country, including three of various sizes that share similar characteristics with St. Joseph/Kansas City. These facilities have generated both operating profits and deficits in recent years, although this does not necessarily consider certain revenues (such as facility fees) that are sometimes captured directly by a facility owner.
- The St. Joseph event market (which includes the Kansas City metro area for event touring and advertising purposes) is competitive for both amphitheaters and other outdoor venues. These venues are generally in the immediate Kansas City area, which provides KC residents with exposure to the full range of touring entertainment events.
- Krug Park in St. Joseph is an excellent setting for an amphitheater, although access to the park from 229 is difficult and there is no parking for large events.
- We do not believe that there is a strong opportunity for a heavily commercial amphitheater that hosts a significant number of national touring concerts in St. Joseph. However, a facility can be oriented more towards locally-based events and supplemented with any touring shows that are attracted.
- Based on these factors, we make the following recommendations regarding a new amphitheater in Krug Park:
 - Roadway and parking limitations should be addressed prior to facility opening (either through improved physical infrastructure and/or a plan to successfully mitigate the limitations).
 - A smaller, boutique amphitheater with a capacity of approximately 4,000 (which could represent a first phase of development) is recommended. Seating areas should include a flat, general-admission area, permanent seating, and potentially lawn seating, with a structure that covers the GA and permanent seats.
 - All elements of a modern amphitheater, such as technology, storage, permanent restrooms and concessions, loading docks, back-of-house space, and others, should be provided.
 - We assume that the Krug Trust will allow alcohol sales in the venue.
 - The facility should be operated on behalf of the city by a private management firm that specializes in public-assembly venues such as amphitheaters.
 - Continued local access to the park, which can be accomplished in multiple ways, should be ensured.

Future Operating Projections

- Based on the recommended facility, we have estimated the potential future usage and operations of the amphitheater for its first ten years. This includes the following:
 - Events – a total of 46 to 65 events per year. Assumed usage includes a limited number of touring concerts (6 to 10 per year), other ticketed entertainment such as locally-based performances (10 to 15 per year), 25 to 30 community events, and 5 to 10 private/social

- events.
- Attendance – total attendance ranging from approximately 69,000 to 95,000 per year.
 - Based on assumptions of events and attendance, as well as other components of operations, the following table summarizes the estimated operating revenues and expenses for the first ten years.

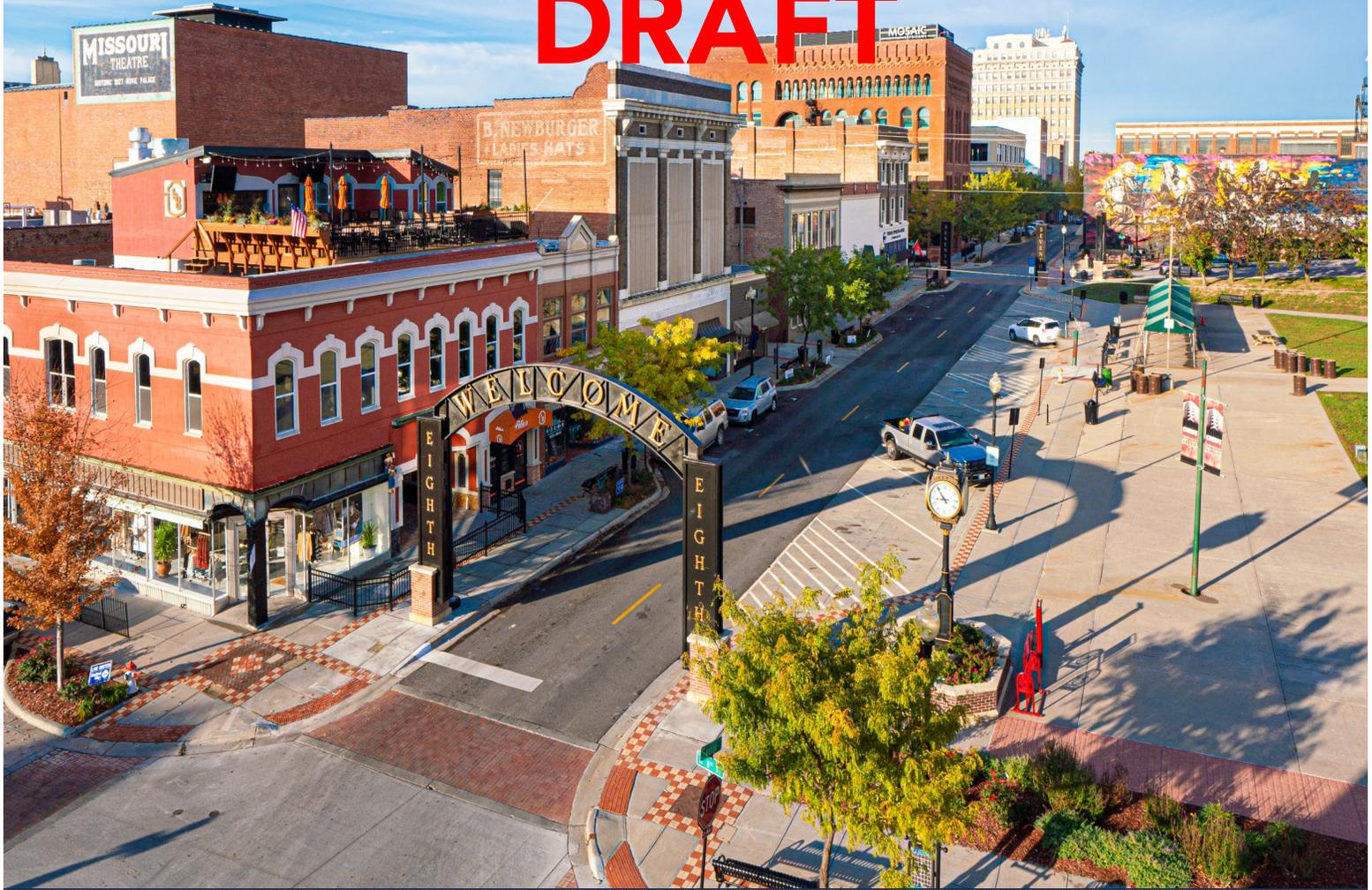
Figure 1. Projected Operating Revenues and Expenses (\$000s)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------------|----------------|----------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Event Revenues | | | | | | | | | | |
| Rent | \$138 | \$141 | \$182 | \$185 | \$228 | \$233 | \$237 | \$242 | \$247 | \$252 |
| Promoter Rebate | (75) | (77) | (104) | (106) | (135) | (138) | (141) | (144) | (146) | (149) |
| Net Service Revenue | (24) | (24) | (33) | (34) | (43) | (44) | (45) | (46) | (47) | (48) |
| Facility Fees | 135 | 135 | 172 | 172 | 215 | 215 | 215 | 215 | 215 | 215 |
| Convenience Fees | 121 | 123 | 162 | 166 | 211 | 215 | 220 | 224 | 228 | 233 |
| Parking | 53 | 54 | 71 | 72 | 92 | 94 | 96 | 98 | 100 | 102 |
| Net F&B | 154 | 157 | 211 | 215 | 269 | 275 | 280 | 286 | 291 | 297 |
| Net Merchandise | 9 | 9 | 12 | 12 | 15 | 16 | 16 | 16 | 17 | 17 |
| Non-Event Revenues | | | | | | | | | | |
| Premium Seating | \$10 | \$10 | \$12 | \$12 | \$15 | \$15 | \$15 | \$16 | \$16 | \$16 |
| Naming Rights | 90 | 92 | 94 | 96 | 97 | 99 | 101 | 103 | 105 | 108 |
| Other Advertising/Sponsorships | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 |
| Total Operating Revenues | \$655 | \$665 | \$825 | \$838 | \$1,013 | \$1,029 | \$1,046 | \$1,062 | \$1,079 | \$1,096 |
| Indirect Expenses | | | | | | | | | | |
| Salaries and Benefits | \$531 | \$542 | \$553 | \$564 | \$575 | \$587 | \$598 | \$610 | \$622 | \$635 |
| Utilities | 34 | 35 | 43 | 44 | 51 | 52 | 53 | 55 | 56 | 57 |
| Repairs and Maintenance | 7 | 7 | 9 | 9 | 10 | 10 | 11 | 11 | 11 | 11 |
| G&A | 100 | 102 | 104 | 106 | 108 | 110 | 113 | 115 | 117 | 120 |
| Insurance | 17 | 18 | 21 | 22 | 26 | 26 | 27 | 27 | 28 | 28 |
| Management Fee | 75 | 77 | 78 | 80 | 81 | 83 | 84 | 86 | 88 | 90 |
| Total Operating Expenses | \$765 | \$780 | \$807 | \$823 | \$852 | \$869 | \$886 | \$904 | \$922 | \$941 |
| Net Operating Income (Loss) | (\$110) | (\$115) | \$18 | \$15 | \$162 | \$160 | \$159 | \$158 | \$157 | \$156 |

Source: Stone Planning

Based on the assumed operating revenues and expenses, the facility is estimated to generate operating deficits of \$110,000 and \$115,000 in its first two years, followed by two years of small operating profits as usage increases. Beginning in the facility's fifth year, net operating income is estimated to be approximately \$160,000 per year.

DRAFT



City of
St. Joseph
Missouri

THE LOCAL MARKET



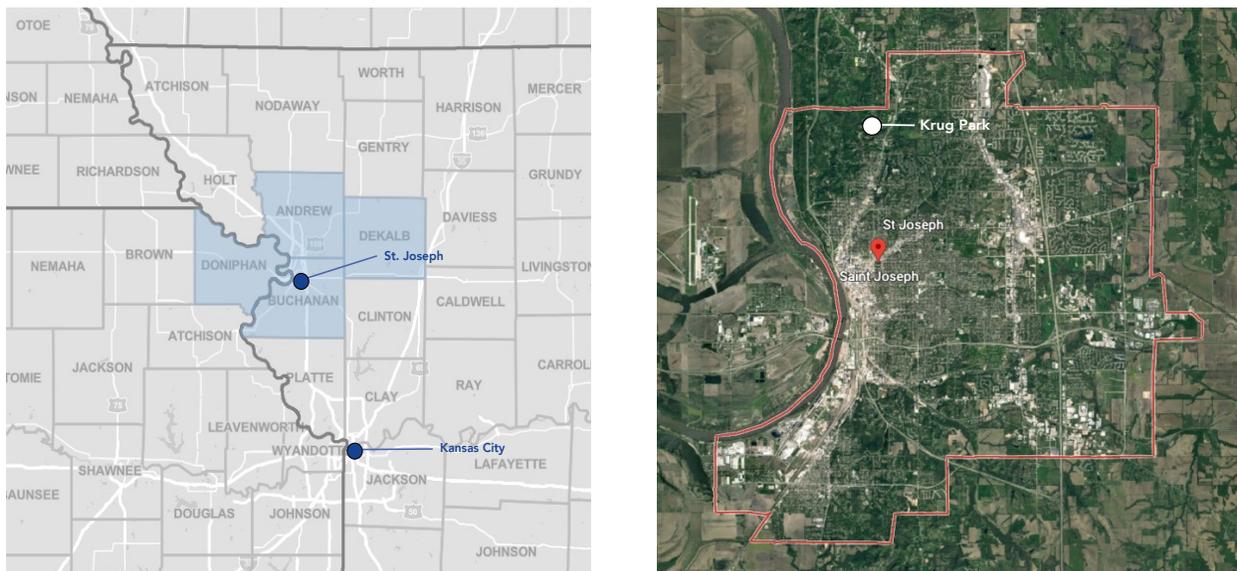
This section addresses relevant characteristics of the local market, such as the population base that a new amphitheater could draw from. All data (with the exception of estimates of unemployment rates) predates COVID.

THE LOCAL MARKET

The map to the left below shows the location of St. Joseph, in northwestern Missouri, in relation to its metropolitan statistical area (the St. Joseph MSA, which consists of Buchanan, Andrew, and DeKalb counties in Missouri and Doniphan County in Kansas). The four-county metro area is shown in blue. To the south of St. Joseph, also along the Missouri River that forms the Missouri/Kansas border, is Kansas City. Downtown Kansas City is approximately 55 miles from St. Joseph, although the northern edge of the city limits is approximately 30 miles south of St. Joseph. (The 14-county Kansas City metro area, which includes Platte and Clinton counties, is immediately south of the St. Joseph metro area.)

The map to the right shows St. Joseph’s city limits and the location of Krug Park, in the northwestern part of the city. As described later in this section, the park is the assumed location of a new facility.

Figure 2. Map of St. Joseph and the Region



The remainder of this section summarizes various characteristics of the local and regional market that could impact the potential success of a new amphitheater in the city.

Population

The following table lists the population of the City of St. Joseph, the St. Joseph metro area, and the adjacent Kansas City metro area; population changes for the entire US are also shown to provide context to local changes.

Table 1. Historical Population

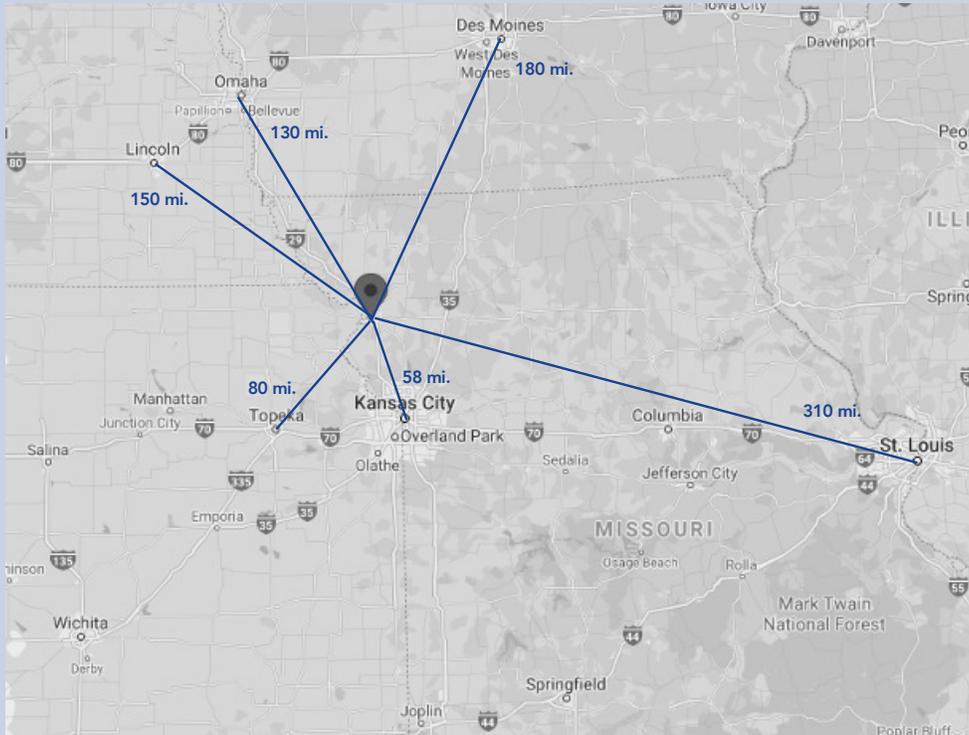
| | St. Joseph | | St. Joseph Metro Area | | KC Metro Area | | US | |
|-----------------------------|-------------------|-------------|-----------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Population (000s) | % Change | Population (000s) | % Change | Population (000s) | % Change | Population (000s) | % Change |
| 2010 | 75.9 | -- | 126.0 | -- | 1,999.7 | -- | 309,321.7 | -- |
| 2011 | 76.4 | 0.7% | 126.7 | 0.5% | 2,018.7 | 0.9% | 311,556.9 | 0.7% |
| 2012 | 76.7 | 0.4% | 127.2 | 0.4% | 2,035.2 | 0.8% | 313,831.0 | 0.7% |
| 2013 | 77.0 | 0.3% | 127.5 | 0.3% | 2,025.3 | -0.5% | 315,993.7 | 0.7% |
| 2014 | 77.0 | 0.1% | 127.6 | 0.1% | 2,040.9 | 0.8% | 318,301.0 | 0.7% |
| 2015 | 77.0 | 0.0% | 127.5 | -0.1% | 2,055.7 | 0.7% | 320,635.2 | 0.7% |
| 2016 | 76.9 | -0.2% | 127.3 | -0.2% | 2,070.1 | 0.7% | 322,941.3 | 0.7% |
| 2017 | 76.8 | -0.1% | 127.1 | -0.1% | 2,088.8 | 0.9% | 324,985.5 | 0.6% |
| 2018 | 76.5 | -0.5% | 126.8 | -0.3% | 2,106.6 | 0.9% | 326,687.5 | 0.5% |
| 2019 | 75.9 | -0.7% | 126.2 | -0.5% | 2,124.5 | 0.8% | 328,239.5 | 0.5% |
| % Change - 2010-2019 | | 0.0% | | 0.1% | | 6.2% | | 6.1% |

Source: US Census Bureau, Stone Planning

The city’s population has remained relatively constant since 2010, at approximately 76,000 residents. The St. Joseph metro area has also not experienced population growth, with the number of residents remaining at approximately 126,000 (St. Joseph’s county, Buchanan County, is the metro area’s largest and has 70% of its population).

The Kansas City metro area has grown by more than 6% since 2010, to more than 2.1 million residents. Platte County and Clinton County – the two counties in the Kansas City metro area that border Buchanan County – have a total of approximately 125,000 residents. The Kansas City metro area has grown at a similar rate as the rest of the country in the last decade.

The following map shows the driving distance from Krug Park to the approximate center of Kansas City and other regional cities.

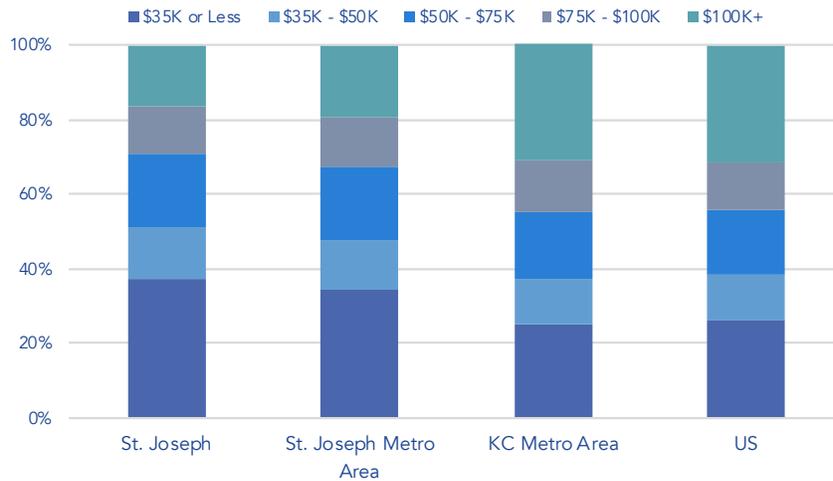


The park is approximately a 55-mile drive from downtown Kansas City (and approximately 30 miles from the northern edge of the city). To the north, the park is approximately 150 miles from Lincoln, 130 miles from Omaha, and 180 miles from Des Moines. St. Louis is approximately 310 miles from the park.

Income

Local income levels are generally lower than in Kansas City and nationwide. In the City of St. Joseph and the metro area, approximately 50% of residents have incomes of \$50,000 or less, compared to less than 40% across the US. As a result, there is a lower share of local residents with incomes of \$75,000 or more (49% and 53% in the city and metro area, respectively, compared to 62% nationwide). Household incomes in the Kansas City metro area are similar to those of the US overall. Within the St. Joseph metro area, incomes are highest in Andrew County, although Andrew is much smaller than Buchanan County but is close to Krug Park.

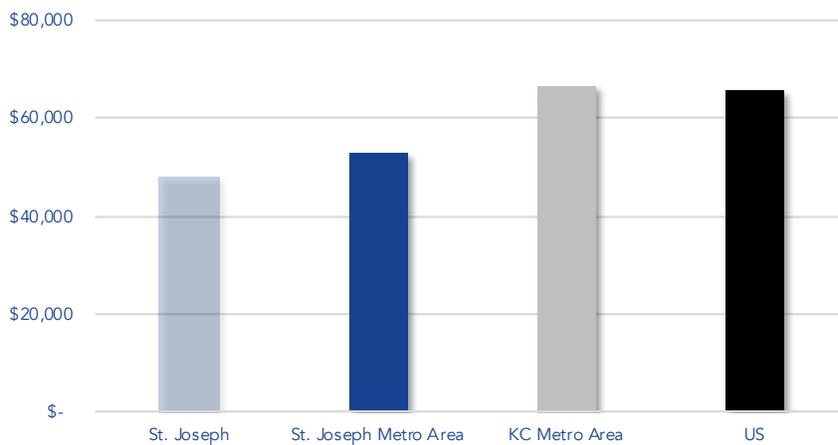
Figure 3. Distribution of Household Income



Source: US Census Bureau

As a result of the distribution of household incomes, the median household income in both the City of St. Joseph and the metro area are relatively low (\$48,200 in the city and \$52,800 in the metro area). The national median household income is \$65,200, which is approximately 36% greater than the city's and 25% greater than the metro area's. Within the metro area, Andrew County has the highest median household income (\$58,800).

Figure 4. Median Household Income



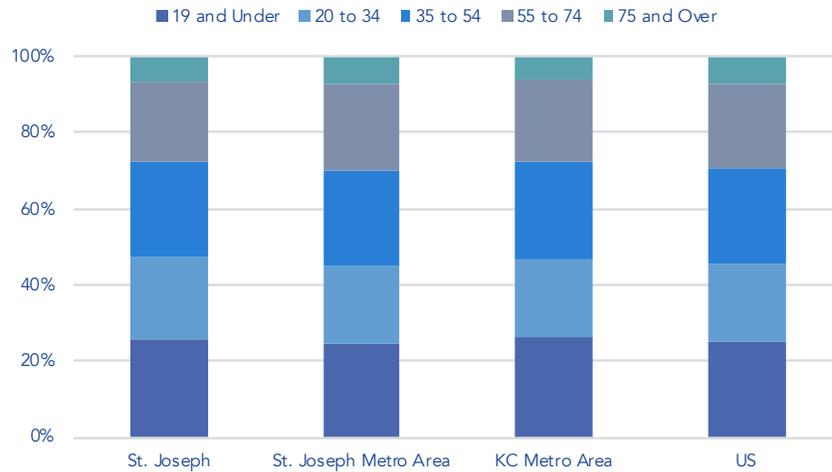
Source: US Census Bureau

However, local income levels are partially offset by a relatively low cost of living. According to the Missouri Economic Research and Information Center, the statewide cost of living is approximately 89, compared to a national index of 100. While data for St. Joseph is not available, other participating Missouri cities are also lower than the national index, including Joplin (81.2), Springfield (88.6), Jefferson City (89.2), and Columbia (92.4). The state's two largest cities also have a relatively low cost of living: Kansas City (95.2) and St. Louis (88).

Age

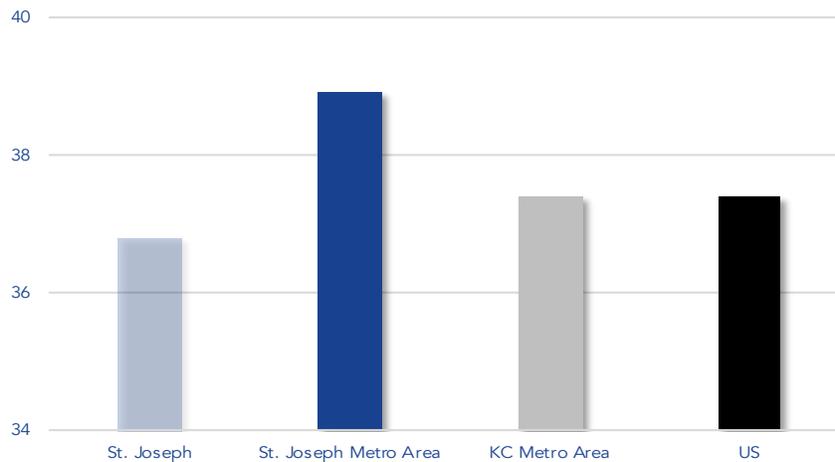
Overall, the age composition of the local area is similar to that of the US as a whole. The city has a slightly higher share of residents under 35 compared to the US overall and therefore has a relatively low median age (36.8 compared to the national median of 37.4). The metro area, however, has an older population, as Andrew, DeKalb, and Doniphan counties all have a median age of 40 or older.

Figure 5. Age Distribution



Source: US Census Bureau

Figure 6. Median Age



Source: US Census Bureau

Employment

The following table summarizes employment by industry for the local geographic areas compared to the country overall. The percentages indicate an industry's local share of employment compared to the national average; for example, in the City of St. Joseph, construction is 87% of the share of local employment as it is in the typical US market. The most overrepresented industry locally is manufacturing,

while professional and other similar services are the most underrepresented (aside from agriculture at the city level). In Kansas City, industries such as information, finance and insurance, and professional services have a strong presence.

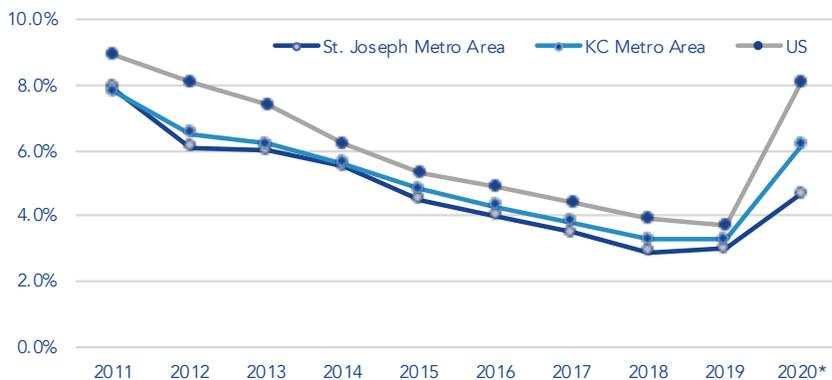
Table 2. Employment by Industry

| | St. Joseph | St. Joseph Metro Area | KC Metro Area | US |
|--|------------|-----------------------|---------------|--------|
| Agriculture, forestry, fishing and hunting, and mining | 35.3% | 123.5% | 41.2% | 100.0% |
| Construction | 87.1% | 92.9% | 94.3% | 100.0% |
| Manufacturing | 198.0% | 184.8% | 93.9% | 100.0% |
| Wholesale trade | 72.0% | 88.0% | 120.0% | 100.0% |
| Retail trade | 100.9% | 98.1% | 101.9% | 100.0% |
| Transportation and warehousing, and utilities | 100.0% | 107.1% | 105.4% | 100.0% |
| Information | 89.5% | 73.7% | 121.1% | 100.0% |
| Finance and insurance, and real estate and rental and leasing | 81.5% | 80.0% | 126.2% | 100.0% |
| Professional, scientific, and management, and administrative and waste management services | 62.7% | 57.6% | 112.7% | 100.0% |
| Educational services, and health care and social assistance | 100.4% | 103.4% | 94.8% | 100.0% |
| Arts, entertainment, and recreation, and accommodation and food services | 100.0% | 82.5% | 87.6% | 100.0% |
| Other services, except public administration | 81.3% | 85.4% | 95.8% | 100.0% |
| Public administration | 91.1% | 100.0% | 97.8% | 100.0% |

Source: US Census Bureau

Local unemployment rates have historically outperformed national rates. In the metro area, rates have typically been approximately one percentage point lower than the US rate (with similar results in Kansas City). In 2020, which was significantly affected by COVID, the metro area’s unemployment rate of 4.7% was much lower than that of Kansas City (6.2%) and the country (8.1%), based on preliminary results for the year.

Figure 7. Unemployment Rates



*Preliminary

Source: US Bureau of Labor Statistics

Other Local Market Information

The following information summarizes other local information that may be relevant to a potential new amphitheater.

- St. Joseph has a history of hosting special events. In addition to events at the Civic Arena and Missouri Theater, the city hosts the Kansas City Chiefs' training camp at Missouri Western and has hosted national softball championship tournaments, Olympic weightlifting trials, and other similar events.
- St. Joseph Community Survey – since 2010, the city has commissioned a survey of its residents. The most recent survey included the following questions and answers:
 - The survey asked if residents' needs in various areas are being met in St. Joseph. In terms of entertainment, 50% said yes, which was the third-lowest response of all options, ahead of only infrastructure and the quality of public education.
 - Another question asked respondents to identify the top three things that will impact their decision to stay in St. Joseph for the next 10 years. Of all options, "entertainment and social opportunities" was selected by 6% of respondents, which is in the middle of the pack of options (others were selected by 0% to 44% of respondents).
 - The survey also asked about residents' willingness to support the development of key amenities. Krug Park received the second-highest support (52% said they are "most willing" or "willing"), which trailed only existing park maintenance (78%).
- Imagine St. Joseph 2040 – one goal of this initiative (which has a focus to "invest in people, create a better place, and grow prosperity") is to improve Krug Park. As one of the components that will "create a better place," the city's entertainment venues such as Krug Park would be "refreshed and reinvented to support St. Joseph's existing arts and entertainment, and a new generation of entertainment venues are created, expanding arts and cultural amenities enjoyed by residents and visitors alike."
- According to the St. Joseph Convention & Visitors Bureau (as of 2020), the city has 11 hotels, four bed and breakfasts, and five camping/RV parks. The 11 hotels have a total of approximately 950 rooms (with individual properties offering approximately 50 to 130 rooms), and the four B&Bs have 17 rooms. Most of the hotels are located by the 29 exit at Frederick Avenue and Missouri Western, and others are near the Shoppes at North Village.

KRUG PARK AND THE POTENTIAL AMPHITHEATER

Krug Park was gifted to the city in 1890 with an original donation of 10 acres from Henry Krug Sr.; through 1920, additional land provided by the Krug family increased the park to its current size of 163 acres. The park officially opened in 1902 as the city's first official park. Inspired by the 1922 opening of the Hollywood Bowl in Los Angeles, the city built the original Krug Park Amphitheater with a capacity of more than 30,000. It was then used by occasional large-scale events but has remained largely unused in recent years.

While the park is owned by the city, the Krug Trust serves to ensure that the city's obligation to maintain the park is met. While a condition of the donation of the parkland was a ban on alcohol in the park, the Trust can lift this clause.

The following image shows the park's main features that could serve a new amphitheater.

Figure 8. Krug Park



Towards the center of the image is the amphitheater, which currently has a stage, approximately 1,200 fixed seats, and lawn seating. Immediately behind the stage is a rose garden and lagoon. In the bottom right is a smaller amphitheater space with a colonnade that is approximately 45,000 square feet. In the upper left is open space that could potentially be used for public events.

In recent years, the architecture firm Populous has been engaged to analyze physical opportunities for development of a new amphitheater in the park (not including any needed infrastructure within the park or in the surrounding area). In general, plans that have been developed indicate the ability to accommodate the following on the footprint of the current amphitheater and its immediate surrounding area:

- A maximum capacity of more than 20,000, with a combination of seating types and locations. Exact capacities would depend on the specific mix of the various seating types and the land area used.
- Truck/bus loading backstage and a marshaling area behind the lawn.
- Backstage areas for artists.
- A grand entry area towards the bottom of the park, with a walkway along the lagoon that leads to a ticket gate.

- Permanent restrooms and concessions.
- Various types of premium and group seating areas.
- Video screens for lawn attendees.

The following graphic shows these components.

Figure 9. Potential Krug Park Amphitheater Improvements

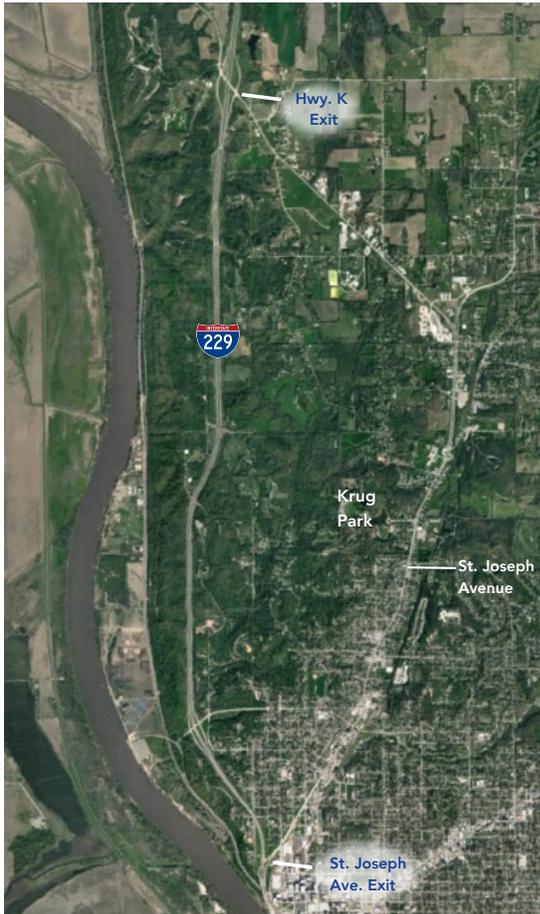


Krug Park Access and Parking

The park is located east of I-229 and immediately west of St. Joseph Avenue (which is the only street that directly serves the park). In general, local roads are not considered sufficient to accommodate large numbers of cars arriving at Krug Park. From the south on 229, drivers can exit at St. Joseph Avenue or Highland Avenue (both approximately two miles from the park) and arrive via St. Joseph and/or other local roads, or arrive from the north from 229's K Highway exit (approximately 4.5 miles from the park).

The map below shows the location of Krug Park in relation to 229 and St. Joseph Avenue.

Figure 10. Krug Park Access



Previous analyses have identified the need for a new 229 interchange closer to the park and building a new road (Cook Road).

In 2017, a transportation and traffic management plan for a new amphitheater was completed, with the goal of identifying ways to accommodate venue attendees (assuming a maximum event capacity of 15,000 people, or 5,000 cars). Its findings included the following:

- Krug Park’s limited existing parking is not sufficient to accommodate all event attendees. The following off-site areas were identified for parking, most of which are not controlled by the city or trust. (Most of these spaces were identified as free parking in the study.)
 - ADA parking – 241 spaces south of Krug Park Place.
 - VIP parking – 546 spaces east of St. Joseph Avenue, in a city-owned lot.
 - Camping lots – multiple lots near 229 and Cook Road, northwest of the park and connected via trails.
 - North lots – approximately 1,200 spaces on grass, primarily for cars driving from Nebraska. One of these lots is city-owned. Users of the North lots can access the park by walking or shuttle. Approximately 3,100 overflow spaces on grass have been identified.

- East lots – approximately 3,100 spaces serving cars coming from the east and south, plus additional overflow parking.
- West lots – approximately 1,600 paved and grass spaces for drivers from the east and south, with additional overflow parking.
- South lots – approximately 500 grass spaces for drivers from the south, plus additional overflow spaces.
- Downtown – downtown St. Joseph has approximately 4,700 spaces that are free at night and on weekends and holidays. According to the study, “if downtown events occur simultaneously with Krug Park events, then Krug Park event drivers will be directed to use other lots.” Shuttles would bring downtown parkers to the venue.

For any potential shuttle service to the park, the study identified distances from the parking lots ranging from 0.5 miles to nearly five miles, and five minutes to 15 minutes. Estimated wait times to board a shuttle ranged from 8 minutes to 28 minutes.

- Identified transportation-related infrastructure improvements included the following:
 - Upgrading the road connecting Green Street to the back of the park for trucks.
 - Upgrading the sidewalk and ramp that connects to the parking lot south of the roundabout.

STAKEHOLDER FEEDBACK

We met with and interviewed a wide range of local and industry stakeholders, including many current and past concert promoters and facility operators in the market, and their feedback is summarized below.

The Local Market

- It can be difficult to get people from Kansas City to St. Joseph, unless it is for something that isn’t available in Kansas City.
- St. Joseph is an easy drive from Kansas City.
- Funding for any road improvements is not expected to be available in the near future.

The Competitive Environment and a Potential Amphitheater

- People are used to driving longer distances for things such as entertainment in the region (and the Civic Arena draws Kansas City residents for events that are not offered in Kansas City).
- Should a new amphitheater be built in Krug Park, the public needs to continue to have park access.
- Local/community uses of an amphitheater can include the symphony, performing arts, high school graduations, and others.
- The St. Joseph Symphony could perform at a new amphitheater. It currently only performs indoors (at the Missouri Theater and local churches) but is interested in adding outdoor shows, to diversify its programming and audience. The symphony would require a covered stage and/or

shell to protect instruments from weather, as well as other infrastructure that a typical modern amphitheater would provide. A new facility could also allow the symphony to collaborate with the Performing Arts Association, which has not been viable financially at the Missouri Theater because of its low capacity.

- The Robidoux Resident Theatre’s performances are typically held indoors (at the Missouri Theater and the smaller Ruby Theater) but could potentially use an outdoor venue; one of its annual productions is currently in July. For its indoor productions, the Theatre rents a venue for three weeks prior to the beginning of performances, for rehearsal and production.
- To attract touring shows, the venue might have to be aggressive and take/share financial risk with a promoter.
- Kansas City venues generally capture all concerts that want to be in the market, so it might be difficult for St. Joseph to attract shows.
- Direct competition with Kansas City-area amphitheaters is not advised, as the market is likely not large enough to sustain multiple venues of the same size.
- The largest independent promoter in the area was not particularly interested in the opportunity to bring shows to St. Joseph, and thought that an improved arena would provide better opportunities. However, the promoter raised the possibility of a small amphitheater (approximately 4,000 seats) attracting events that can be too small for Kansas City venues.
- However, a smaller amphitheater would likely have difficulty capturing residents from Kansas City. A small venue would still face some competition from Starlight and Azura Amphitheater, as many of their shows have drawn less than 4,000 attendees in recent years (as shown in the following section).
- Krug Park could be a festival site but would require on-site and off-site infrastructure that does not currently exist.

DRAFT



City of
St. Joseph
Missouri

THE FACILITIES AND EVENTS INDUSTRY



This section summarizes various dynamics of the amphitheater, entertainment, and events industries that are relevant to a potential new amphitheater in St. Joseph.

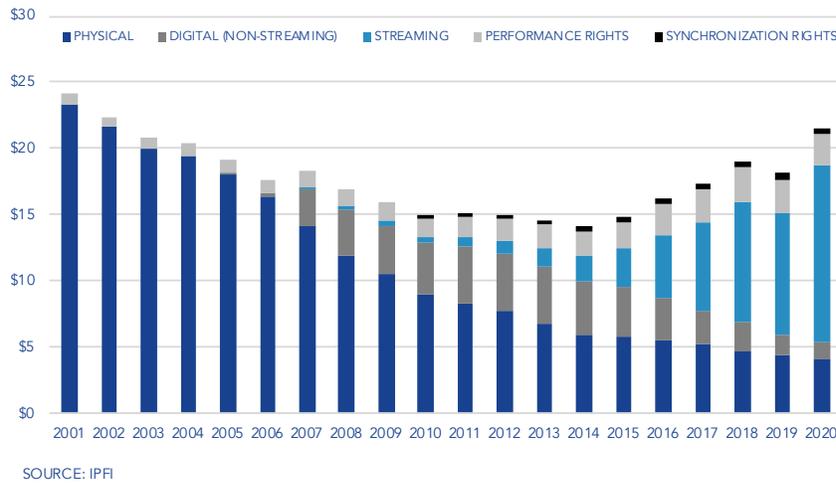
INDUSTRY OVERVIEW

In addition to any local usage, touring events such as concerts, comedy, and other entertainment provide the content for facilities such as outdoor amphitheaters. In addition to COVID-19, which effectively shut the entertainment industry down beginning in March 2020, other environmental factors have influenced the usage of, and demand for, amphitheaters and other entertainment facilities. (In general, regarding COVID, we assume that should a new amphitheater be built, any limitations due to COVID will no longer be in effect, and it is generally thought that the entertainment industry will experience a period of strong demand once people are able to attend events at a large scale again.)

Amphitheaters have benefitted from recent technological changes within the music industry that have significantly affected how people consume music. Specifically, the introduction of iTunes in 2003 and more recently, streaming music services, have greatly affected professional musicians. In general, spending on physical album sales (and more recently, digital sales) has decreased; this used to represent the bulk of a professional touring artist's income. As the consumption of recorded music has shifted from CDs to digital sales to streaming, each technology has been less profitable to most artists. With this revenue stream decreasing, many artists have been touring more than ever, to the benefit of venues. While music consumption overall is growing, it is shifting from physical and digital song/album sales to streaming as well as live performances. According to one analysis of the top tours, the annual number of shows has increased from a low of approximately 6,000 in 2000 to 8,000 to 10,000 per year since then (not including 2020).

In the last two decades, the sale of physical and digital music – both full albums and individual tracks – continued their decline, with streaming services gaining in popularity. Again, to replace the formerly lucrative source of revenue from CD sales, artists are touring more and more. (According to Billboard, from 1990 through 2000, the highest-selling album in the U.S. generally sold between five and ten million copies; from 2005 on, it rarely exceeded five million.) And while streaming has brought total revenues close to historical levels, streaming revenues are highly concentrated among a small number of elite artists.

Figure 11. Global Recorded Music Industry Revenues (Billions of US\$)



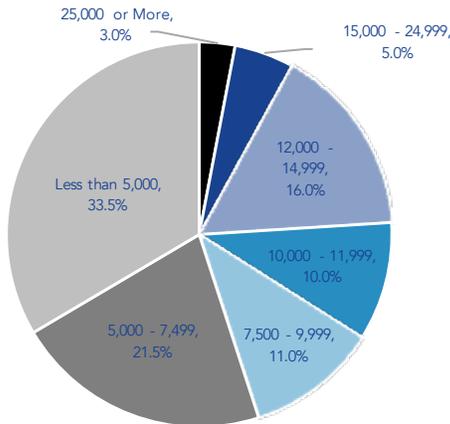
The following table focuses on demand for, and revenues from, live performances. From 2015 to 2019 (which is the last full year of touring activity because of COVID), gross ticket sales for the top 100 North American tours increased by 35%, per-show gross ticket sales increased by 39%, and average ticket prices increased by 28%. In addition, the number of tickets sold increased by 8%.

Figure 12. Characteristics of Top 100 North American Tours, 2015 and 2019



The following chart shows the distribution of average per-show attendance for 2019's top 200 tours in North America.

Figure 13. Top 200 Grossing Tours by Average Attendance, 2019



Source: Pollstar, Stone Planning

Approximately one-third of the tours sold an average of fewer than 5,000 tickets per show; these were typically held in venue such as theaters, clubs, and smaller amphitheaters and arenas. Another 22% averaged between 5,000 and 7,499 per show; as a result, more than half (55%) of the tours that are among the 200 highest-grossing tours did not sell more than 7,500 tickets per show. In addition, the tours that are outside of the top 200 also provide event opportunities to smaller venues.

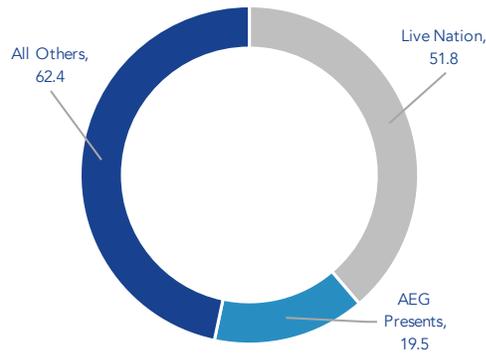
For larger facilities, approximately 25% of shows averaged 10,000 to 15,000 people per show, and 5% averaged 15,000 to 25,000. The largest shows (25,000 or more) are generally held in football and baseball stadiums and comprised just 3% of the top 200 tours.

Examples of artists in the various size ranges in 2019 include:

- Less than 5,000: Old Dominion, Van Morrison, Chris Tomlin, and Chicago.
- 5,000 to 10,000: Def Leopard, Kelly Clarkson, Lionel Richie, and Disturbed.
- 10,000 to 15,000: Elton John, Eric Church, Florida Georgia Line, and Jimmy Buffett.
- 15,000 to 25,000: Paul McCartney, Dead & Co., Metallica, and Luke Bryan.
- More than 25,000: Garth Brooks, the Rolling Stones, Billy Joel, and George Strait.

The following chart shows the share of tickets sold by concert promoters in 2019. Live Nation sells the most tickets by a wide margin (more than 50 million), followed by AEG Presents (approximately 20 million). All others combined sold approximately 62 million tickets.

Figure 14. Largest Worldwide Promoters by Ticket Sales (Millions), 2019



Source: Pollstar, Stone Planning

LOCAL AND REGIONAL FACILITIES

The following table summarizes the outdoor facilities in the region that could potentially be competitive or relevant to a new amphitheater (depending on its eventual size and other characteristics), followed by a more detailed description of the facilities. This section does not include indoor facilities that could have a similar capacity as a new amphitheater, such as arenas and theaters in the Kansas City-area market. We also do not consider other amphitheaters in the region that are primarily used for local events rather than touring entertainment; these facilities include Legacy Park Amphitheater in Lee’s Summit (3,000 capacity), the Kearney Amphitheater (5,000), and the Grandview Amphitheater (8,000).

Table 3. Relevant Local and Regional Outdoor Facilities

| | Location | Approx. Max. Concert Capacity | Driving Distance from Krug Park (Miles) | Owner | Operator/Promoter |
|---------------------------------------|--------------------|-------------------------------|---|---|---|
| Amphitheaters | | | | | |
| Starlight Theatre | Kansas City, MO | 8,000 | 65 | City of Kansas City | Starlight Theatre Assoc., Live Nation (exclusive for concerts/comedy) |
| Azura Amphitheater | Bonner Springs, KS | 18,000 | 57 | Unified Govt. of Wyandotte County | New West Presentations |
| CrossroadsKC | Kansas City, MO | 3,000 | 57 | Private | Pipeline Productions |
| Berkeley Riverfront Park Amphitheater | Kansas City, MO | 6,000 | 57 | Port KC | Unknown |
| Stadiums | | | | | |
| Kauffman Stadium | Kansas City, MO | 40,000 | 65 | Jackson County Sports Complex Authority | Kansas City Royals |
| Arrowhead Stadium | Kansas City, MO | 76,400 | 65 | Jackson County Sports Complex Authority | Kansas City Chiefs |
| Children’s Mercy Park | Kansas City, KS | 28,000 | 54 | Kansas Unified Development, LLC | Sporting Kansas City |

Source: Individual facilities, Stone Planning

Starlight Theatre

The Starlight Theatre complex is part of the 1,800-acre Swope Park in Kansas City (approximately 8 miles south of downtown), which also includes the Kansas City Zoo. The 16-acre theatre campus includes the 8,000-seat amphitheater as well as a 460-seat indoor theater and rehearsal spaces. In addition to concerts, the amphitheater also hosts an outdoor Broadway series.

Figure 15. Starlight Theatre



The facility is owned by the City of Kansas City and operated by the non-profit Starlight Theatre Association, and Live Nation is the exclusive promoter of non-Broadway events. The association leases the theatre from the city for \$1 per year, on renewable five-year terms, and is responsible for all operating costs. The city also reimburses the association for certain capital improvements. In addition, in 1990, the association and city formed a capital improvement fund that is funded by a \$0.075 fee on every item sold at concessions. (For the year ended March 2020, the fund generated approximately \$47,000.)

Other characteristics of the facility include the following:

- All seats are uncovered.
- For outdoor concerts, on-site parking is charged as follows: grass parking is \$7 in advance or \$10 in person, and paved parking is \$12 in advance or \$15 in person.
- Season tickets for all Live Nation shows are offered, with free parking, early show access through a VIP entrance, VIP Club access (cash bar, buffet, indoor and outdoor seating, TVs, and private restrooms), early access to additional tickets, and access to other Starlight and Live Nation events. Season tickets are sold in three tiers, all of which are close to the stage.

Information regarding concert usage and revenues and expenses of the facility in 2019 (its most recent full season) includes the following:

- The amphitheater hosted 23 concerts and 118,000 attendees (approximately 5,100 per show). In the three previous years, usage ranged from 20 to 28 shows, 110,000 to 145,000 attendees, and average attendance of 5,000 to 5,550.
- Concerts generated \$6.2 million in ticket sales (resulting in an average ticket price of approximately \$52).
- Service charges recognized by the facility were \$1.2 million, or approximately \$10 per ticket (or 20% of the average ticket price).
- Parking revenues were \$447,000 (\$3.80 per attendee).
- Gross concessions revenues were \$1.5 million (approximately \$13 per attendee) and gross

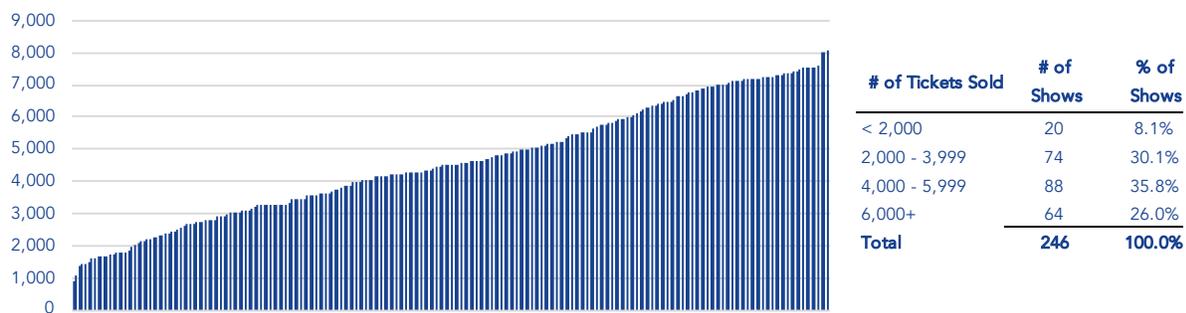
restaurant revenues were \$68,000.

- o Cost of goods sold were 32% for concessions and 31% for the restaurant.
- o Sponsorship revenues were \$167,000.
- o Fees paid to Live Nation (as concert producer) were 99% of ticket sales.
- o Salaries and benefits associated with outdoor concerts were \$366,000 (year-round, permanent staff) and \$158,000 (seasonal staff).

Dating to 1999, approximately 250 non-Broadway shows at Starlight have reported data to industry publication Pollstar. Overall, these shows have sold an average of approximately 4,600 tickets (which is lower than the recent average of 5,000 to 5,5000, as described above). The average facility capacity has been approximately 7,000, as some shows have had a reduced capacity based on expected ticket sales. Approximately 16% of shows’ capacities were less than 5,000.

The following charts show the distribution of ticket sales for reported shows since 1999.

Figure 16. Ticket Sales for Starlight Shows and Their Distribution



Source: Pollstar, Stone Planning

Despite Starlight’s typical maximum capacity of 8,000, nearly 40% of its concerts have sold fewer than 4,000 tickets, and another 36% sold between 4,000 and 6,000. Only 26% of all shows sold 6,000 or more tickets.

Azura Amphitheater

The Azura Amphitheater (which was known as Providence Medical Center Amphitheater until early May) is in Bonner Springs, Kansas, near the Kansas Speedway and Legends Outlets, approximately 18 miles due west of downtown Kansas City. The facility is owned by Wyandotte County and operated by New West Presentations. The facility has a maximum capacity of 18,000 people, including approximately 3,100 reserved seats and open-air premium boxes. Starting from immediately in front of the stage, seating areas include a flat GA floor, a GA seating area, premium boxes, reserved seats, and a lawn. In recent years, facility improvements have included replacing permanent seats with the GA pit, a renovated VIP club, new sound and video, and others.

Figure 17. Azura Amphitheater



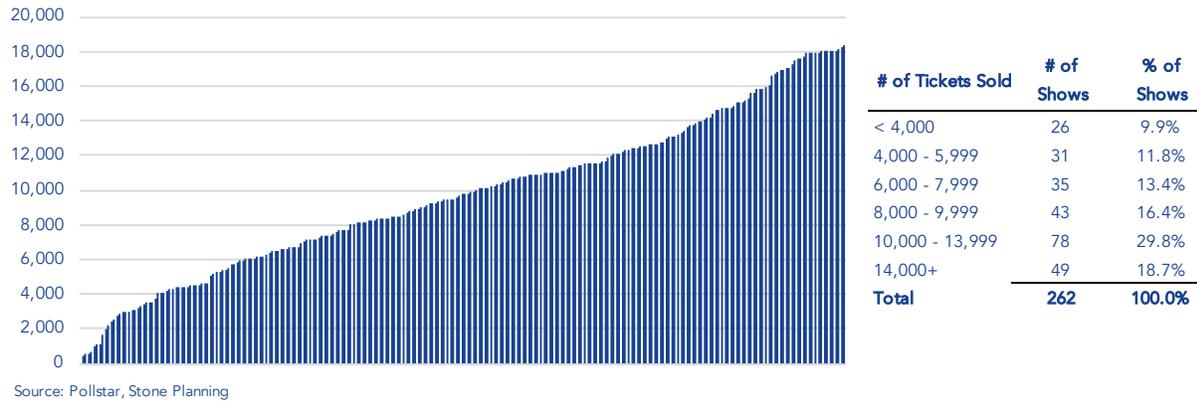
Other facility information includes the following:

- All seats are uncovered. According to facility representatives, adding a cover has been explored but was considered to be cost-prohibitive at the time.
- VIP suites have four or six seats and include VIP club access, early entrance, parking, and premium drink service, and can be purchased on a per-show, per-season, or partial-season basis.
- On-site parking is \$10 per car, and limited VIP parking is offered, as available, for \$20.
- According to Pollstar, the amphitheater has hosted 17 or 18 shows per year in three of the last four years (not including 2020).
- Average attendance has been approximately 6,600 per show, with an average ticket price of nearly \$44.
- Mammoth promotes most of the shows at the amphitheater, AEG Presents and Live Nation promote a limited amount, and the facility self-promotes a few shows.

Similar to Starlight, approximately 260 shows at Azura Amphitheater have reported data to Pollstar since 1999. Overall, these shows have sold an average of approximately 9,700 tickets (higher than its recent average of 6,600). The average facility capacity has been approximately 16,700, with many shows playing to a reduced capacity between 5,000 and 10,000; approximately 10% of shows had a capacity of less than 10,000.

The following charts show the distribution of ticket sales for reported shows since 1999.

Figure 18. Ticket Sales for Azura Amphitheater and Their Distribution



Despite the facility’s larger capacity, more than 20% of shows sold fewer than 6,000 tickets, and another 30% sold 6,000 to 10,000. Approximately half of all shows sold 10,000 tickets or more.

CrossroadsKC

CrossroadsKC is not a typical amphitheater but is an open lot with a stage behind Grinders Pizza in Kansas City’s Crossroads Arts District, just south of downtown. The facility’s exclusive promoter is Pipeline Productions and the facility has a capacity of approximately 3,000.

Figure 19. CrossroadsKC



In the seven years prior to COVID, the facility typically hosted 30 or more concerts per year, which generally sold out (an average attendance of more than 2,900 in recent years). CrossroadsKC’s average ticket price for these shows was \$38. Despite the lack of typical amphitheater infrastructure, CrossroadsKC attracts national touring bands, such as Black Flag, George Clinton, UB40, the BoDeans, Nathaniel Rateliff & the Night Sweats, Band of Horses, and others.

Berkley Riverfront Park Amphitheater

According to recent reports, a new music venue with a capacity of 6,000 or more is planned for PortKC's property at Berkley Riverfront Park in Kansas City. The 17-acre park is on the south bank of the Missouri River that currently hosts recreational sports and events such as concerts, KC RiverFest, the city's Independence Day celebration, and weddings.

Based on these reports, other additions to the park will include a new bar, a boutique hotel, and apartments. The concert venue would be immediately east of the park and according to PortKC, the agency has signed a letter of intent with a local music operator who has not yet been identified.

Stadiums

The market's stadiums provide viable facilities for larger shows that tour outdoors, as many of the largest tours use MLS, MLB, or NFL facilities for their capacities and other built-in amenities and infrastructure. In recent years, these types of stadiums in general have been used more and more often for concerts – in many cases, at the expense of large amphitheaters. MLS stadiums typically have approximately 25,000 seats, while baseball stadiums can accommodate approximately 30,000 to 40,000 for concerts, and football stadiums typically have 60,000 seats or more.

Locally, the three major stadiums all host a relatively limited number of concerts:

- Children's Mercy Park – the MLS stadium has a capacity of 25,000 for concerts but has not hosted a show since 2018. The most concerts it has hosted in a year was four, including multiple music festivals.
- Kauffman Stadium – the Royals' stadium can accommodate approximately 40,000 for concerts but has hosted fewer than ten shows in the last 15 years (although they typically sell out). The stadium currently has one concert scheduled for this summer (Def Leppard, Mötley Crüe, and Poison in August.)
- Arrowhead Stadium – with a 76,000 capacity for concerts, this is by far the largest local stadium and it has generally hosted one to four shows per year by major headliners such as Taylor Swift, the Rolling Stones, Kenny Chesney, Guns N' Roses, and U2. These shows have sold an average of approximately 56,000 tickets.

The Chiefs in particular have been aggressive as a concert promoter, and large stadium shows can cannibalize ticket sales in the region (the average Arrowhead concert has generated more than \$5.2 million in ticket sales, which is similar to a full season of Starlight shows). In addition, stadium shows typically have at least one supporting act; these artists would otherwise headline a smaller venue on their own but could be precluded from it as part of the larger show.

Other Relevant Regional Amphitheaters

In addition to the facilities listed above in the Kansas City market, facilities in other regional markets can also be relevant to a new amphitheater in St. Joseph. The following map and table identify the facilities (with capacities of 2,000 or more) and their markets.

Figure 20. Regional Amphitheater Markets

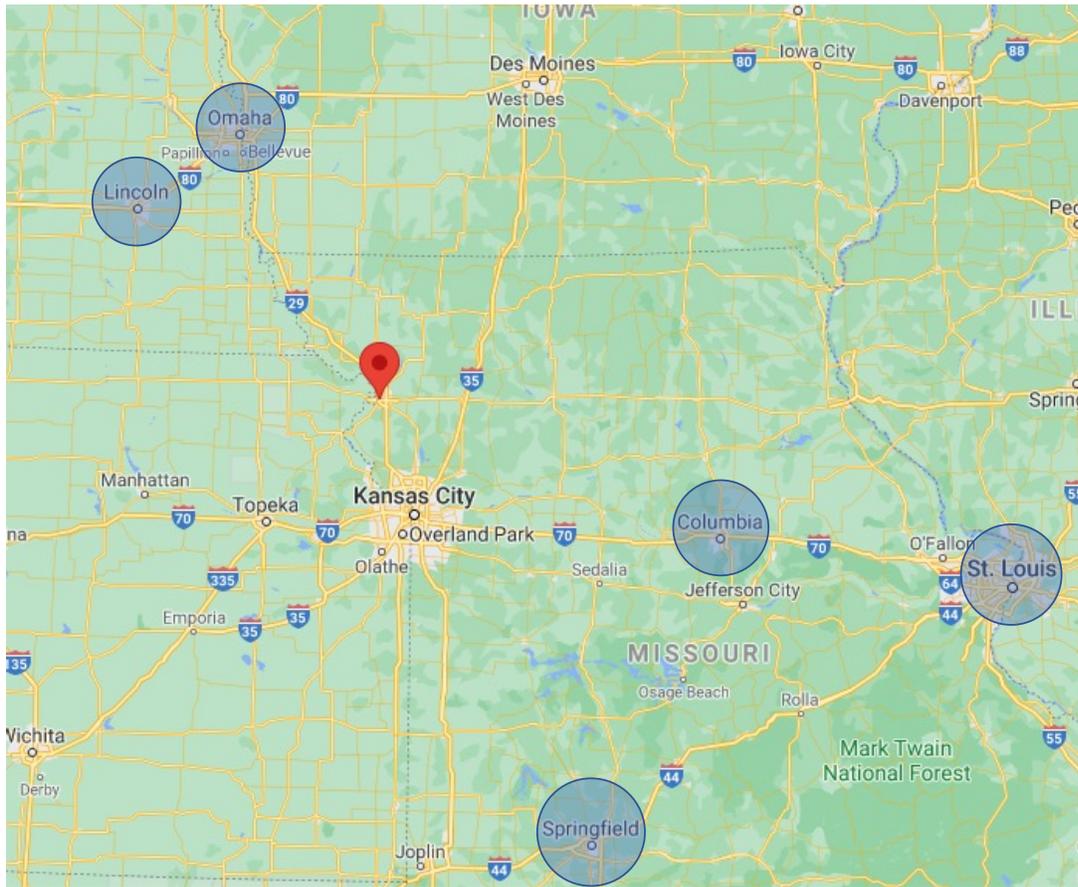


Table 4. Other Regional Amphitheaters

| State and Market | Location | Capacity | Approx. Distance from St. Joseph | Other Information |
|---|----------------------|----------|----------------------------------|--|
| <u>Missouri</u> | | | | |
| Columbia Market | | | | |
| New Amphitheater | Jefferson, MO | 2,500 | 212 | Planned to open in May 2021; operated by VenuWorks |
| Springfield Market | | | | |
| Ozarks Amphitheater | Camdenton, MO | 13,000 | 207 | |
| St. Louis Market | | | | |
| Chesterfield Amphitheater | Chesterfield, MO | 3,210 | 283 | |
| Hollywood Casino Amphitheatre | Maryland Heights, MO | 19,000 | 289 | Owned and operated by Live Nation |
| <u>Nebraska</u> | | | | |
| Lincoln Market | | | | |
| Pinewood Bowl Theater | Lincoln, NE | 5,500 | 140 | Operated by ASM Global |
| Omaha Market | | | | |
| Westfair Amphitheatre | Council Bluffs, IA | 15,000 | 130 | |
| Harrah's Council Bluffs - Stir Concert Cove | Council Bluffs, IA | 4,000 | 130 | Casino-based venue |
| SumTur Amphitheater | Papillon, NE | 2,500 | 130 | |
| New Amphitheater | La Vista, NE | 5,000 | 130 | Will be operated by Mammoth and One Percent |

Source: Pollstar, Stone Planning

These facilities can potentially be competitive or complementary to a new amphitheater in St. Joseph (partially depending on its capacity and other characteristics of the venue). The closest venues – in the Lincoln and Omaha markets – are less than 150 miles from St. Joseph. These markets have amphitheaters with capacities ranging from 2,500 to 15,000. For routing purposes, these are separate markets from St. Joseph and a touring show could potentially perform in both St. Joseph and Lincoln or Omaha (but likely not both Lincoln and Omaha). However, should St. Joseph want to attract attendees who live in the Lincoln and/or Omaha areas for a show at Krug Park, and therefore advertise the show in those markets, this would preclude the show from also performing in the Nebraska markets. This would generally result in the St. Joseph facility having to compensate the promoter for the “lost” show or shows that would otherwise occur in Nebraska.

The other amphitheaters in Missouri (particularly in the St. Louis market) are farther from St. Joseph and are considered to potentially be more complementary to a Krug Park venue, although it is possible that some shows will not perform in both the Kansas City and Columbia or Springfield markets. Other regional markets in multiple neighboring states also have amphitheaters that could be complementary.

The lack of relevant facilities in the Des Moines market (approximately 180 miles from St. Joseph) could help to attract Des Moines-area residents to events outside of their home market, although the 6,000-capacity McGrath Amphitheatre, which typically hosts a relatively limited concert schedule, is approximately 130 miles east of Des Moines in Cedar Rapids, and Omaha is the same distance from Des Moines to the west. A new, 9,000-capacity amphitheater is opening this summer in Des Moines’ Riverview Park, but the facility is expected to primarily host free events.

COMPARABLE FACILITIES AND MARKETS

This section identifies a set of amphitheaters in other markets that can be compared to potential outcomes at Krug Park. We first summarize characteristics and proprietary operating data from three facilities and then provide additional information on a range of other amphitheaters across the country.

Case Study Facilities

Below, we provide both publicly-available and proprietary information regarding a set of amphitheaters in other markets. Due to the proprietary nature of some of the data, the facilities are not specifically identified by name but other information is provided to give a sense of the facilities’ location/setting, usage, operations, and other characteristics.

Small Amphitheater (< 5,000 Seats)

This facility is located in the downtown area of a metro area that is slightly larger than Kansas City, and is owned by the city and privately operated. The facility has a capacity of approximately 4,400, with general admission, permanent, and lawn seating. All but approximately 1,000 seats are covered.

Other information regarding the facility is as follows:

- In a recent year, it hosted 33 concerts with an average attendance of approximately 2,200, and total attendance of 72,000. In previous years, the number of shows ranged from approximately

- 20 to 35, total attendance from 55,000 to 82,000, and average attendance from 2,000 to 3,000.
- The facility's operating loss was approximately \$400,000. In previous years, net income ranged from approximately breakeven to a profit of approximately \$500,000.
 - The average ticket price has ranged from approximately \$40 to \$48 in recent years.
 - Net F&B revenue (after costs or commissions) to the facility was approximately \$9 per attendee and net merchandise revenue was approximately \$1.
 - A facility fee of \$5 per ticket is charged.
 - The facility has no onsite parking but many lots are within walking distance. A nearby preferred parking lot controlled by the facility generated approximately \$55,000 in parking revenue to the amphitheater.
 - The facility offers premium/VIP seating that includes season tickets, premium parking, club access, and access to other tickets at local venues.
 - The facility has a naming rights partner.

Mid-Sized Amphitheater (5,000 – 10,000 Seats)

This facility is located within a park, approximately 15 miles outside of a metro area that has a population that is slightly smaller than Kansas City's. The amphitheater is publicly-owned but operated privately. It has a capacity of approximately 7,000, with a general-admission pit that can accommodate temporary seating (with no cover), and a lawn. This facility has a particular orientation towards community events, as touring concerts comprise a small share of overall usage.

Other information regarding the facility is as follows:

- In a recent year, the facility hosted a total of approximately 110 events and 220,000 attendees. Of these events, only 12 were touring concerts (with an average attendance of 3,000); the others were various types of community events, festivals, movies, symphony performance, and others.
- In previous years, event levels have been similar, with total attendance ranging from approximately 150,000 to 220,000.
- The facility's net operating income was approximately \$230,000. In previous years, the facility has generated small operating profits and deficits of less than \$200,000. These results do not include a \$2.50 facility fee per ticket, as the revenue is not reflected on the facility's financial statements but is captured directly by the city.
- The facility offers free parking for most events, immediately outside of the park, and preferred parking adjacent to the main entrance. Preferred parking is \$15 in advance and \$20 in person. Private lots in the area also offer paid parking, and shuttles are available.
- Tailgating is allowed but open-flame fires and charcoal grills are prohibited.
- Lawn chairs are rented for \$5.
- Concessions are operated by a local caterer. Attendees can also bring in picnics for many event types. In recent years, gross per-capita F&B revenues from concerts were approximately \$15 to \$20, and were significantly less (typically less than \$5) for other event types.

- The facility has a program that provides free passes to surrounding neighbors for select events.

Large Amphitheater (15,000+ Seats)

This facility is located approximately five miles outside of the downtown of a metro area that is smaller than the Kansas City market and is relatively new, and cost approximately \$50 million. It is publicly owned and privately operated. Its capacity is 17,500, with 5,000 covered and reserved seats and 12,500 lawn seats.

- In a recent year, the facility had 25 concerts and approximately 235,000 attendees (or 9,400 per show).
- In previous years, usage has been similar, with 22 to 31 shows and attendance in the 220,000 to 240,000 range.
- The facility's net operating income was approximately \$230,000, including payment of its management fee. However, this does not include revenue from the \$5-per ticket facility fee (based on 235,000 attendees, this would have generated approximately \$1.2 million).
- Onsite parking is available, with additional parking and shuttle service offsite. Onsite parking is \$10, and premier parking is also available at varying rates, depending on the event.
- Tailgating is not allowed in the parking lots.
- The facility sells premium and season tickets, with VIP parking and entrances, club access with a bar and food, the ability to purchase additional tickets, and other benefits.
- The facility has a naming rights partner that pays \$150,000 per year.

Other Amphitheater Data

In addition to the facilities described above, the following information summarizes available operating and usage data, and other characteristics, for a set of other amphitheaters of varying sizes across the country.

Table 5. Other Amphitheatres’ Characteristics

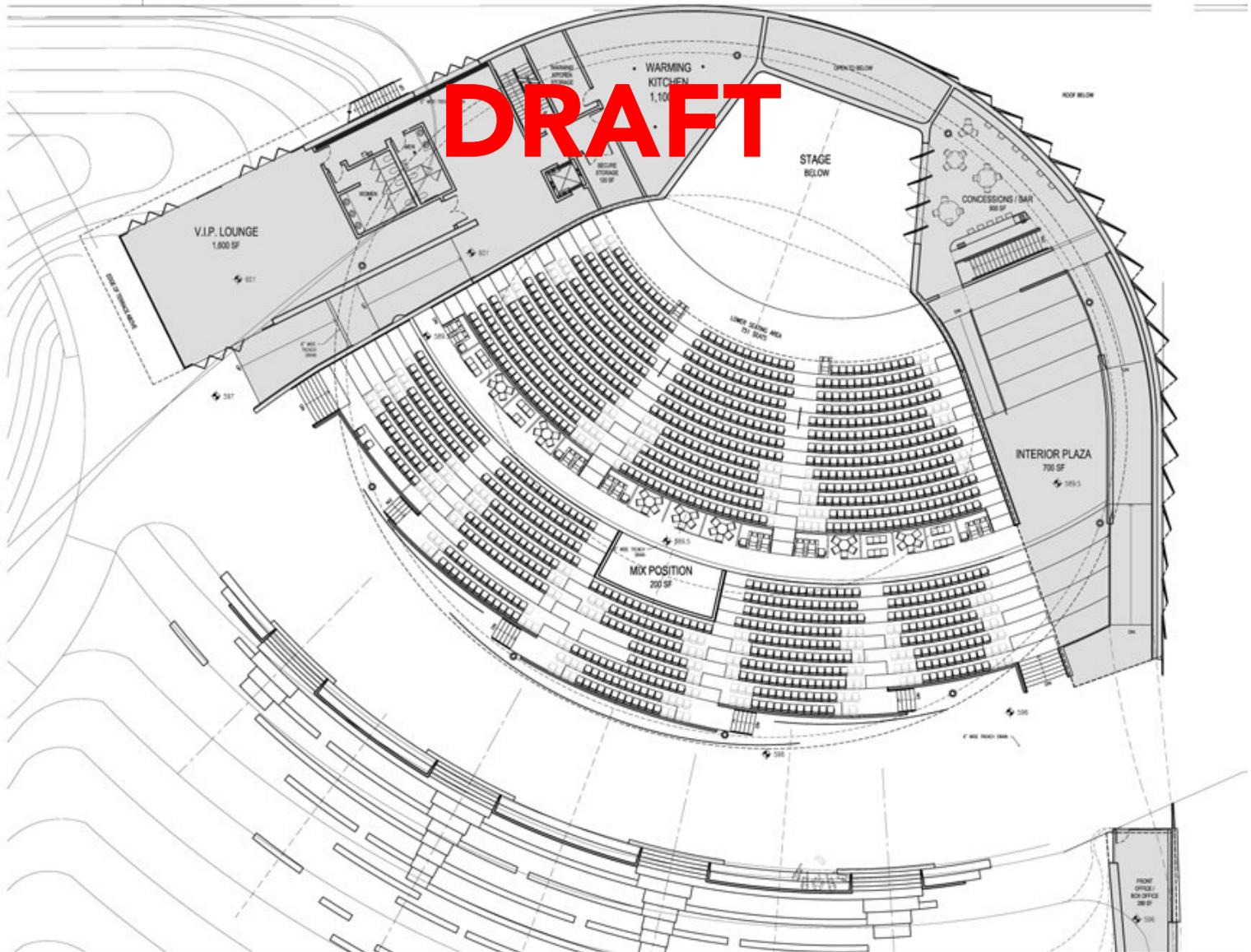
| | Location | # of Concerts | Capacity | Avg. Atten. | % of Capacity | Tot. Atten. | Avg. Ticket Price | Other Information |
|---|----------------------|---------------|----------|-------------|---------------|-------------|-------------------|---|
| Small Amphitheatres | | | | | | | | |
| Mesa Amphitheatre | Mesa, AZ | 14 | 4,950 | 3,298 | 67% | 46,172 | \$38.62 | 18 miles from downtown Phoenix; uncovered lawn |
| St. Augustine Amphitheatre | St. Augustine, FL | 74 | 4,789 | 2,892 | 60% | 214,008 | \$52.28 | 43 miles from downtown Jacksonville; covered and uncovered permanent seating and limited lawn |
| Bluestem Amphitheater | Moorhead, MN | 10 | 3,000 | 2,796 | 93% | 27,960 | \$51.80 | 7 miles from downtown Fargo; uncovered permanent and lawn seating |
| Cal Coast Credit Union Open Air Theatre | San Diego, CA | 28 | 4,635 | 3,602 | 78% | 100,856 | \$47.53 | 10 miles from downtown San Diego; uncovered permanent seating |
| Charlotte Metro Credit Union Amphitheatre | Charlotte, NC | 32 | 4,983 | 3,524 | 71% | 112,768 | \$39.15 | Adjacent to downtown Charlotte; uncovered GA, permanent, and lawn seating |
| Cuthbert Amphitheater | Eugene, OR | 15 | 5,000 | 3,281 | 66% | 49,215 | \$37.71 | 110 miles from downtown Portland; uncovered permanent and lawn seating |
| Fraze Pavilion | Kettering, OH | 31 | 4,300 | 2,526 | 59% | 78,306 | \$44.80 | 5 miles from downtown Dayton, 50 miles from downtown Cincinnati; uncovered permanent and lawn seating |
| Sprint Pavilion | Charlottesville, VA | 17 | 3,800 | 2,742 | 72% | 46,614 | \$42.75 | 70 miles from downtown Richmond; covered permanent and lawn seating |
| Mid-Sized Amphitheatres | | | | | | | | |
| Aretha Franklin Amphitheatre | Detroit, MI | 27 | 6,000 | 3,739 | 62% | 100,953 | \$46.13 | Adjacent to downtown Detroit; covered reserved and lawn seating |
| Marymoor Park | Redmond, WA | 20 | 5,000 | 4,503 | 90% | 90,060 | \$61.56 | 15 miles from downtown Seattle; uncovered reserved and lawn seating |
| Pinewood Bowl Theater | Lincoln, NE | 8 | 5,500 | 3,496 | 64% | 27,968 | \$58.30 | 7 miles from downtown Lincoln; uncovered lawn |
| Bank of NH Pavilion | Gilford, NH | 42 | 9,600 | 5,261 | 55% | 220,962 | \$58.93 | 100 miles from downtown Boston; covered GA and permanent and lawn seating |
| Huntington Bank Pavilion @ Northerly Island | Chicago, IL | 28 | 8,734 | 8,323 | 95% | 233,044 | \$53.57 | Downtown Chicago; uncovered GA and reserved |
| Tuscaloosa Amphitheater | Tuscaloosa, AL | 14 | 7,294 | 5,208 | 71% | 72,912 | \$51.01 | 60 miles from downtown Birmingham; uncovered GA and permanent seating |
| Cadence Bank Amphitheatre at Chastain Park | Atlanta, GA | 10 | 6,900 | 3,953 | 57% | 39,530 | \$53.51 | 13 miles from downtown Atlanta; uncovered GA, permanent, and lawn seating |
| Pacific Amphitheatre | Costa Mesa, CA | 36 | 8,200 | 5,663 | 69% | 203,868 | \$46.41 | 15 miles from downtown Anaheim; uncovered permanent seating |
| Large Amphitheatres | | | | | | | | |
| Toyota Amphitheater | Wheatland, CA | 11 | 18,500 | 13,329 | 72% | 146,619 | \$45.08 | 35 miles from downtown Sacramento; uncovered GA, permanent, and lawn seating |
| Ruoff Home Mortgage Music Center | Noblesville, IN | 32 | 25,000 | 16,426 | 66% | 525,632 | \$41.55 | 27 miles from downtown Indianapolis; covered GA and permanent seating and lawn |
| Xfinity Center | Mansfield, MA | 30 | 20,000 | 13,557 | 68% | 406,710 | \$57.82 | 45 miles from downtown Boston; covered and uncovered permanent seating and lawn |
| DTE Energy Music Theatre | Clarkston, MI | 52 | 15,000 | 11,529 | 77% | 599,508 | \$49.54 | 40 miles from downtown Detroit; covered and uncovered permanent seating and lawn |
| Blossom Music Center | Cuyahoga Falls, OH | 18 | 23,000 | 15,796 | 69% | 284,328 | \$43.72 | 30 miles from downtown Cleveland; covered permanent seating and lawn |
| Hollywood Casino Amphitheatre | Tinley Park, IL | 34 | 28,630 | 15,343 | 54% | 521,662 | \$45.20 | 30 miles from downtown Chicago; covered permanent and lawn seating |
| MidFlorida Credit Union Amphitheatre | Tampa, FL | 21 | 20,000 | 11,565 | 58% | 242,865 | \$48.68 | 8 miles from downtown Tampa; covered GA and permanent and lawn seating |
| USANA Amphitheatre | West Valley City, UT | 24 | 20,000 | 11,428 | 57% | 274,272 | \$37.98 | 15 miles from downtown Salt Lake City; uncovered GA, permanent, and lawn seating |

Source: Pollstar, Stone Planning

This sample of facilities has varying characteristics, including the size of their markets and their location within a market. Many are located outside of the center of the primary market they serve, while others are closer to or part of a downtown area of a major city. Seating types also vary; most have both permanent or reserved seating and lawn areas, and many have cover for permanent seats.

The number of concerts held at these facilities is not necessarily affected by capacity, as all sizes averaged 23 to 28 shows in 2019 and sold approximately 65% to 70% of available tickets. Average ticket prices were \$48 across all facilities.

DRAFT



City of
St. Joseph
Missouri

CONCLUSIONS AND RECOMMENDATIONS



Based on the previous analyses, this section provides conclusions and recommendations regarding potential amphitheater development at Krug Park.

CONCLUSIONS AND OPPORTUNITIES

For the purposes of touring concerts, St. Joseph is considered to be part of the Kansas City market, which is the 31st-largest metro area in the country (not including the adjacent but relatively small St. Joseph metro area that has 126,000 residents). St. Joseph's demographics include a stagnant population and relatively low income levels, but the Kansas City metro area's 2.1 million residents offer potential access to a stronger resident base. St. Joseph is approximately 55 miles north of downtown Kansas City, 40 miles north of the northern edge of the city, and 70+ miles from its southern edge and suburbs.

Kansas City has a competitive amphitheater market (as well as one of the country's busiest arenas, three large stadiums, and other indoor and outdoor event venues), and Kansas City residents generally have access to the full range of touring entertainment events in the city and its immediate surroundings. Krug Park in St. Joseph, which has a natural amphitheater that has been largely unused in recent years, appears to be an excellent setting for an outdoor event venue, and many other amphitheaters across the country have taken advantage of similar surroundings to create a distinctive environment for events. However, access to the park from 229 is through local roads that cannot currently accommodate large numbers of cars, and there is no parking in the park (although plans to improve both have been identified).

Due to factors such as the characteristics of St. Joseph and its location, and the competitive environment in the broader Kansas City-area market, we have identified three potential scenarios for facility development at Krug Park:

1. A **boutique amphitheater** with a capacity of approximately 4,000 that can serve as a smaller alternative to the larger Starlight and Azura Amphitheater in Kansas City but would be similar in size to CrossroadsKC. The majority of seating in this option would be permanent seats that would be covered, to protect from weather.

This facility could attract some events that are too small for the two primary amphitheaters, and the roof covering could also serve to increase ticket prices and make shows more viable. The covering would be a competitive advantage, at least in the short term, as Starlight and Azura do not currently have any covered seats. However, there would still be competition with the Kansas City venues, as many of their shows are also smaller events and the facilities' locations (as well as access and parking) are generally better relative to the market's population. In addition, smaller shows are generally expected to be less of a draw, which could make attracting Kansas City-area residents to St. Joseph or other markets more difficult (although it is likely necessary for the success of touring shows).

2. A **large, regional amphitheater** with a capacity greater than Azura Amphitheater (and a roof covering for permanent seats) that can accommodate the biggest amphitheater shows that require a capacity of 20,000+. No other markets in the region have an amphitheater of this size, and therefore the largest shows could be regional, multi-state draws. However, as previously described, there are relatively few shows in this size range that are available in any given year –

and many of these are held in stadiums – and the Kansas City-area market is thought to be able to support a limited number of large shows. Also, for any shows that anticipate a need for 18,000 seats or fewer (which is the majority of events), the facility would compete directly with Azura Amphitheater and, to a lesser extent, Starlight, and has disadvantages relative to both facilities.

3. A **festival space** that is similar to a large amphitheater but is not fully built out with all of the infrastructure that would accompany a permanent amphitheater. For a festival, a promoter would temporarily bring in needed infrastructure and amenities, as is done with many festivals across the country that are held in open and/or undeveloped spaces such as public parks. Krug Park's two smaller, open spaces could benefit a festival by providing the ability to have additional stages. Similar to large touring shows, there are a limited number of large festivals and the festival market is quickly maturing and crowded. In addition, St. Joseph and the surrounding area are relatively limited in their ability to host large numbers of visitors.

Under all scenarios, we do not believe that there is a significantly strong opportunity for a heavily commercial amphitheater. However, local groups have identified a desire to use a new amphitheater and their events, in addition to other programming, could help to sustain a venue and fill a local need for additional entertainment offerings and an improved Krug Park.

There are numerous examples of amphitheaters in the region and across the country that are viable venues for public owners and are used largely by non-commercial events such as free concerts, performing arts, private/social events, local festivals, and others, with a limited number of touring concerts. Due in part to the nature of local events, these facilities are generally smaller. In Missouri, the 4,000-seat Chesterfield Amphitheater is in the city's Central Park and hosts approximately five to ten touring concerts per year, in addition to cover bands, local festivals, and other programming. Outside of Charlotte, the 7,000-seat Koka Booth Amphitheater hosted more than 100 event days in a recent year, including just 13 national touring acts. Other usage included North Carolina Symphony performances, a summer theater series, a movie series, jazz and bluegrass/country series, local festivals, and community events such as 5Ks/walks, charity events, and others.

RECOMMENDATIONS

The following summarizes our recommendations for major characteristics of a new facility at Krug Park:

- o Road and parking improvements – while there are multiple examples of amphitheaters and other event venues that have difficult access and a lack of onsite parking, we recommend that any facility development in the park is preceded by either roadway and parking improvements that can accommodate attendees, or a plan to successfully mitigate these limitations. The amphitheaters that have poor access and/or parking options, such as Red Rocks, the Hollywood Bowl, and Ravinia Festival, tend to be major destinations or larger facilities that host top shows, and the prestige, history, and overall experience of these facilities and their events can help to counteract these negative factors. Without this history, and with the locational challenges of St. Joseph, access and parking should be addressed (with physical and/or strategic improvements) in order to maximize attendance and the guest experience.

Previous studies have explored access and parking needs and solutions for an amphitheater in the park. It is outside of the scope and expertise of this study to address these issues in any

detail. However, assuming a maximum facility capacity of approximately 4,000 and an average of three attendees per car, approximately 1,300 parking spaces would be required.

- We recommend a smaller, boutique amphitheater with a capacity of approximately 4,000 (which could represent a first phase of development that could lead to higher capacities in the future). Seating would be accommodated via a flat area immediately in front of a stage (that can be used as a general-admission standing area or have temporary seats, and can also be used for other types of events), permanent seating, and potentially limited lawn seating behind the permanent seats. The GA and permanent seating (and stage) should be covered, which will protect against weather and allow for increased usage, and increase the value of the seats. Due to the natural setting of the park, any covering should be relatively unobtrusive. We also recommend a limited amount of upgraded, premium seating options.
- As indicated above, because of the size of the park, future phases of development could include expansion of seating areas and infrastructure to accommodate larger events.
- Other improvements, such as those previously identified by Populous, should be incorporated into the development plan in order to make the facility as flexible and modern as needed. These improvements include a larger stage, technology, storage, permanent restrooms and concession facilities, loading capabilities, back-of-house facilities for management and event support, and others.
- We assume that the Trust will agree to lift the ban on selling alcohol in the park. Similar to road and parking improvements, this is considered crucial to the success of an amphitheater, prior to its opening.
- The facility should be operated on behalf of the city by a private management company that specializes in event facilities such as amphitheaters. While city staff operates the Civic Arena and Missouri Theater, the city does not currently have the personnel, resources, or expertise to operate, book, program, market, and maintain a new amphitheater in a competitive market.
- Local access to the park, which is an important public asset, should be maintained and ensured. There are numerous examples of publicly-owned venues (including amphitheaters located in parks) that have enacted various ways to provide access to local users and residents. This includes allowing access to the facility for certain uses on non-event days, renting the facility at discounted rates to community and non-profit groups, and providing free entrance to residents for certain events. In addition, the operation of a new amphitheater (which would generally have a season from May through September) is not expected to impact Holiday Park, which starts installation in October and runs through early January.

DRAFT



City of
St. Joseph
Missouri

OPERATING PROJECTIONS



In this section, we summarize forecasts of future operations of the recommended amphitheater, based on the assumptions described in the previous section. Operating projections are based primarily on the following:

- Recommendations/assumptions for a new facility,
- Interviews with industry professionals and other stakeholders,
- Our team’s experience in the operations of facilities and events, and
- Analysis of the operations of comparable facilities.

FUTURE AMPHITHEATER OPERATIONS

Based on our previous tasks (including stakeholder interviews, analysis of the local market and competitive and comparable facilities, and recommendations for a new facility), we have forecasted the future operations of the assumed facility. The projection period covers the first ten years of the facility’s operations. While the previous section addressed the possibility of future expansion of the facility to accommodate a larger capacity, this projection assumes that the capacity remains unchanged at approximately 4,000 throughout the ten-year period.

Event and Attendance Demand

The following tables summarize estimates of annual events and attendance (per-event averages and totals) for the facility’s first ten years.

Table 6. Projected Events and Attendance

| Number of Events | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Concerts | 6 | 6 | 8 | 8 | 10 | 10 | 10 | 10 | 10 | 10 |
| Other Ticketed Entertainment | 10 | 10 | 12 | 12 | 15 | 15 | 15 | 15 | 15 | 15 |
| Community Events | 25 | 25 | 28 | 28 | 30 | 30 | 30 | 30 | 30 | 30 |
| Private/Social Events | 5 | 5 | 8 | 8 | 10 | 10 | 10 | 10 | 10 | 10 |
| TOTAL | 46 | 46 | 56 | 56 | 65 | 65 | 65 | 65 | 65 | 65 |

| Average Attendance | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Concerts | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Other Ticketed Entertainment | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Community Events | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Private/Social Events | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 |

| Total Attendance | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Concerts | 15,000 | 15,000 | 20,000 | 20,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Other Ticketed Entertainment | 15,000 | 15,000 | 18,000 | 18,000 | 22,500 | 22,500 | 22,500 | 22,500 | 22,500 | 22,500 |
| Community Events | 37,500 | 37,500 | 42,000 | 42,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Private/Social Events | 1,250 | 1,250 | 2,000 | 2,000 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| TOTAL | 68,750 | 68,750 | 82,000 | 82,000 | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 |

Source: Stone Planning

Total annual attendance is estimated range from approximately 68,000 to 95,000 per year, based on approximately 45 to 65 events per year. Brief descriptions of the event categories are as follows:

- Concerts – are touring concerts, and we assume six to 10 events per year. Compared to the number of concerts held at other facilities in the Kansas City region and nationally, this is a relatively modest level of events, due to the competitive factors previously described. We assume an average per-show attendance of 2,500, which is approximately 63% of capacity.
- Other ticketed entertainment – include events such as the St. Joseph Symphony, the Performing Arts Association, the Robidoux Resident Theatre, and any other local, regional, or national groups. We assume 10 to 15 events per year with an average attendance of 1,500.
- Community events – this category can include a wide range of programming and events that currently exist or can be created. Some existing local events, such as Parties on the Parkway and the Sounds of Summer Concert Series, may not be ideal candidates to be held in Krug Park but are examples of the type of community events that could potentially use a new venue. Other types of events include farmer’s markets, local festivals, runs/walks, movie showings, and others. A facility’s operator, who has responsibility for maximizing facility usage, can aid in the creation and implementation of events, and groups such as the city’s Parks, Recreation, and Civic Facilities department, the CVB, Chamber of Commerce, Northside Community Association, and others could also bring or create events. We assume 25 to 30 events per year with an average attendance of 1,500.
- Private/social events – can include functions such as banquets, meetings, charity events, and others that can use facility spaces such as the event stage and the flat general-admission area in front of the stage, as well as seating areas. We assume five to 10 events per year with an

average attendance of 250 people.

Operating Revenues and Expenses

Based on forecasted event and attendee demand, operations of similar facilities, other aspects of the market analysis, we have prepared a ten-year projection of operating revenues and expenses for the assumed facility. The following describes the assumptions and methodology used to estimate the financial performance of the facility, beginning with a pro forma financial statement that summarizes projecting operating revenues and expenses, and the assumed annual net operating income.

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

Table 7. Projected Operating Revenues and Expenses (\$000s)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------------|----------------|----------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Event Revenues | | | | | | | | | | |
| Rent | \$138 | \$141 | \$182 | \$185 | \$228 | \$233 | \$237 | \$242 | \$247 | \$252 |
| Promoter Rebate | (75) | (77) | (104) | (106) | (135) | (138) | (141) | (144) | (146) | (149) |
| Net Service Revenue | (24) | (24) | (33) | (34) | (43) | (44) | (45) | (46) | (47) | (48) |
| Facility Fees | 135 | 135 | 172 | 172 | 215 | 215 | 215 | 215 | 215 | 215 |
| Convenience Fees | 121 | 123 | 162 | 166 | 211 | 215 | 220 | 224 | 228 | 233 |
| Parking | 53 | 54 | 71 | 72 | 92 | 94 | 96 | 98 | 100 | 102 |
| Net F&B | 154 | 157 | 211 | 215 | 269 | 275 | 280 | 286 | 291 | 297 |
| Net Merchandise | 9 | 9 | 12 | 12 | 15 | 16 | 16 | 16 | 17 | 17 |
| Non-Event Revenues | | | | | | | | | | |
| Premium Seating | \$10 | \$10 | \$12 | \$12 | \$15 | \$15 | \$15 | \$16 | \$16 | \$16 |
| Naming Rights | 90 | 92 | 94 | 96 | 97 | 99 | 101 | 103 | 105 | 108 |
| Other Advertising/Sponsorships | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 |
| Total Operating Revenues | \$655 | \$665 | \$825 | \$838 | \$1,013 | \$1,029 | \$1,046 | \$1,062 | \$1,079 | \$1,096 |
| Indirect Expenses | | | | | | | | | | |
| Salaries and Benefits | \$531 | \$542 | \$553 | \$564 | \$575 | \$587 | \$598 | \$610 | \$622 | \$635 |
| Utilities | 34 | 35 | 43 | 44 | 51 | 52 | 53 | 55 | 56 | 57 |
| Repairs and Maintenance | 7 | 7 | 9 | 9 | 10 | 10 | 11 | 11 | 11 | 11 |
| G&A | 100 | 102 | 104 | 106 | 108 | 110 | 113 | 115 | 117 | 120 |
| Insurance | 17 | 18 | 21 | 22 | 26 | 26 | 27 | 27 | 28 | 28 |
| Management Fee | 75 | 77 | 78 | 80 | 81 | 83 | 84 | 86 | 88 | 90 |
| Total Operating Expenses | \$765 | \$780 | \$807 | \$823 | \$852 | \$869 | \$886 | \$904 | \$922 | \$941 |
| Net Operating Income (Loss) | (\$110) | (\$115) | \$18 | \$15 | \$162 | \$160 | \$159 | \$158 | \$157 | \$156 |

Source: Stone Planning

In the first year, the facility's projected net operating loss is \$110,000, based on \$655,000 in revenues and \$765,000 in expenses. As facility usage is assumed to increase over time, net operating income increases to more than \$150,000 within the projection period.

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

Operating Revenues

Rent

We assume that the facility itself will not promote any events but will rent to others who will organize/promote the events. Under this model, the event promoter will retain all ticket sales (if any) and will pay

rent to the facility. Rent can be structured in multiple ways, including as a percent of ticket revenues or a fixed fee. For the purposes of this analysis, we assume that the facility will charge a fixed rate for all events, but amounts will vary for for-profit and community/non-profit events.

Per-event rental rates are assumed to range from \$1,500 for community events to \$10,000 for touring concerts. As a result, total rent revenue is projected to be approximately \$140,000 in the facility's first year and increase to approximately \$250,000.

Promoter Rebate

Facilities typically provide financial incentives to promoters of commercial events such as concerts, in order to both increase bookings, particularly in a competitive market, and to help ensure an event's financial viability. (This line item is actually an expense but is included with revenues, as it is directly or indirectly funded by event revenues.) Rebates can take many forms, such as sharing revenues from one or more of an event's revenue streams. For the purposes of this analysis, we assume that promoters are rebated \$5 per attendee of touring concerts. As a result, this expense is estimated to range from \$75,000 to approximately \$150,000 per year.

Net Service Revenue

In addition to rent, events will also be responsible for paying for facility expenses that are incurred because of the event; these include security, ushers, cleanup, and others. An event will reimburse the facility for these expenses, and the facility can bill the expenses at a markup, loss, or at cost. In many cases, promoters – in addition to receiving the rebate described above – will be charged less than the full cost as an inducement to book an event and in order to help an event's profitability.

For the purposes of this analysis, we assume that touring concerts have a net \$4,000 loss on services, and other events pay their actual expenses (resulting in breakeven for the facility). Therefore, the net service cost is approximately \$25,000 to \$50,000 per year.

Facility Fees

A facility will typically attach a facility fee to all tickets sold; this is often used by a facility owner to help fund ongoing operations and/or improvements. We assume a per-ticket fee of \$5 for concerts and \$4 for other ticketed entertainment. Based on assumptions of annual attendance, a facility fee could generate approximately \$135,000 to \$215,000 per year.

Convenience Fees

Convenience, or ticketing, fees are charged by a ticketing vendor and are attached to each ticket sold online, and are shared between the vendor and facility. The fee charged generally increases as a ticket price increases, and based on fees added to tickets at other similar facilities, we assume that the fee will be 20% of a ticket price. Further, we assume that 70% of gross fees are retained by the facility. Based on assumptions of annual ticket sales and ticket prices, convenience fees can generate approximately \$120,000 to \$230,000 per year.

Parking

As previously described, we assume that the facility will control and be able to charge for at least some attendee parking. Because of the unknown location, amount, and type of parking that may be available, we assume a relatively low level of per-attendee parking for ticketed entertainment events (we assume that parking for other events will be free). Based on estimates of \$1.50 to \$2.50 per attendee, we project that future parking revenues will range from approximately \$50,000 to \$100,000 in the ten-year period.

Net F&B

Food and beverage revenues will be generated from the sale of concessions items at the facility. (As previously described, we assume that the facility will be able to sell alcohol.) Attendees of different event types generate varying amounts of per-capita revenues, and we have analyzed actual amounts from comparable facilities.

We assume that gross per-capita spending is \$20 for concerts, \$40 for private/social events, and \$2.00 to \$2.50 for other ticketed entertainment and community events. Further, we assume that the facility management company will contract with its own in-house concessionaire or an external vendor and will retain a commission of 35% of gross sales.

Based on these assumptions, as well as potential attendance for the individual event types, we estimate that net F&B revenue can range from approximately \$150,000 to \$300,000 per year.

Net Merchandise

Merchandise will also be sold at events such as concerts (but not events such as community events or private events). The intellectual property on merchandise (clothing, recorded music, posters, and other items) belong to the artists, and the facility will typically retain a small commission for providing the venue for sales (and potentially the labor that sells the merchandise).

Similar to F&B, per-capita merchandise sales will vary by event type, and we assume \$3 for concerts, with the facility retaining 15% of gross sales. As a result, net merchandise revenue to the facility can range from approximately \$10,000 to \$17,000 per year.

Premium Seating

We assume that the facility will have a limited inventory of premium seating that will provide an upgraded experience for small groups. This seating can be designed into one or more of multiple areas of the facility, such as closer to the stage, behind permanent seating, and/or to the side of the permanent seating.

We assume a total of ten boxes for groups of four people each, with two boxes dedicated for usage by a naming rights partner and the facility itself. Of the remaining eight boxes, we assume that 25% (or two) are sold on an annual basis for all concerts, similar to a season ticket, starting at \$2,000 per box. Other boxes will be available on an event-by-event basis, starting at \$250 per box, per concert, and we assume that an average of 75% of available boxes will be occupied per ticketed show.

Based on these assumptions, total premium seating revenue would range from approximately \$10,000 to \$16,000 over the ten-year period.

Naming Rights

Some facilities sell the rights to a facility's name; in the case of St. Joseph, this would not necessarily have to replace the "Krug Park" name. For example, the new amphitheater in Indianapolis' White River State Park recently signed a naming-rights deal with the state's Teachers Credit Union that renames the facility TCU Amphitheater at White River State Park. Other naming-rights agreements can simply include the partner company's name (i.e. Azura Amphitheater).

Considering the value of other naming rights contracts for amphitheaters and the relatively low level of usage by events such as concerts (and therefore exposure of the name), we assume that the facility generates \$100,000 per year in naming rights revenues, less 10% in costs associated with sales commissions and/or fulfillment.

Other Advertising/Sponsorships

In addition to naming rights, a facility will typically have other sponsorship opportunities, such as signage throughout the venue, pouring rights for alcoholic and non-alcoholic drinks, sponsorship of events (such as a recurring movie series), and others. Similar to naming rights, we assume a relatively modest level of sponsorship revenues (\$50,000 per year, less 10% in associated costs).

Total Operating Revenues

Based on the assumptions described above, we estimate total revenues in the facility's first year of \$655,000, increasing to \$1.1 million after ten years.

Operating Expenses

Salaries and Benefits

We assume that the facility will employ ten full-time staff, including a general manager and positions with responsibility for operations, production, marketing, sales, customer service, and other areas, and part-time event staff. Based on assumed salaries and benefits of 25%, total salaries and benefits expense is estimated to be approximately \$530,000 in the facility's first year and inflate to \$635,000 after ten years.

Utilities

Based on the actual utilities expenses of other facilities and their usage, we have estimated at per-attendee utility expense of \$0.50 (to be inflated over time). Based on this assumption, total utilities expense would be approximately \$35,000 in the facility's first year and increase to \$57,000.

Repairs and Maintenance

This expense is also based on the actual expenses of similar facilities and their usage, and is assumed to be \$0.10 per attendee in St. Joseph. Based on this assumption, total utilities expense would be

approximately \$7,000 in the facility's first year and increase to \$11,000.

General and Administrative

These expenses can include supplies, uniforms, training, travel, marketing, and other similar items. We assume a total of \$100,000 per year, based on the actual expenses of similar facilities.

Insurance

Similar to the previous expenses, we have estimated an annual amount based on actual expenses of similar facilities and their usage. Insurance rates can be based on capacity, expected usage, and other factors, and for the purposes of this analysis, we assume total insurance costs of \$0.25 per attendee, or \$17,000 beginning in the facility's first year.

Management Fee

As previously described, we assume that a private company operates the facility on behalf of the city. A management fee can be structured in multiple ways, such as a fixed annual fee and/or with incentives for achieving specific performance goals. For the purposes of this analysis, we assume an annual management fee of \$75,000, to be inflated over time.

Total Operating Expenses

Based on the assumptions described above, we assume total operating expenses of approximately \$765,000 in the facility's first year, and \$941,000 after ten years.

Net Operating Income (Loss)

Based on the assumed operating revenues and expenses, the facility is estimated to generate operating deficits of \$110,000 and \$115,000 in its first two years, followed by two years of small operating profits as usage increases. Beginning in the facility's fifth year, net operating income is estimated to be approximately \$160,000 per year.