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Assessment, Opportunities + Plan for the Pompano Beach Amphitheater

City Pompano Beach Parks, Recreation + Cultural Arts

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1. introduction

Webb Management Services has been hired by the City of Pompano Beach to assess the operations of the Pompano Beach Amphitheater, examining how it is being programmed, operated and sustained, and then making recommendations on the future development and management of the facility.

The Amphitheater was constructed in 1992. There is a covered stage (which has a maximum depth of 31 feet and a stage opening of 88 feet) and 2,894 fixed seats laid out in a fan shape with 28 rows. The size of the stage and sightlines are reasonable for most live music but would be challenging for dance or theatre. The facility is located away from major thoroughfares. A recent user developed an inventory of the venue's parking, finding 681 spaces to be insufficient for the venue. There are limited but adequate backstage facilities, and public facilities (washrooms and access to food and beverage services) are adequate. The power supply to the facility is felt to be more than sufficient for larger scale programs.

The Amphitheater is located within the heart of Pompano Beach in Pompano Community Park, which also includes the Aquatic Center, Tennis Center, Athletic Field Complex and other recreational facilities. The park is adjacent to the Pompano Beach Air Park, a public general aviation airport. Most importantly, the amphitheater is physically connected to the Civic Center, sharing various backstage spaces with the Civic Center's 400-seat auditorium.

The amphitheater was operated under contract by Fantasma from 1996 or 1997 to 2008. In 2008, Live Nation took over the contract (having acquired Fantasma), which required the promoter to book 24 shows per year. Between 2008 and 2011, Live Nation did not book more than 13 events per year. The City's commissioners canceled the contract with Live Nation in 2011, citing a lack of satisfaction with the number of annual bookings at the Amphitheater. Since then, the Amphitheater has been booked by the City's Parks, Recreation and Cultural Arts Department.

2. organizational assessment

Like many community amphitheaters, the Pompano Amphitheater is managed internally with limited staff and support. A Recreation Manager is responsible for the booking and operation of the space, while a General Trades Mechanic is responsible for the physical maintenance of the space. Both are skilled at their jobs, but run the amphitheater along with a set of other facilities.

Here is a summary of activity at the amphitheater between 1997 and 2012.

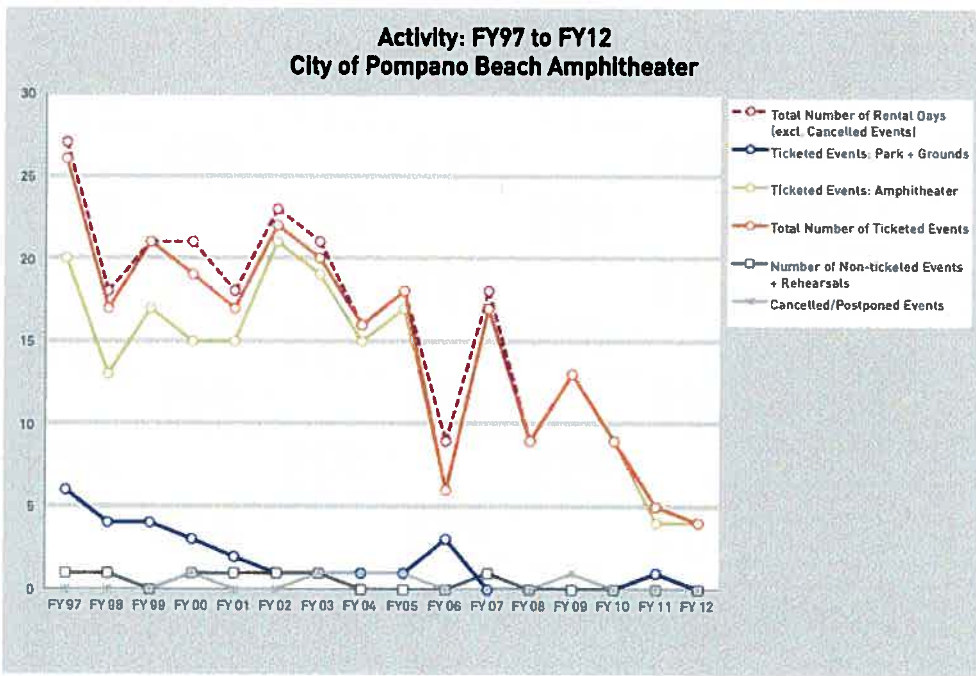
Pompano Beach Amphitheater Activity: FY97 to FY04

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Ticketed Events: Park + Grounds	6	4	4	3	2	1	1	1
Ticketed Events: Amphitheater	20	13	17	15	15	21	19	15
Total Number of Ticketed Events	26	17	21	19	17	22	20	16
Number of Non-ticketed Events + Rehs.	1	1	0	1	1	1	1	0
Cancelled/Postponed Events	0	0	0	1	0	0	1	1
Total Number of Rental Days (excl. Cancelled)	27	18	21	21	18	23	21	16

Pompano Beach Amphitheater Activity: FY05 to FY12

	FY05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Ticketed Events: Park + Grounds	1	3	0	0	0	0	1	0
Ticketed Events: Amphitheater	17	6	17	9	13	9	4	4
Total Number of Ticketed Events	18	6	17	9	13	9	5	4
Number of Non-ticketed Events + Rehs.	0	0	1	0	0	0	0	0
Cancelled/Postponed Events	1	0	0	0	1	0	0	0
Total Number of Rental Days (excl. Cancelled)	18	9	18	9	13	9	5	4

And here is a graphic representation of that activity by event type.



There is a clear pattern of declining activity at the amphitheater, most of which had been ticketed events through the Fantasma/Live Nation deal. To have gone from a total of 27 event days to only four event days in only 15 years is quite remarkable.

This next two charts show income and attendance for the 15-year period.

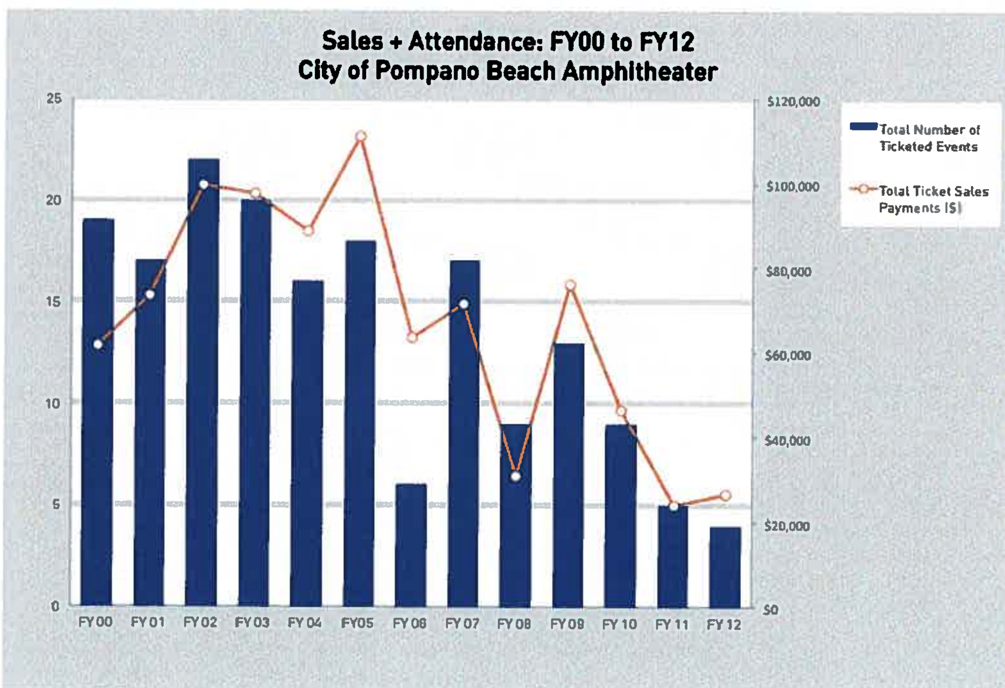
Pompano Beach Amphitheater Income + Attendance: FY97 to FY04

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Total Ticket Sales Payments ($)	$93,304	$53,982	$89,885	$61,708	$73,300	$99,494	$97,418	$88,690
Average Ticket Sales Payment per Rental Day	$3,456	$2,999	$4,280	$2,938	$4,072	$4,326	$4,639	$5,543
Cost Per Ticket Charge	N/A	$1-$2	$1-$2	$2.00	$2.00	$2.00	$2.00	$2-$2.50
Total Attendance	N/A	N/A	N/A	30,908	36,050	49,747	48,509	35,476
Average Attendance for Ticketed Events	--	--	--	1,627	2,121	2,261	2,425	2,217

Pompano Beach Amphitheater Income + Attendance: FY05 to FY12

	FY05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Total Ticket Sales Payments ($)	$110,987	$63,643	$71,482	$30,793	$76,035	$46,373	$23,926	$26,677
Average Ticket Sales Payment per Rental Day	$6,166	$3,536	$3,971	$1,711	$5,849	$3,567	$4,785	$5,335
Cost Per Ticket Charge	$2.50	$2.50	$2.50	$2.50	$3.00	$3-$3.50	$3.50	$3.50
Total Attendance	44,395	25,457	28,297	12,317	25,345	15,002	6,836	7,622
Average Attendance for Ticketed Events	2,611	4,243	1,665	1,369	1,950	1,667	1,709	1,906

The decline in revenues and attendance is not as dramatic as the level of activity, suggesting a shift towards fewer but more popular acts at the venue. Here is a graphic representation of that table, making clearer the decline in activity and ticket sales.



There is a published rate sheet for rent of the amphitheater. The base rent is very reasonable ($1,500 for nonprofits and $2,500 for commercial groups), and then there is a fee per ticket sold ($1.00 for nonprofits and $3.50 for commercial groups). The problem is that renters must bring all of there own equipment and staff to run events. This means sound and lighting equipment, ticketing staff and equipment, security staff, janitorial services and supplies, and technical labor. Food and beverage services are provided by a third-party contractor (currently PCI), which manages the operation and also keeps the revenue.

More than anything, the lack of staff, equipment and support services would seem to be the biggest barrier to more use of the amphitheater. Prospective renters do not have easy access to many of the required personnel, and the rent of performance equipment systems is costly and difficult to organize.

The facility itself appears to be in good shape. It was been well maintained over the years, and its physical proximity to the Civic Center and other municipal facilities suggests that this will continue. Another key is the simplicity of the facility. There is one structure for the stage and backstage, which is in fact connected to the back of the Civic Center Auditorium such that backstage spaces are shared. There is another structure for the seating, under which are concession stands and public restrooms. And then there is a third structure for the box office.

One of the big challenges for any amphitheater is programming appropriately for the weather. In Pompano, there are some restrictions due to cold weather, but the more pressing issue is rain. Here is a brief summary of monthly temps and rain from weatherbase.com based on 20 years of recorded data.

Pompano Weather Patterns	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Temp	74	67	67	70	74	76	80	81	81	81	77	72	68
Ave Precipitation	61.1	2.4	1.9	2.7	4.2	4.5	6.4	7.2	7.1	9.4	9.2	3.2	3
Ave # of Rainy Days	94.5	5.2	4.4	5.8	6.9	7	9.1	9.7	9.6	12.8	12.6	5.3	6.1

Average temperatures stay within a fairly tight range. In fact, there is, on average, only one day a year where the temperature is below freezing. Precipitation does fluctuate, with the highest levels in the early Fall. There is some predictability in the summer months, in that the rain tends to come as an afternoon thunderstorm that can be planned for. All in all, we would suggest that the Amphitheater has a longer season than most and that the risk of disruptions associated with the uncovered audience is quite reasonable.

The activity charts above make it quite clear that demand for the amphitheater at present is not significant. But we would suggest that there seems to be an opportunity to drive demand in several ways. Specifically, our sense is that an investment in equipment systems, staffing support and other user services would make the amphitheater much more attractive for:

* Smaller regional promoters: there are a number of smaller, often ethnically-based promoters active in the region who are looking for venues of this size.

* Community rentals: There are many groups interested in renting the facility for private and community events.
* Community Programming: Finally, Pompano Beach has a very active set of community programs, more of which could be based out of the amphitheater given more equipment and staff support, as well as a closer relationship between the managers of the amphitheater and other City departments.

3. the operating environment

3.1 The Pompano Market

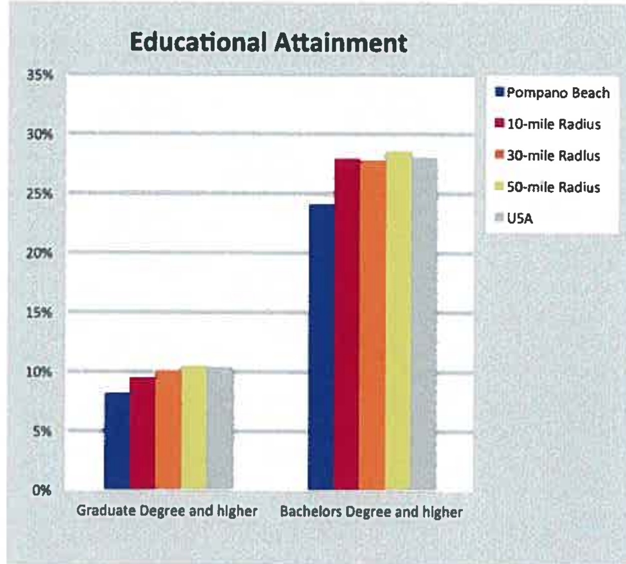
In 2011, we completed a market assessment for the *Needs Assessment for Facilities + Cultural Programming*. That assessment, which defined the market as the City of Pompano Beach, the 10-mile radius and 30-mile radius surrounding the Northwest CRA found extremely diverse audiences, with varying levels of income, educational attainment and race. Additionally, this data suggested that populations regularly travel to Fort Lauderdale or West Palm Beach to participate in cultural activities. We have reviewed updated market characteristics and trends for 2013, with similar findings. For the Pompano Beach Amphitheater, we have more broadly defined that market as the following segments.

1. The City of Pompano Beach
2. 10-mile Radius (surrounding Pompano Beach Amphitheater)
3. 30-mile Radius (surrounding Pompano Beach Amphitheater)
4. 50-mile Radius (surrounding Pompano Beach Amphitheater)
5. US (where applicable, for context)

A series of charts detailing market demographic characteristics and trends is attached to this report as Appendix A. This market definition also incorporates the 2010 updated census definition for the City of Pompano Beach, which added a number of Census Designated Places (CDPs) that were annexed between 2000 and 2010, including Collier-Cresthaven, Leisure Ville, Loch Lommand, Kendall Green and Pompano Beach Highlands.

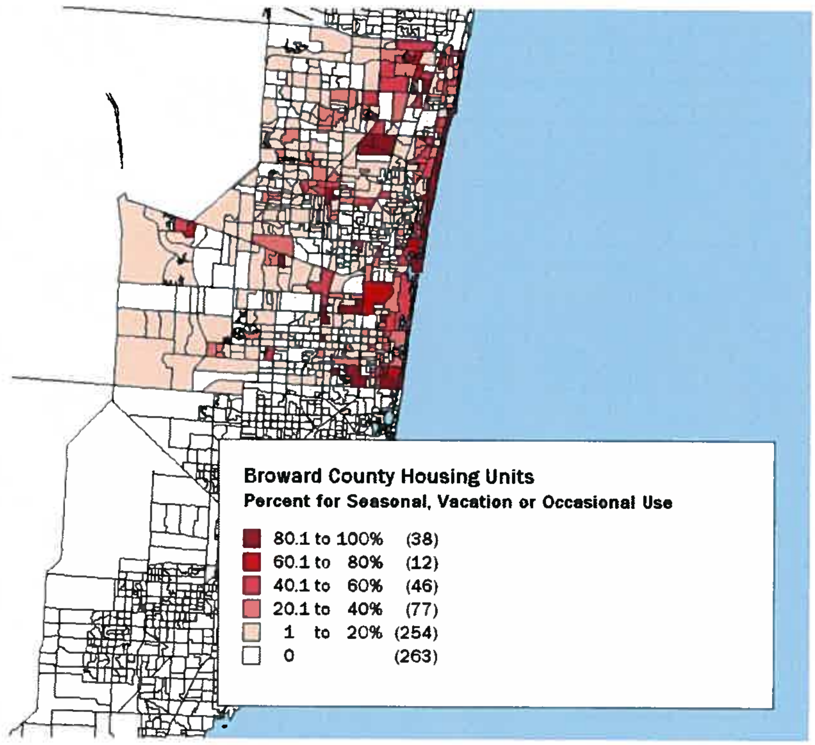
Data from this analysis comes from Nielsen, a market research company that provides demographic estimates and projections based on Census data. This research allowed us to characterize the local and regional market as:

* **Home to a large and steadily growing regional population:** There are nearly 5.4 million people residing within a 50-mile radius and populations are projected to increase by 5.5% in the next five years. Pompano Beach, which is home to a population of 109,296, is expected to experience a similar pattern of growth.



- **Having lower than average or average levels of educational attainment.** Within the market, Pompano Beach populations have the lowest levels of educational attainment – 24% of residents held a bachelors degree or higher, compared to national averages of 28%. However, populations within the 10, 30 and 50-mile radii had levels of educational attainment on par with national averages (28 to 29%).
- **Having disparate levels of household income.** Pompano Beach and the region have higher than average levels of households with income lower than $50,000 and a lower percentage of populations with household income above $50,000.
- **Having declining household median income.** The market has had median household income below national averages for a number of years. In the coming years, household median income for both Pompano Beach and the region are projected to decrease to levels that are comparable to median incomes for the region in 2000. This is a distinct deviation from the national trend of increasing household median incomes through 2018. These estimates, which incorporate Claritas 2013 data, also deviate from Claritas 2012 projections, where median household incomes were estimated to increase. However, Claritas 2013 methodology now more comprehensively incorporates 2010 US Census and American Community Survey Data as well as other up to date metrics. A description of Claritas 2013 methodology is included in Appendix A. These household income data suggests an increasing sensitivity to price and a need for affordable events and concerts at the amphitheater.
- **Home to retirees and aging populations.** Overall, the region is home to a significant number of retirees and empty nesters. Approximately one-third of Pompano Beach and populations within the 10, 30 and 50-radii are over the age of 55. Data suggests that these populations are expected to continue to grow, particularly for populations between the ages of 45 to 54 and 55 to 64.
- **Ethnically diverse.** The market is incredibly diverse and is home to significant concentrations of Hispanic or Latino and Black and African American populations. Notably, the 50-mile radius has a higher percentage of Hispanic and Latino populations and Pompano Beach and the 10-mile radius both have higher concentrations of Black and African American populations that will continue to grow within the next five years.
- **Seasonal.** Broward County indicates that 40% of property is not homesteaded (occupied by permanent residents.) leaving a large inventory of seasonal housing units.

Three of the ten census tracts with highest density of seasonal units are located in Pompano Beach. Much of this inventory is located along the waterfront, as shown on the map. The County also estimates that Broward County welcomed 500,000 snowbirds in 2010. The majority of visitors travel to Florida in February and March, which are busiest on Florida roads.



* **A Destination.** Greater Fort Lauderdale welcomed more than 12 million visitors in 2012, about three-quarters of which are domestic while one-quarter is international. Half of these visitors are visiting friends and relatives and half visit the beach/waterfront while in town. More than a quarter travel from within Florida. Other top origin markets include New York and New Jersey. The number of annual visitors is increasing, particularly as cruise ship traffic has grown by 700,000 visitors since 2009.

3.2 Competitive Facilities

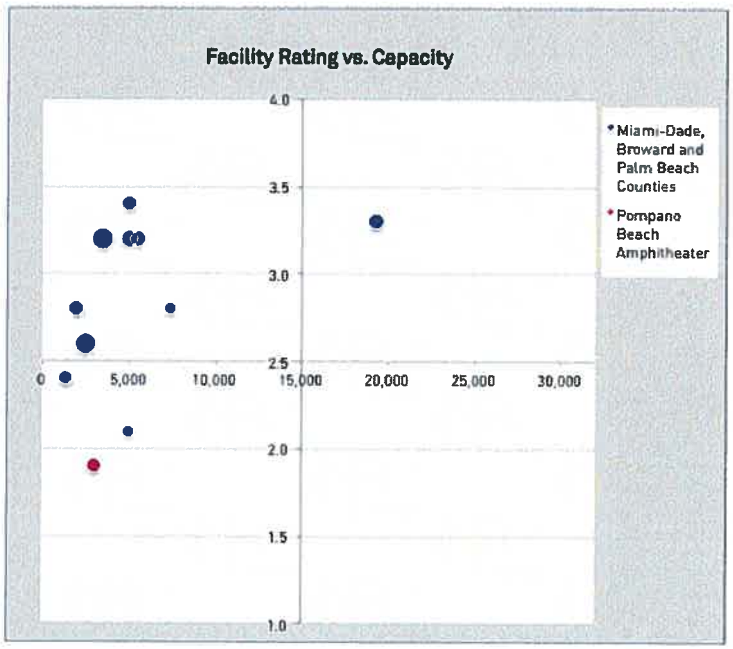
An assessment of the region's existing outdoor performance facilities and spaces can identify gaps in the inventory for performance spaces, consider the overall quality of spaces for arts and entertainment programming, and provide insight into the competitive market for touring product and other cultural activities.

Most importantly, this analysis considers how the current inventory of amphitheaters serves the region. For the purpose of this analysis, we researched and inventoried amphitheaters with seating capacities of at least 1,000 in Miami-Dade, Broward and Palm Beach counties. The list of competitive facilities was developed and then confirmed by City staff. The inventory, included as Appendix B, considers the physical features and types of activity hosted at each venue. This research was confirmed in interviews with facility managers and our own research. Facilities were rated on a scale of 1 to 4, higher being best. The condition and functionality of each facility has been rated using 8 variables. These include:

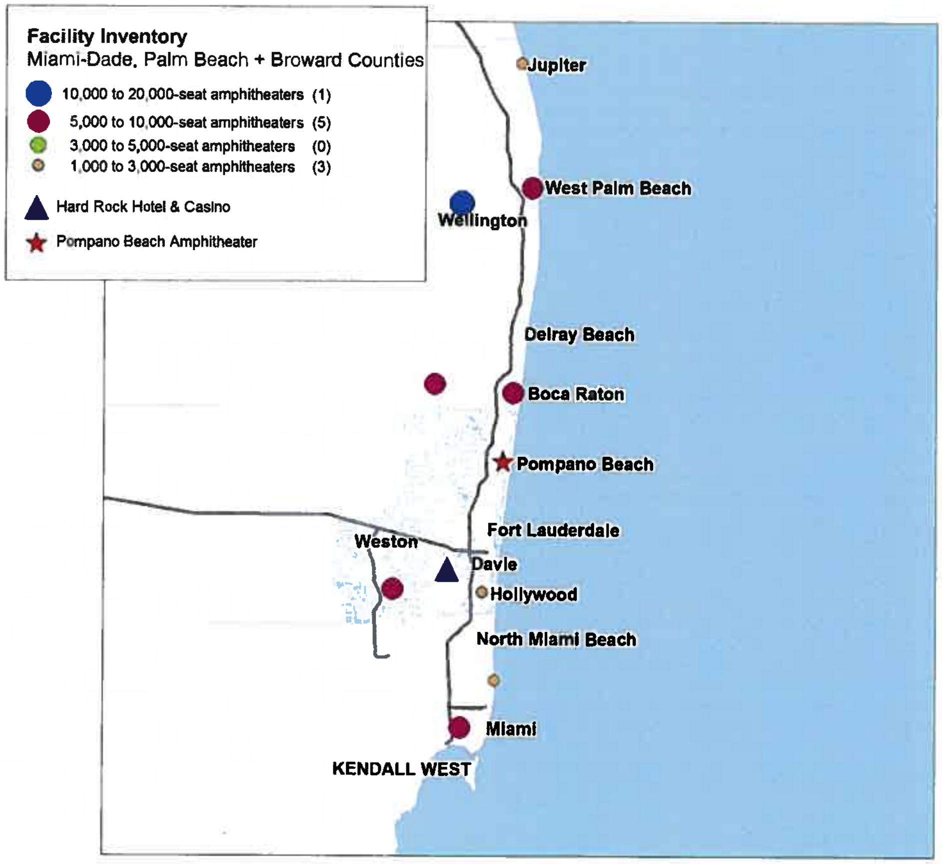
* Facility condition

- Staff and support
- Theatrical functionality
- Room acoustics
- Customer amenities
- Performer amenities
- Atmosphere and character
- Suitability for user

This analysis led to the following conclusions around the quality, age and condition of the region's amphitheaters. The adjacent matrix compares facility quality to capacity, indicating that there are a high number of high quality amphitheaters with capacities at least 1,000 in the region, indicating that there are a number of highly rated facilities with capacities similar to that of the Pompano Beach Amphitheater, which has a below average rating.



The map shows competitive facilities, including amphitheaters in the region and the 5,500-seat Hard Rock Hotel & Casino. The Pompano Beach Amphitheater is shown as a red star.



Understanding how the Pompano Beach Amphitheater compares to the region's other amphitheaters and concert venues is a critical piece of this study. The following observations detail the physical characteristics of amphitheaters within Miami-Dade, Broward and Palm Beach counties.

- Six of the 11 amphitheaters in this report have high-rated facility conditions, meaning more than half of the listed amphitheaters are brand new or have recently undergone renovations to make the facility like new.
- The majority of facilities offer lawn seating, while 6 amphitheaters include fixed seating, bleacher seating, or folding chairs available for special and private events.
    - North Shore Band Shell has a capacity of 1,400 and bleacher seating available for approximately 200 people.
    - The Cruzan Amphitheater has the largest total capacity at 19,300 and offers fixed seating for approximately 6,400 people.
    - The Mizner Amphitheater has a capacity of 5,000 and can accommodate 3,500 folding chairs, which are also available for rent.
    - Klipsch Amphitheater in Bayfront Park has a total capacity of 7,400 with fixed seating for 2,700 people.

- The Hard Rock Live venue has 5,500 fixed seats and, of course, Pompano Beach Amphitheater has 3,000 fixed seats.

* The Cruzan Amphitheater, a LiveNation venue, is the only facility with covered seating and permanent concessions.
* No facilities have a full fly system (theatrical rigging for scenery, curtains, and other theatrical effects).
* Alcohol policies vary greatly from site to site. Some venues, especially those located on City property, including parks, restrict the consumption of alcohol. Three facilities allow audiences to bring their own alcohol and four facilities allow for the sale of alcohol on-site. Of these seven amphitheaters, two have a BYOB policy and also allow alcohol to be sold on-site.
* In regard to operations, 9 of the 11 amphitheaters are located on park grounds and are owned/operated by their attributed cities or county parks and recreation departments.

Our review of regional amphitheater facilities as well as conversations with facility managers indicate that the Amphitheater is located in a highly competitive market for commercial entertainment and popular talent, particularly for touring artists given the buying power of Live Nation (which operates the Klipsch and Cruzan Amphitheaters).

The market is becoming more competitive as well. The Isles Casino, 3.5 miles from the Pompano Beach Amphitheater, is currently presenting some popular and commercial music in an approximately 2,800 person capacity outdoor area.

Following are additional details on the Amphitheater's competitive situation:

* The majority of regional venues present contemporary and commercial acts:
  - 9 (82%) present popular and headlining bands
  - 7 (64%) present local bands
* Surprisingly, 9 (82%) also present dance performances
* Several of the amphitheaters offer events in the following categories (many of these events are free):
  - Film: 5 (45%)
  - Family and Youth Programming: 5 (45%)
  - Community Festivals and Celebrations: 7 (64%)
* Other types of concerts presented by some of the amphitheaters include:
  - 3 (27%) classical/pop music
  - 5 (45%) jazz, big band or swing music
  - 5 (45%) tribute/cover bands
* Only 2 (18%) present comedy and only 2 (18%) have featured lecture series.
* All of the amphitheaters are rented to outside users for private events.
* Given the Amphitheater's limited capacity and relatively low facility rating, it may be beneficial to offer programs that are scarcely represented among other regional, competitive amphitheaters (comedy, classical/pops music, cover/tribute bands, and so forth) in order to better compete for regional audiences.

3.3 Hard Rock Casino, Hollywood, FL

During our study, we heard that it was the Hard Rock Casino in Hollywood that is having the greatest impact on programming at the Pompano Beach Amphitheater. Here is some additional information on that venue.

The building (covering 430,000 sf) and operation was purchased by the Seminole Tribe of Florida in 2004 at a cost of $275 million. The Seminole Tribe has exclusive rights to table games, such as blackjack in Miami-Dade and Broward counties in exchange for annual payments to state and local governments. The casino offers free and convenient parking, and guest ratings of the hotel and casino are very high and several reviews commended the helpful and friendly staff. One review mentioned the fact that live music was always playing throughout the casino.

Seminole Paradise is the entertainment area in the casino - a night-life district with 13 clubs, restaurants and stores and a 5,500-seat concert hall. It includes:

- *Opium* – 2 floors of entertainment space (1,000 capacity)
- *Passion* – 15,000 square foot nightclub
- *Slims* – Bar featuring DJs and local bands
- *The Swamp* – upscale lounge with indoor and outdoor seating and live entertainment
- *Improve Comedy Club* – 460-seat venue with martini bar
- *Paradise Live* – 350-seat theatre located in Seminole Paradise; includes VIP Lounge and full service bar

Upcoming events presented through Hard Rock Live include: Eric Clapton, Chicago, Bill O'Reilly and Penn & Teller. Although the hotel and casino offers a one-stop, all-inclusive entertainment experience, what seems to be lacking is its engagement with the surrounding community and residents. A New York Times article commented on the dangers of gentrification in Hollywood and the concerns of community activists with the development of more condos, hotels and casinos, in addition to the Hard Rock. In 2008, Hollywood was described as the last affordable beach town in Florida, however the emergence of luxury hotels and casinos can easily transform this area into something similar to the high-end environments of Palm Beach and South Beach.

3.4 The Commercial Music Sector

Changes in the commercial music sector over the last decade have been profound and have dramatically impacted Pompano's amphitheater. And there is every indication that these changes will continue, if not accelerate. Let's examine some of the major trends and their implications for this project.

First of all, let's note that live music concerts comprise of 58.1% of the total concert and event promotion industry. There are also some dance, comedy, speakers and variety acts begin booked commercially. And of course there is touring Broadway theater, which has its own set of issues. But for this project, it is most important that we develop a stronger sense of the future of touring live music.

The Demise of the Recording Industry: The first and most dramatic change in the sector has been the demise of the recording business. From 2000 to 2010 album sales plummeted 58.5%, dropping from 785.1 million to 326.2 million. From 2007 to 2012 the major label music industry has seen a -4.6% annual growth and album sales have seen a compounded growth of -9.6%. Since 2004 album sales have steadily decreased from $700 million to $300 million in 2012. Since 2007 major labels have expanded their digital album distribution and by 2010 every major label had shifted focus away from physical distribution to digital. Album sales, both digital and physical, are projected to continue decreasing into 2017, however the decline will move at a slower rate as online music piracy reaches a plateau and the recording music industry shifts its focus away from album sales to singles. Across the board, music labels are exploring new revenue sources apart from traditional production business models. According to the IBIS World report on the Major Label Music Production industry, "The industry's decline can be attributed to digital piracy and the low value of digital downloads compared with the traditional CD format. Other drivers of this decline include growing competition for consumer spending and retail shelf space, increased access to free streaming music, and the maturation of the CD format, which have curbed the historical growth pattern of recorded music sales." Source: IBIS World Database. Data provided by The Nielsen Company.

The key driver of these changes has been the emergence of technologies that allow consumers to access music in different ways. Products and services such as Napster, the IPhone and Pandora have given consumers new levels of choice, control and cheaper access to more music. Hence, there now exists a much more democratic relationship between the creators and the consumers. The emergence of these new technologies has fundamentally changed the relationship between the creators and consumers of music. This has been a process of disintermediation, meaning the removal of so many of the forces and companies between the musician and the fan. Consumers also much more able to pick and choose music they like from all places and periods. This is the impact of the Shuffle function.

These changes have fundamentally changed the role of touring. Fifteen years ago, artists and groups toured to sell records. Now it's all about getting songs played by whatever means and media in order to promote live concerts.

The Supply of Artists and Their Lifecycle: Largely as a result of the technology advances noted above, the nature of the supply of music has changed. Music no longer comes to us as a carefully controlled trickle from the artists we love (or ought to love). It is now a largely unrestrained flow coming at us from all directions. Consumers choose what they want to choose – what it is, where it comes from, when it was created, and how it is listened to.

There is a downside to this from the perspective of the artists and those who book them. Essentially, there are exponentially more artists chasing the same audience base. And that audience base has moved away from the concept of loyalty and support of their favorites to a tendency of inconsistent, fluctuating music tastes. Despite revenue decline in the music industry, an estimated 719,521 people joined the Performers and Creative Artists industry in 2011. 97% of these new artists are low-income solo performers. Developments in social media platforms, such as Facebook have made it easier and more affordable for emerging artists to self-promote, which has contributed greatly to the increase in independent artists.

Huge supply also changes patterns of loyalty – essentially artists and bands emerge, rise and fall at an alarming rate. And there are very few musicians who are guaranteed to sell tickets for any extended period of time.

The Consolidation of Ownership: Live Nation remains the largest concert promoter in the country, selling 25 Million tickets. AEG Live, which sold 12 million tickets in 2010, is the second largest. Then there is the Nederlander organization, a family business with both concert and theatrical divisions. On the theatre side, they produce shows, present in large venues in several major markets, and are the 2nd largest theater owner in New York. The concert division is not as big but is still competitive and willing to promote in many different segments.

Aside from these few major companies, smaller promoter companies and independent, non-employer promoters have emerged. The total number of establishments in the Concert and Event Promotion industry has increased to 103 over the past five years. According to IBISWorld, the industry has a medium competition level, with moderate barriers for entry. Although the Internet has widened the gateway into concert and event promotion allowing for more independent promoters, venue ownership, dominated by Live Nation, remains a driving force for success in this industry. Venue ownership requires substantial start-up capital and lends additional sources for earned revenue through concessions, merchandise and rental services.

The dominance of large firms like Live Nation Entertainment and AEG over the industry has proven to negatively impact live entertainment on the part of consumers. Both Live Nation Entertainment and AEG use the same ticketing technology – Live Nation through Ticketmaster and AEG through its newly developed AXS website. Today, Ticketmaster and AXS charge patrons facility and convenience fees, on top of the price of each event ticket. These additional charges drive up the cost of tickets, often discouraging consumers from attending live events.

A related issue is that as the stakes of the game increase in a corporate setting, the players become more risk averse, which most certainly affects what work is developed and why. Creative enterprises like those involved in entertainment, no matter how profitable, do not thrive under corporate control. Success depends as much on risk-taking and intuition as it does on scale and access to capital.

The Vertical Integration of the Business: A related issue is that the larger corporate players in the industry have attempted to vertically integrate. AEG Live is one of the Anschutz Company's many businesses. In addition to owning and operating several major sports and entertainment venues, such as the Staples Center and the Forum, the company also owns many sports franchises including the Los Angeles Kings. AEG Events and AEG Live controls the booking, management and promotion of music festivals such as the Coachella Valley Music and Arts Festival, which was among the top grossing events in the United States in 2011.

Similarly, Live Nation Entertainment, which is a business merger between Live Nation's promotion company and Ticketmaster, controls all areas of live entertainment, including artist management, promotion, venues, and ticketing. Ticketmaster has acquired nearly 70% of the

U.S. ticket market and Live Nation is the largest concert promotion company in the world and owns more than 120 live performance venues. Live Nation's Front Line Management, a group of artist management agencies started in 2005, manages the careers of nearly 200 bands and solo artists, including Christina Aguilera, Maroon 5 and Neil Diamond. Live Nation Entertainment also owns the media analysis firm, BigChampagne.

Multiple Facilities in a Market: The other thing the major players are seeking is the control of multiple venues in a market. This gives them, so they say, the ability to move artists into larger or smaller venues in a particular market. But it also allows them to exert greater influence over the supply, quality and price of the product available in a market. One AEG executive we spoke to described their ideal situation in Denver, where they own and operate three venues of different capacities so that they can move touring artists into larger or smaller capacity venues depending on their popularity in the market at any given time. And the reality of the market is that the popularity of artists has never been so volatile and unpredictable.

The downside of promoters controlling multiple venues in a market is that they are able to exert more control, which means an attempt to increase prices and often limit the supply (and even quality) of work available to consumers.

The Ticketing Industry: It is particularly important to note the rapid evolution of the ticketing industry. In the last ten years, we have witnessed its evolution from a hardware business to a software business then to a service business. With the rapid development of new technologies supporting online ticketing, cloud-based systems and CRM (customer relationship management), many small companies have emerged and fought valiantly to capture a share of this increasingly volatile market. But at the other end, we have seen the consolidation and growth of the major players, their purchase by connected enterprises (as noted above), and their move to take over the secondary ticket market.

The old Ticketmaster model of buying and selling convenience with very high fees to ticket buyers remains attractive to many venues and promoters, because they often receive such a high percentage of these surcharges. But there are so many other apps and services now available to artists, venues and others that reduce the cost, improve the customer experience and provide a wealth of important data to ticket sellers.

How this will play out over the next decade is difficult to predict. Many artists are avoiding the use of ticket retailers such as Ticketmaster. The high fees and questionable connections to the secondary ticket market often discourage patrons from purchasing tickets and encourage performers like comedian Louis C.K. to sell tickets on their own websites. At the same time, competitive pressures and opportunities to cash out for small ticketing innovators will likely lead to further consolidation of the industry and more power awarded to the sellers. It likely depends on the next wave of information technologies, and whether those innovations are more likely to favor the buyers or the sellers of event tickets.

The Role of Festivals: In recent years performing arts presentations, music concerts in particular, have shifted from solo acts to larger-scale music festivals that can accommodate a high numbers of promoters, artists and organizers at once. More than 20 major festivals were established this year in the United States. Live Nation plans to stage 8 of these 20 festivals, doubling its festival business and starting outdoor music events in cities like St. Paul and Philadelphia. Live Nation CEO says festivals are one of the major growth areas for their business. Cities such as New York, with limited open space and often high ticket prices, have seen an increase in for-profit music festivals this past summer. And NY promoters make deals with clubs to present shows that combine headliners with lesser-known music groups Despite record industry and album sale decreases, concerts and outdoor music festivals have remained resilient.

The growth and development of festivals in Florida has been dramatic. The Orlando Calling festival (Live Nation) features more than 50 music acts. And the Ultra Music Festival in Miami is the largest electronic music festival in the United States.

Prospects for Facilities: As we noted above, the new importance of touring has helped facilities, and in fact lead to the development of many new ones and the redevelopment of old ones.

The biggest challenge for facilities around the commercial music sector is the type of experience being sought by audiences. These events are large social experiences. Though the economics of particular artists are volatile, there is an increasingly important role and value to having extensive food and beverage opportunities connected to the experience (and not just for a 15-minute intermission). And audiences are also looking for more options in the way they engage with the artists. This poses a grave challenge to large traditional venues with only fixed seating. Audiences need and want to move around. They want to sing, dance, eat, drink and share. Cup-holders are not sufficient.

The other challenge for venues is how and whether to attach and ally themselves with individual promoters or the other large players in the commercial music sector. The key reason to form these partnerships is to gain access to better shows, which the larger promoters can certainly trumpet. But these relationships can also limit the choices available to a facility and force a gamble on the continued influence of that particular promoter.

What we imagine is a future where these ebbs and flows between the corporate controllers and the innovations of individual artists and technologists continue. Buildings should be flexible in ways that allow them to adapt from day to day and then decade to decade. There should be increased investment in the things that enhance the social aspects of live performance (for the benefit of audiences and the bottom line). Lastly, venues need staff (or partners) able to curate progressive programming without becoming beholden to individual suppliers.

4. observations

We would offer the following preliminary observations about the amphitheater:

Fundamentally, this is a great venue. It has a good size for a range of community of commercial programs. It works fairly well for audiences and users. And it's in relatively good shape.

The biggest challenge for the amphitheater is the increasing competition from other venues offering commercial programming. In particular, the Hard Rock Casino in Hollywood is having a dramatic impact on the market, over-paying for various acts in order to attract gamers to their venue. In this environment, it is clear that the Pompano Amphitheater is unlikely to attract a commercial promoter to run or program the venue on an exclusive basis, at least not for the foreseeable future. This last point is important. Competitive threats have a way of coming and going over time (decades, not years), such that we believe there is potential for the Amphitheater to again become a successful commercial venue in the future.

The good news is that there are other ways to program and operate amphitheaters like this one, in ways that do not preclude the return of a commercial operator/programmer. Specifically, we would encourage the City to take a more active role in the programming and operation of the Pompano Amphitheater, animating it with a combination of City-sponsored, community and commercial acts brought to the venue on a rental basis by various promoters. We imagine a season of programming in which various city departments, local & regional nonprofits, and various promoters bring performances, events and festivals to the amphitheater on a rental basis. There are improved food and beverage facilities for audiences and a more substantial package of performance equipment for users.

Performances should be focused on music, but there can be other events (like film and dance) and larger events that start with performers on a stage – for example a fundraising bike-a-thon that begins and ends at the amphitheater. We see this venue as being responsive to the interests of a growing and diverse population, and to nonprofit & commercial producers and promoters looking for appropriate ways to reach this market. Despite regional competitive pressures, we think that the amphitheater can be positioned uniquely within the region as an accessible and affordable community gathering place. And we see it contributing to the broader goals of the city of Pompano Beach as a venue that builds the image of the community and has a unifying influence.

Over the course of our assessment, the Saint Augustine Amphitheater was referred to as an excellent model for Pompano Beach. Here then is some information on that facility and how it is programmed and operated.

The Saint Augustine Amphitheatre, Florida

The amphitheater was built in 1965 and is located on a 16-acre section of the Anastasia State Park. The venue seats 3,900 patrons (including obstructed view seats) and offers some covered seating. Operated by the St. Johns County Cultural Events Division, the facility was refurbished in 2002 with the help of St. Johns County and is now a state-of-the-art performing arts venue including a conference room, merchandise area, plaza, and 4 permanent concession stands. The amphitheater works exclusively with Professional Concessions, Inc. for all of its food and beverage needs.

The amphitheater hosts a variety of performances and other events year-round. Live performances include nationally and internationally recognized musicians, such as Hall and Oates, Matchbox Twenty, Yo Gabba Gabba Live and Alan Jackson. The amphitheater offers many free events, including outdoor movie screenings, a farmers market and the Annual Winter Wonderland festival, which attracts more than 50,000 people each year. The St. Johns County Fairgrounds also presents several of its events at the amphitheater.

One of the key elements to the amphitheater's success is its engagement with surrounding communities and residents in St. John County. In 2009 The Friends of the St. Augustine Amphitheatre, Inc. (FOSAA) was formulated. This nonprofit organization is dedicated to making the amphitheater more accessible to local residents and other nonprofit organizations. The organization offers grants to schools and nonprofit community organizations interested in using the amphitheater for cultural events. FOSAA also subsidizes ticket costs to enable school children to attend performances at the amphitheater. The advantages of these outreach programs are twofold: FOSAA becomes an active fixture in the community demonstrating its support and engagement with local residents, while increasing the amphitheater's visibility in the community. FOSAA is governed by an all-volunteer board of directors and garners financial support and resources from corporate sponsors, foundations and individual supporters of the amphitheater.

5. governance

There are four basic operating options for outdoor performing arts facilities, all of which are possible for City-owned facilities. There are some additional permutations and combinations possible, but let's look at the four basic choices and consider the pros and cons of each for the Pompano Amphitheater.

Commercially-run Facilities: There are venues operated by commercial operators, some of whom are also control touring artists. This was the previous operating model in Pompano, with Fantasma and then LiveNation having a contract to book and operate facilities. This can be a good arrangement or municipally-owned facilities when the interests of the owner and operator align. But, as happened here, changing market conditions can lead the operator to behave in a manner not in the interests of the community, and there are few contracts strong enough to change that behavior. We don't see this as an appropriate model under the current circumstances, but it many one day be a good solution for Pompano, subject to the City's ability to form a contract with stronger guarantees on the part of the operator.

Government-run Facilities: A department or agency of local government often manages amphitheaters. This is now the case, with a skeleton crew of staff based out of the Parks and Recreation Department. The principal benefit of a government-controlled operation is the relative guarantee of public funding to support ongoing operations, plus the basic promise that facilities will be operated in the best interests of the owners – in this case the City and ultimately the taxpayers. The challenge is that the cost-structure and work rules associated with local government may drive operating costs higher, and it is difficult to convince the private sector to donate to a government-run entity.

Nonprofit-run facilities: The next option is to have an independent nonprofit corporation running a facility under contract with the City owner. There are many of these across the country, and many are successful. These are mission-driven organizations oriented towards public service and community impact. They are transparent operations (given IRS requirements), which allow for greater public accountability. And they are generally the best at outside fundraising, which can reduce their reliance on earned revenue and government support, and provide greater curatorial flexibility. The biggest challenge of this model is that these organizations live and die according to their ability to fundraise to offset annual operating expenses, with no backstop guarantee of support if the operation is in trouble. It can also be problematic that these organizations are sometimes competing with their users and other nonprofit groups for financial support. And with fluctuations in the economy and in the policies and commitment of philanthropists and corporate sponsors, there is some risk around long-term sustainability.

User-run Facilities: This is a slight variation on the nonprofit-run model, with the principal user of the facility (generally a nonprofit such as a performing arts group) also acting as the operator. It is an attractive model in a situation where one user dominates the facility. And it works in many communities where there is a credible and stable local organization with the support of leaders and funders. The general challenge with this approach is that the operator is fundamentally conflicted about facility goals vs. organizational goals. And, more to the point, there is no such organization apparent to us in and around Pompano or Broward County.

In this situation, it makes the most sense to have the Amphitheater remain under the operating control of the City. In addition, we would recommend the development (or re-purposing) of a Foundation to raise money from the private sector to improve and sustain these facilities. As per the St. Augustine model, such a group might also assist with community outreach and engagement in the amphitheater, ensuring that all in the community are given the opportunity to enjoy this community asset.

Given the presence of other cultural facilities under municipal control, a case can be made for the integration of operations of these different facilities. We will develop that concept further under separate cover.

6. operations

As the City moves forward with these plans, we would recommend the development of a more formal set of policies and practices guide the operation of the Amphitheater, in a number of areas:

Scheduling: There should be a master calendar controlled by senior staff. Spaces should be made available for booking up to 18 months in advance, with priority given to presented events, community events and then rentals. Building management should also reserve the right to retain certain days or weeks for facility maintenance and improvement.

Rental Rates: Rental rates should be based on the type of user, with local nonprofits paying less than commercial groups.

Outside Personnel and Labor Expenses: The Amphitheater should continue to employ outside labor for events, generally at cost. We would also encourage the development of relationships with local schools and colleges to have the more skilled positions filled by students and interns training in these particular areas.

Ticketing: We would recommend that the Amphitheater develop a ticketing system for its users, as and when warranted by existing rental and presenting activity. The issuance of an RFP and specifications would best be lead by the Foundation, with the system also to serve the other cultural facilities.

Concessions: We endorse consideration of seeking a third-party contractor for the operation of concessions at the amphitheater, and would encourage consideration of such a contract to the Cultural Center at the Civic Campus when it comes online.

Catering: There should be additional catering to support corporate and community events at the Amphitheater. There are several options, including the contracting of catering out to a third party, managing catering internally, or developing an approved list of caterers for events at the Amphitheater. Again, we would advocate for policy that can be applied to a set of cultural facilities in Pompano. For that reason, our preferred model would be the approach of having an approved list of caterers, but also likely to right-first-refusal provision at the Amphitheater given the likely presence of a major food service provider there.

7. programming & activity

We see the amphitheater coming to life in the following ways:

Live Presenting: Buying and presenting touring arts and entertainment programs should be a small but important element of the amphitheater's future programming. Presented events can support the mission of the facility by providing residents with opportunities to see and hear regionally and nationally known artists. The challenge with presenting is having the ability to choose and access the right shows and promote them effectively such that a small set of performances has a large and positive impact on the community. Here, we would recommend that the City hire staff able to book, promote and execute the occasional presented event.

Film Presenting: Likewise, we see an opportunity to develop a summer outdoor film series at the amphitheater, with family, classic and popular movies. While this could be accomplished with film presenting partners, let's assume for now that it is internally managed, with films acquired through a regional distributor.

Community Programming: The amphitheater should continue to host community programs, whether bike rides, community celebrations or commemorative events that are produced locally with the support of local businesses.

Rentals: Finally, the amphitheater should be available for occasional rentals, either regional nonprofits seeking a new location, commercial promoters wanting to bring events to the amphitheater on a rental basis, or private/corporate groups wanting to use the venue for a private event – like a corporate picnic or wedding reception.

8. staffing

The challenge of staffing a seasonal facility is developing and maintaining a team that can effectively program and manage the facility without creating a year-round cost structure that can't be supported. We'll consider how to do that through the management of multiple facilities in a separate report, but for now let's imagine that such an option does not exist. In that case, here is a provisional organizational structure.

At the top we show the City of Pompano Beach as the owner and operator, with a parallel Foundation responsible for private sector fundraising. The only fulltime staff member is the amphitheater manager. The green boxes are for all of the part-time staff needed to support operations. And the red boxes are for event-based staff on site. Here are job descriptions for key personnel:

Amphitheater Manager: This is the key on-site position, likely to evolve from a part-time to full-time position as the project develops. Key responsibilities include the management of staff, the working relationships with key partners and the physical maintenance of the Amphitheater. The manager should also design and implement safety protocol for equipment and facility use, monitor inventory and order supplies, and assist with budgeting for equipment repairs and maintenance, supplies and technical labor expenses.

Technical Director: A part-time manager for the technical operation of the amphitheater, responsible for the deployment and maintenance of performance equipment systems, the load-in/set-up/striking of events, employment of technical labor for particular shows, and relations with touring technical staff.

Grantwriter: A part-time grantwriter, responsible for identifying and applying for potential funding opportunities.

IT & Ticketing Manager: Another part-time position to manage the ticket office and supervise the deployment of information technologies for the operation of the amphitheater – the ticketing system being the key one.

Marketing Consultant: A local consultant hired to develop and execute marketing plans for shows presented by the Amphitheater, and also to advise amphitheater renters on their audience development efforts.

Administrative Assistant: The Administrative Assistant is a support position that fulfills clerical duties for senior staff. Potential tasks include greeting office visitors and answering the phone, speaking with tenant groups and renters, assisting the marketing manager with mailings and special projects, filing and office equipment management.

Amphitheater Custodian: An on-site but part-time staff responsible for cleaning and basic maintenance of the facility.

On-Site Ticketing and Event Staff: In addition to part-time staff, there would be technical, cleaning and event staff based at the Amphitheater and hired on an event basis – typically a four-hour call.

9. pro-forma operating budget

The key to successful operation of the amphitheater is to keep it busy in a way that is financially sustainable. Here, we would stress the following:

* The wonderful thing about the amphitheater is that it can be maintained with only minimal fixed costs. With no activity there, the amphitheater only requires basic security and maintenance support along with the other facilities on the campus. Adding a modest level of activity (as is now the case) requires only a small staff and some direct costs for services and maintenance. But when we look at a fully developed amphitheater, there significant additional costs, staffing and otherwise. Our pro-forma is then based on a plan to fully animate the amphitheater with a combination of presented events, community rentals and City-sponsored events.

* We are assuming that the amphitheater is closed for a portion of FY 2013/14 to complete recommended upgrades, mostly importantly better equipment systems and services. When it re-opens, it is reasonable to project additional rental and presenting activity, as well as higher rent levels.

* The key to operating success will be the balancing of presenting (both film and live events), with rentals and community programs. Essentially, discounted rent for community groups and free access for community programs are funded by the occasional profit-making presented events.

* The other key to the successful operation and sustainability of the amphitheater will be the development of effective partnerships – with various City departments and agencies who might benefit from access to the amphitheater, and with outside groups who might bring significant skills and resources to the facility – whether relating to food and

beverage operations, film exhibition or presentations to the large and diverse market in Broward County.

Appendix C is a pro-forma operating budget for the amphitheater that shows how program, staff and physical changes lead to higher revenues and expenses over time. We have built this financial model to be an effective tool to help the City of Pompano Beach consider various choices over time. It is a live model that can be manipulated easily by City staff to test physical, programming and operational choices.

With the assistance of City staff, we start with actual results for FY 2011/12, then estimate similar arrangements and activity for FY 2012/13. Then, FY 2013/14 is a year with less activity given renovations occurring that year. Activity starts to ramp up in FY 2014/15 with physical upgrades done and new staff in place, with additional increases in presented activity and rentals in the following two years.

A key step in developing the pro-forma has been estimating activity as operations are expanded and facilities are improved. The first part of the pro-forma is a spreadsheet that details activity, income and attendance for various programs and rentals. Here is a description of the key assumptions in the activity profile:

- As a result of recommended operations, programming, and staffing activities, we see a slow but steady increase in various types of activity, including presented live events, films and rentals.
- We are keeping ticket prices low for live and film events to stress the importance of community access. Rental rates to nonprofit groups are also low, while rates for commercial rentals are higher based on the surcharge approach (now $3.50 per ticket sold).
- With these assumptions, total days of annual use go from seven this year to 51 days of use by FY 2017/18.

The multi-year budget is the second portion of the pro-forma. Following are key assumptions:

- Rental income increases with more activity, particularly after upgrades are completed.
- Concession income grows over time with more activity, and we also introduce some catering income to the facility.
- On the expense side, the first big change is the shift from the current shared staff arrangements to new full-time and part-time staff.
- There are significant new presenting expenses (artists fees, marketing costs and other direct expenses), as we are recommending that the facility organization now becomes an occasional presenter.
- Programming, utilities, marketing and other expenses grow slowly but steadily with more activity.
- There is a new ticketing operation, largely paid for with fees.

Overall, the size of the budget grows dramatically, both on the revenue and expense side. Here is a summary. This suggests that a more active amphitheater will still require funding support from the private and/or public sector, but the funding requirement in FY 2017 is $56K more with significantly more value delivered to the community, as well as a higher return on investment given increased audiences and related economic impact. In addition, we have allocated resources to raise funds to make up this gap.

Operating Budget Summary	2012	2013	2014	2015	2016	2017
Earned Income						
Ticket Sales	$-	$-	$195,000	$345,000	$422,094	$505,731
Rental Income	$41,771	$37,506	$37,530	$93,307	$108,426	$124,367
User Fees	$-	$-	$28,148	$69,980	$81,320	$93,275
Food Service	$-	$-	$35,251	$73,436	$83,723	$94,280
Box Office	$-	$-	$21,876	$46,973	$55,824	$65,339
Miscellaneous Income	$-	$-	$38,210	$79,842	$91,844	$104,160
	$41,771	**$37,506**	**$356,015**	**$708,538**	**$843,231**	**$987,153**
Operating Expenses						
Shared Staff	$59,768	$62,158	$-	$-	$-	$-
Full-time Staff	$-	$-	$46,875	$93,750	$97,500	$101,400
Part-time Staff	$-	$-	$71,500	$143,000	$148,720	$154,669
Event Staff	$-	$-	$11,706	$24,120	$26,879	$29,638
Programming Costs	$-	$-	$147,000	$267,000	$318,244	$372,594
Box Office	$-	$-	$50,252	$108,067	$128,177	$149,830
Fundraising Expenses	$-	$-	$41,500	$42,745	$44,027	$45,348
Administration	$5,505	$3,059	$46,240	$92,480	$95,254	$98,112
Occupancy Costs	$17,046	$42,907	$62,329	$124,657	$128,397	$132,249
	$82,319	**$108,124**	**$477,401**	**$895,820**	**$987,198**	**$1,083,840**
Annual Funding Requirement	**$40,548**	**$70,619**	**$121,387**	**$187,282**	**$143,967**	**$96,687**

10. economic impacts

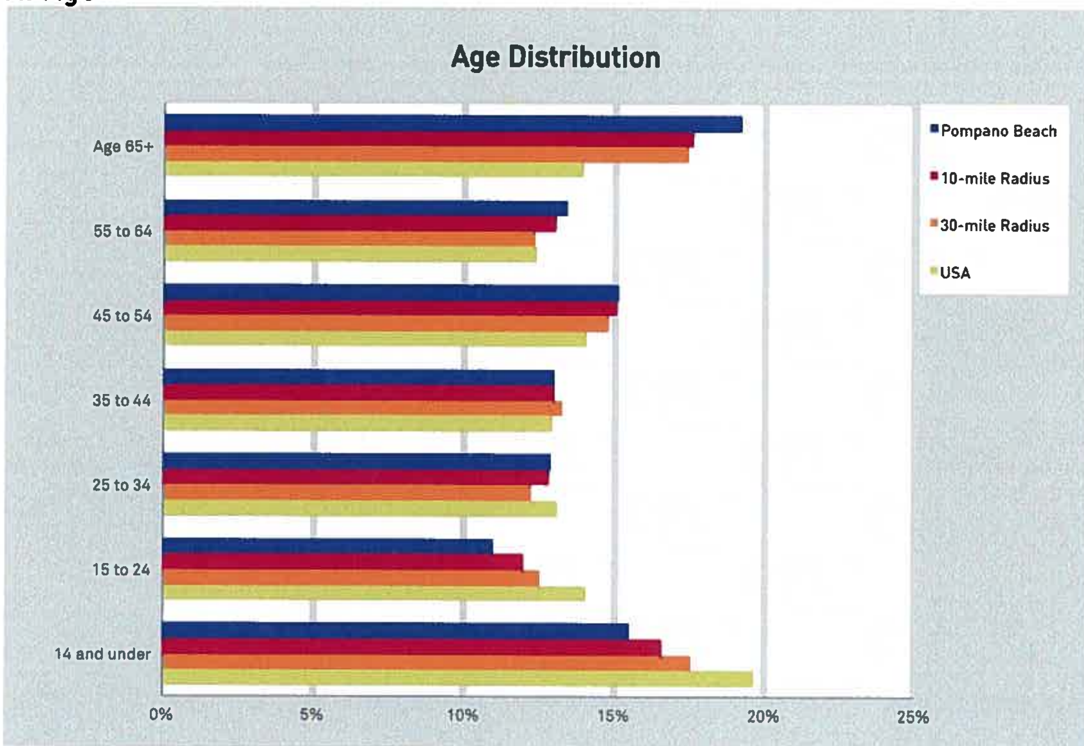
A more active amphitheater, supported by an expanded operating structure, has potential to provide positive impacts to Pompano Beach, drawing visitors who are likely to spend significant dollars in addition to the cost of admission. *Arts and Economic Prosperity Report IV*, published by Americans for the Arts, provides data on consumer spending in conjunction with attendance at performances, exhibits and films. Data provided for this study from Broward County arts entities suggests that local arts audiences in Broward County spend an average of $21.63 in addition to the cost of admission while audiences traveling from outside of the County spend an average of $34.60 in addition to the cost of admission on travel, lodging, meals, souvenirs and more.

Aside from the quantitative impacts, the amphitheater has potential to contribute to City plans and goals around community development, help to position and promote Pompano Beach as a destination within northern Broward County and also support new County plans and investment in cultural tourism.

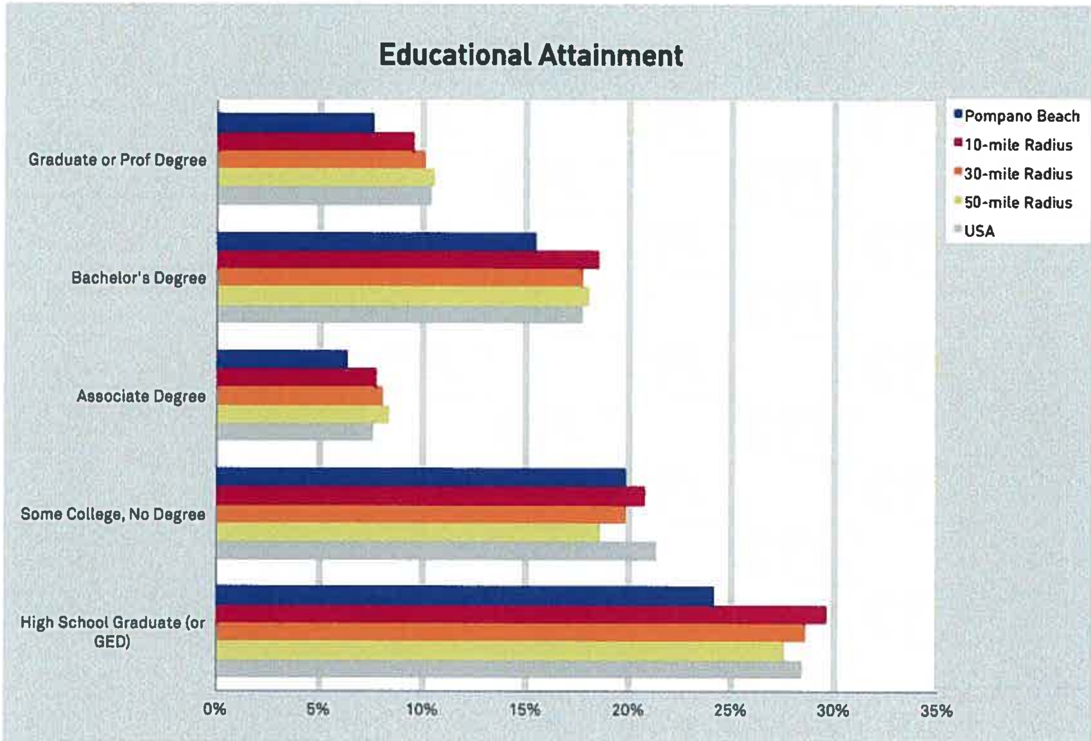
appendix a: market characteristics + trends

1. Demographic Characteristics

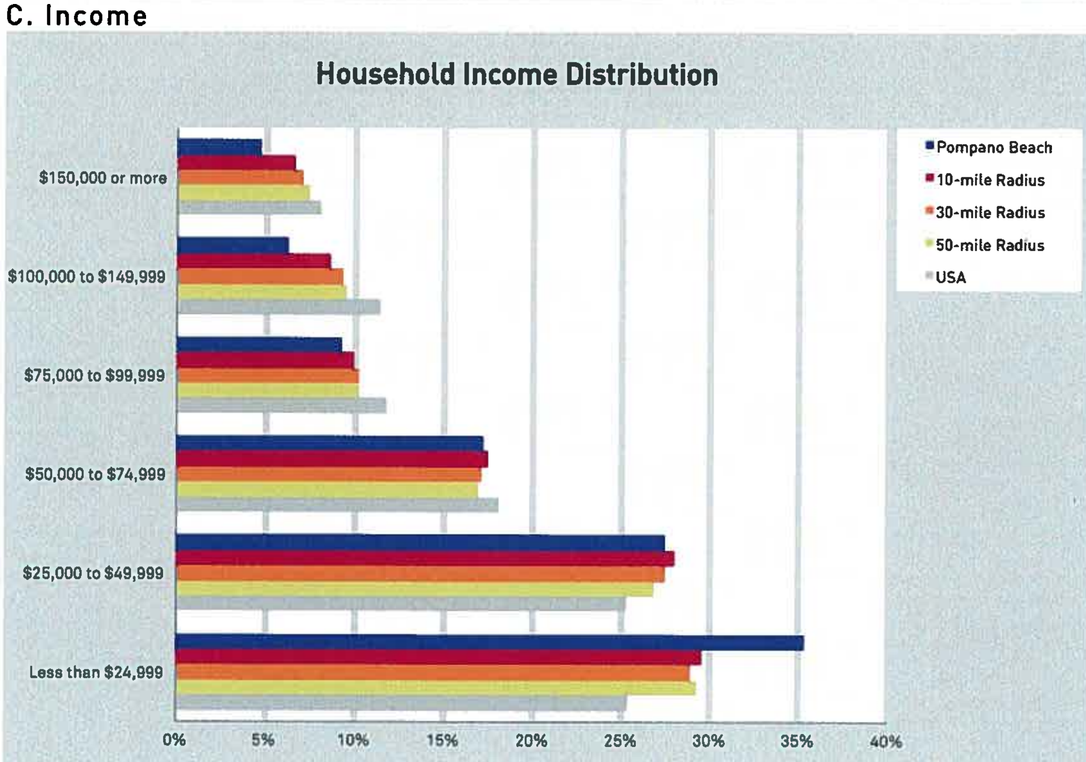
A. Age



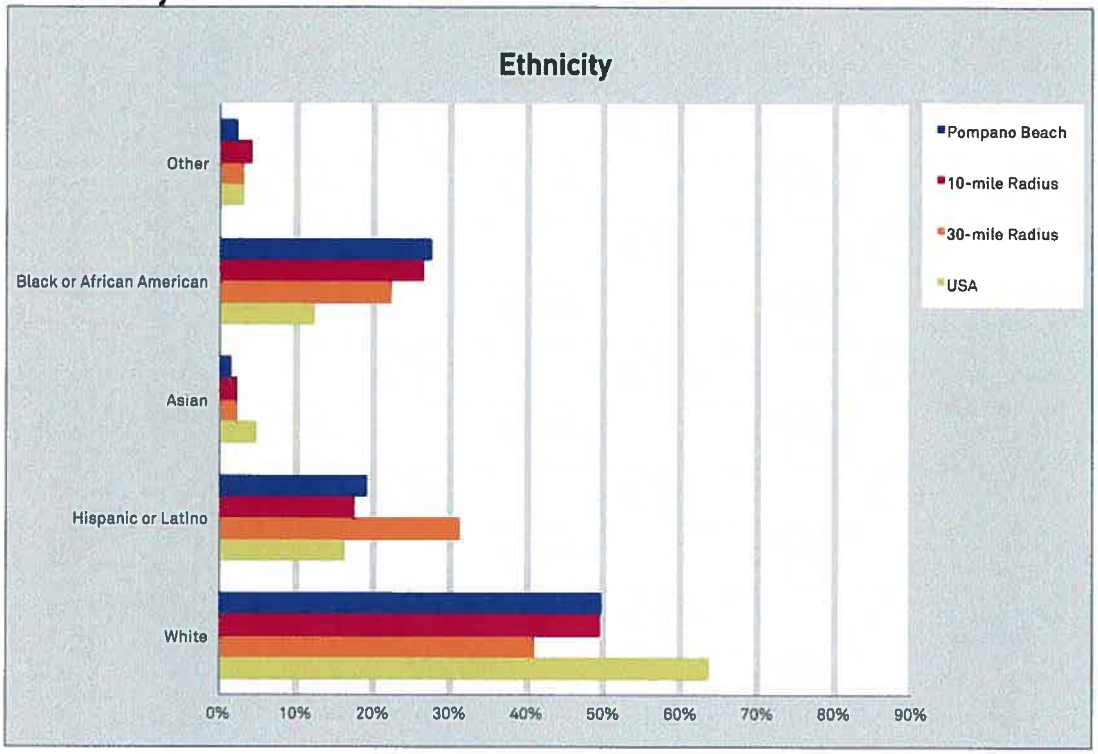
B. Education

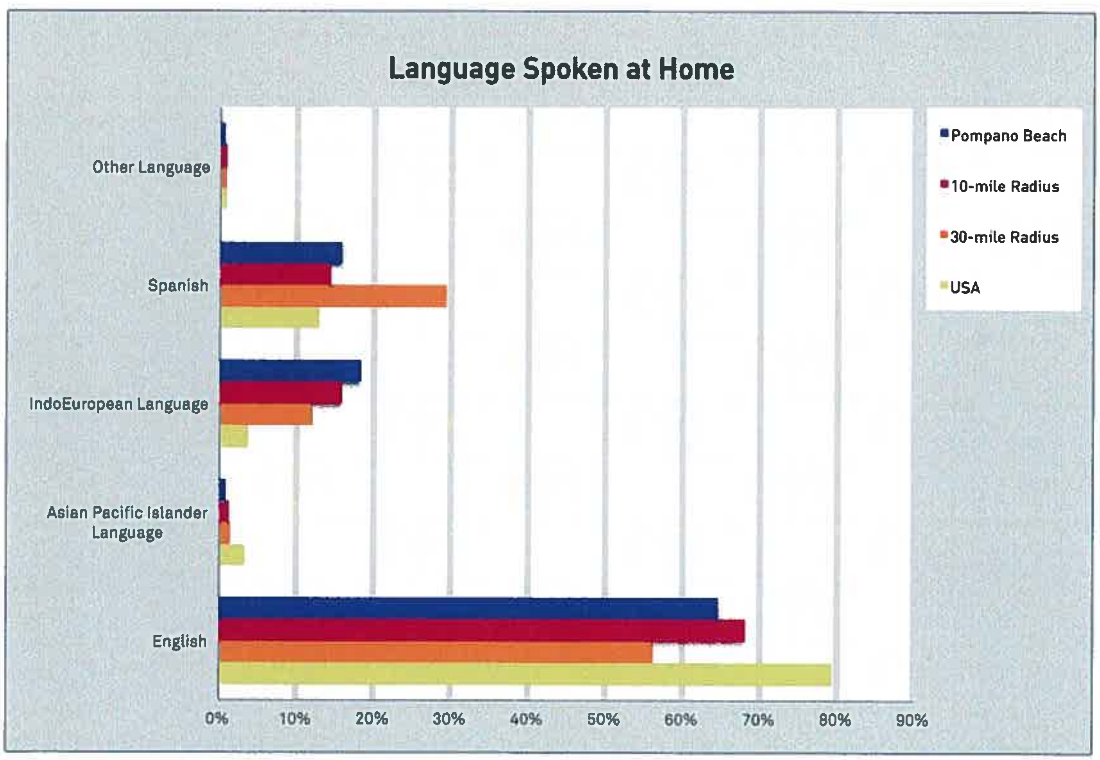


C. Income

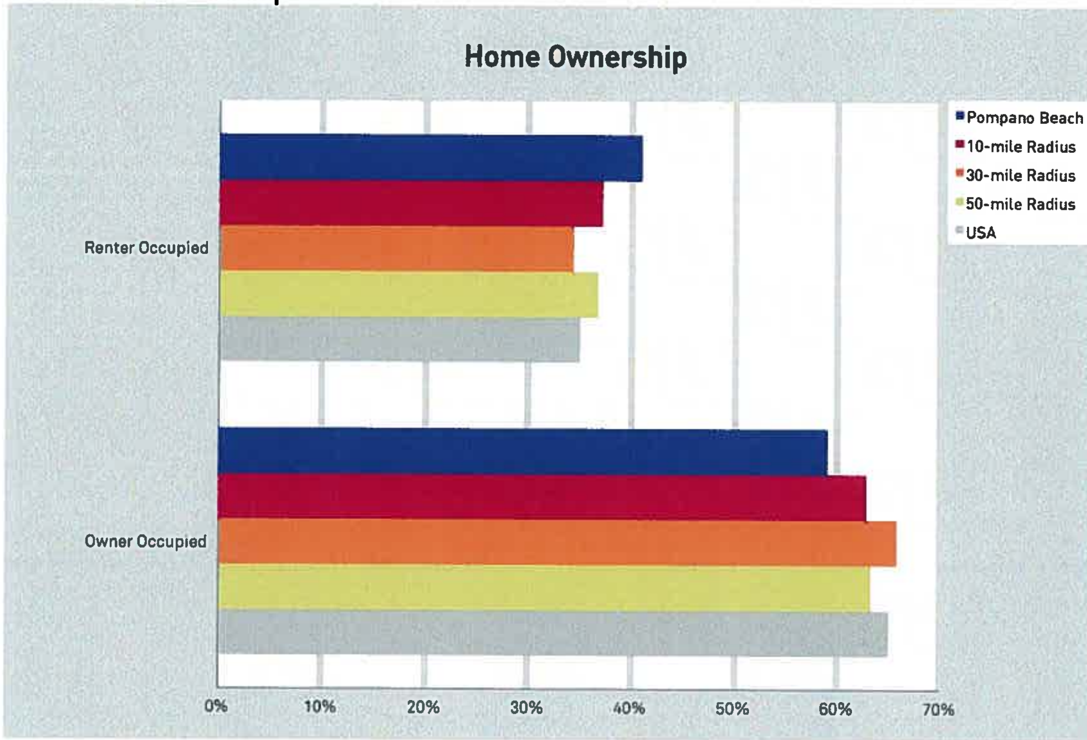


D. Ethnicity


Ethnicity
Other
Black or African American
Asian
Hispanic or Latino
White
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Pompano Beach
10-mile Radius
30-mile Radius
USA

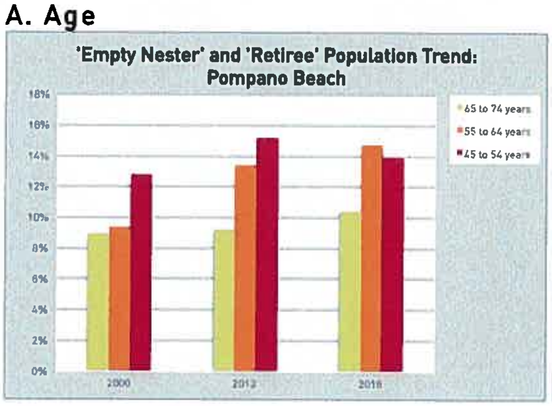

Language Spoken at Home
Other Language
Spanish
IndoEuropean Language
Asian Pacific Islander Language
English
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Pompano Beach
10-mile Radius
30-mile Radius
USA

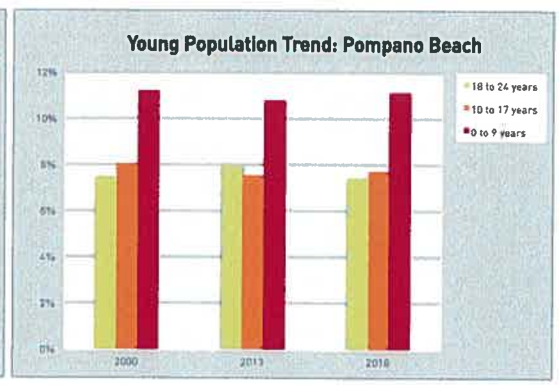
E. Home Ownership

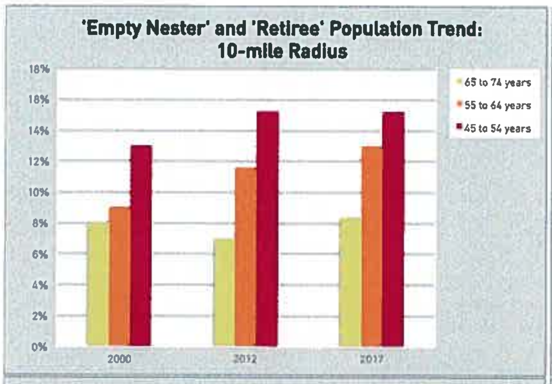


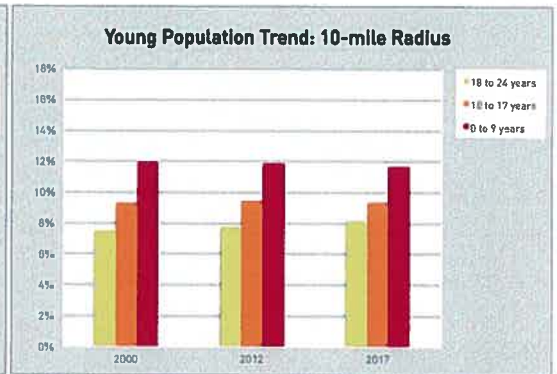
2. Market Trends

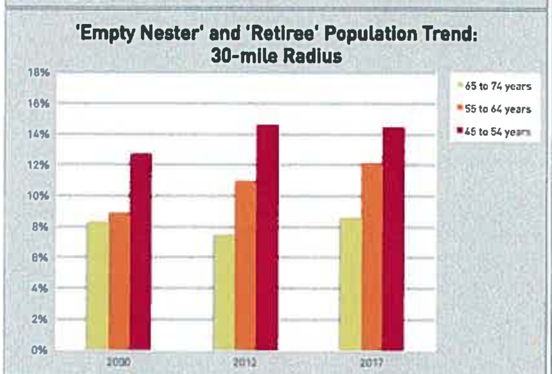
A. Age

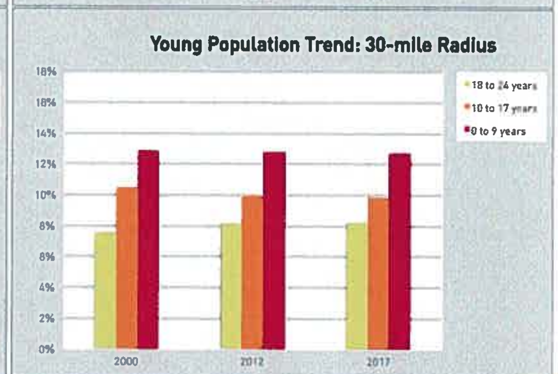


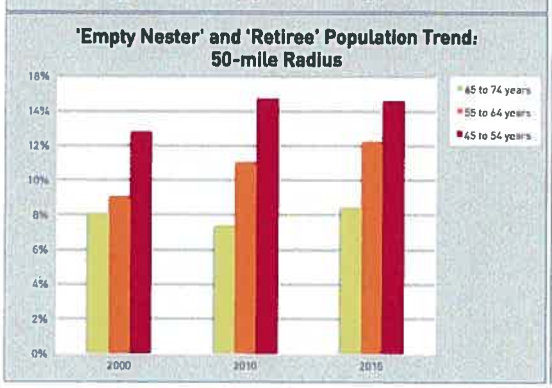


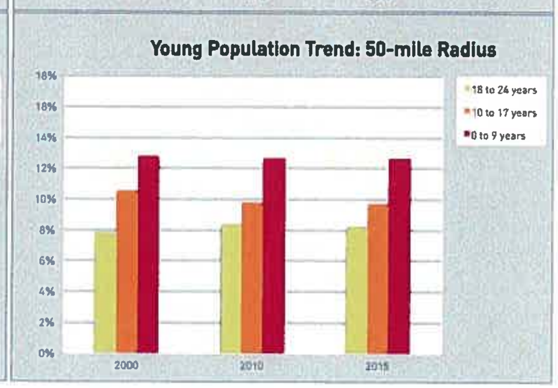

'Empty Nester' and 'Retiree' Population Trend: 10-mile Radius
65 to 74 years
55 to 64 years
45 to 54 years
2000
2012
2017


Young Population Trend: 10-mile Radius
18 to 24 years
10 to 17 years
0 to 9 years
2000
2012
2017

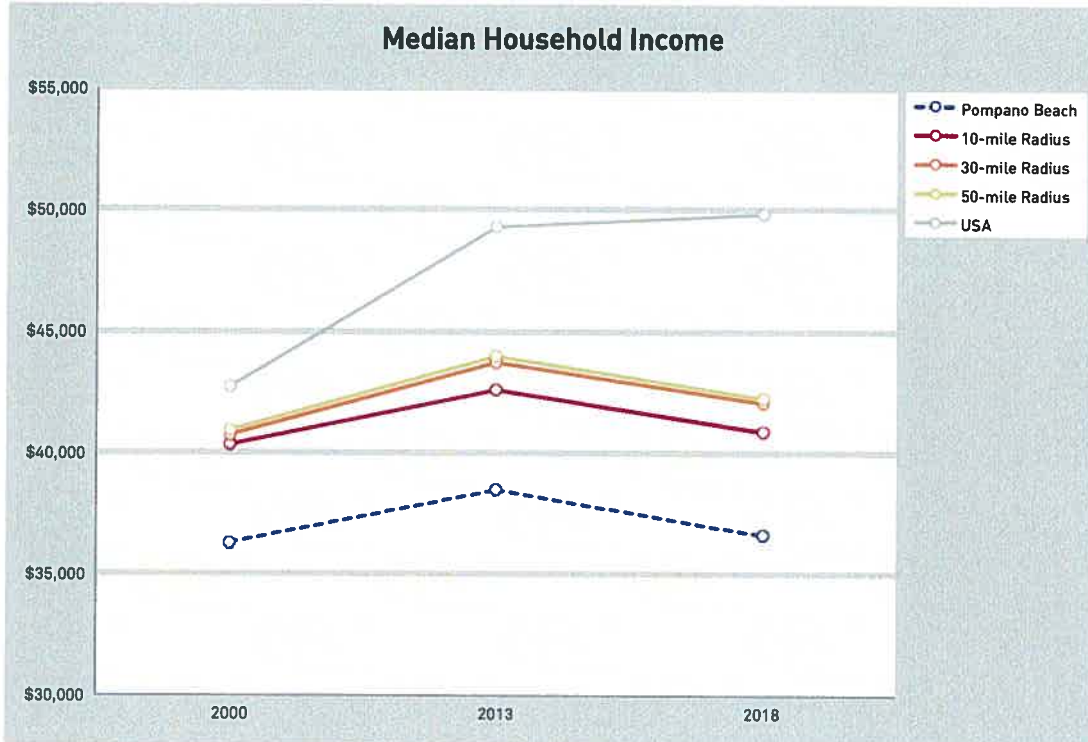

'Empty Nester' and 'Retiree' Population Trend: 30-mile Radius
65 to 74 years
55 to 64 years
45 to 54 years
2000
2012
2017


Young Population Trend: 30-mile Radius
18 to 24 years
10 to 17 years
0 to 9 years
2000
2012
2017

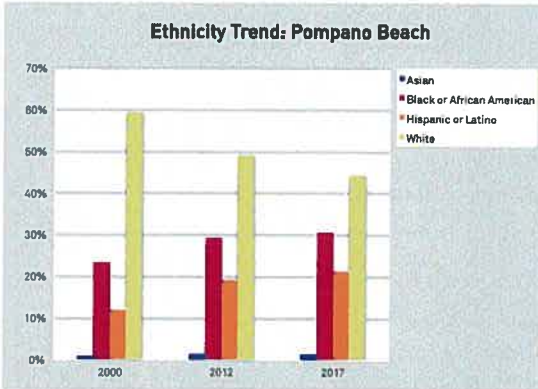

'Empty Nester' and 'Retiree' Population Trend: 50-mile Radius
65 to 74 years
55 to 64 years
45 to 54 years
2000
2010
2015

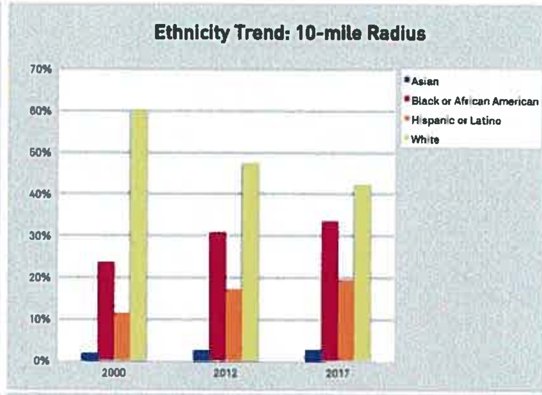

Young Population Trend: 50-mile Radius
18 to 24 years
10 to 17 years
0 to 9 years
2000
2010
2015

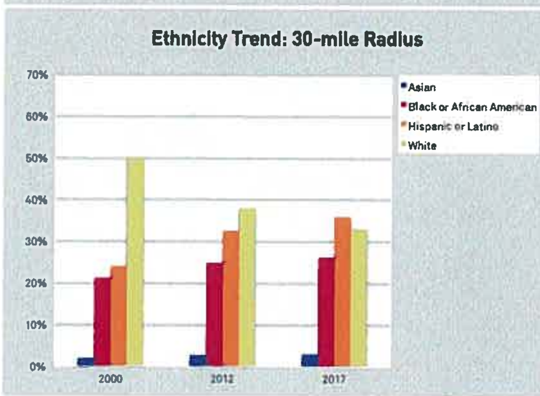
B. Income

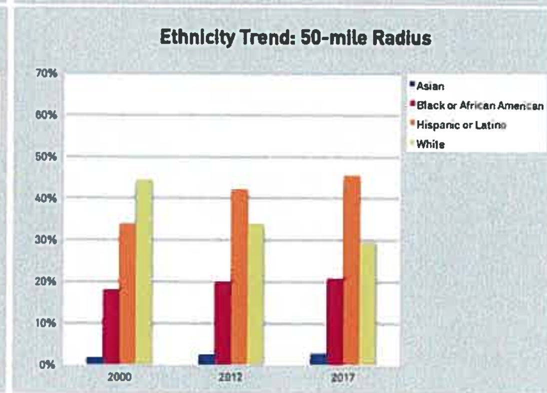


C. Ethnicity

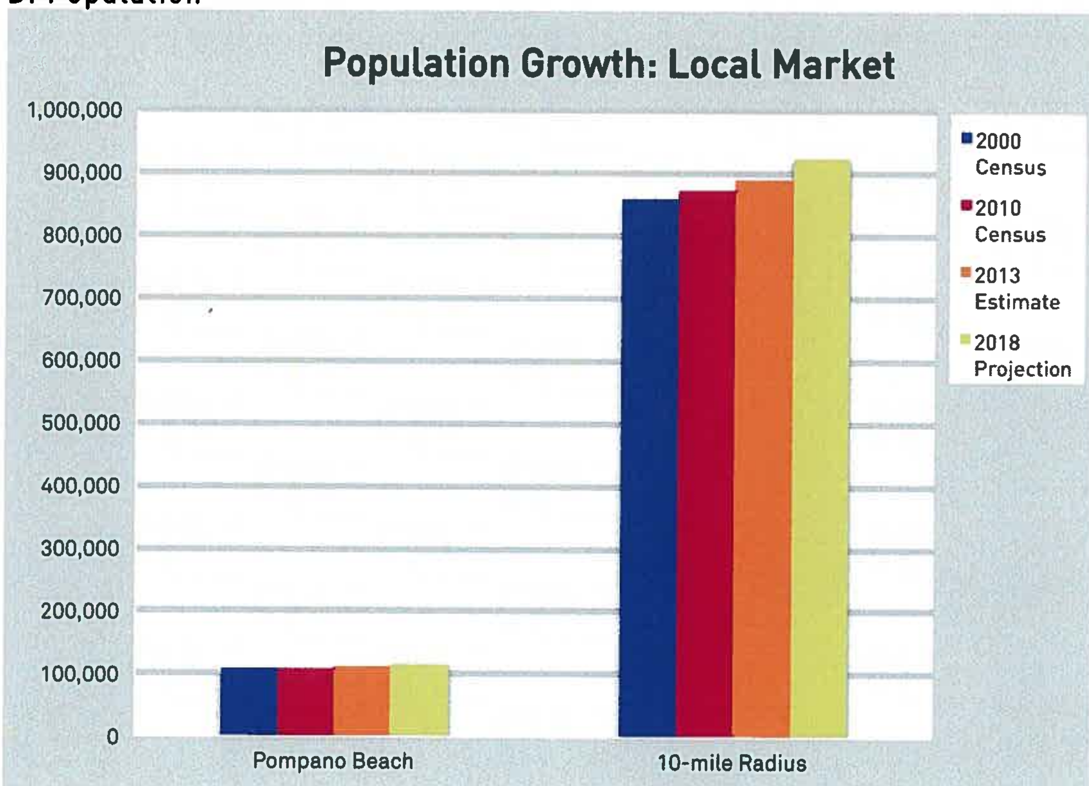


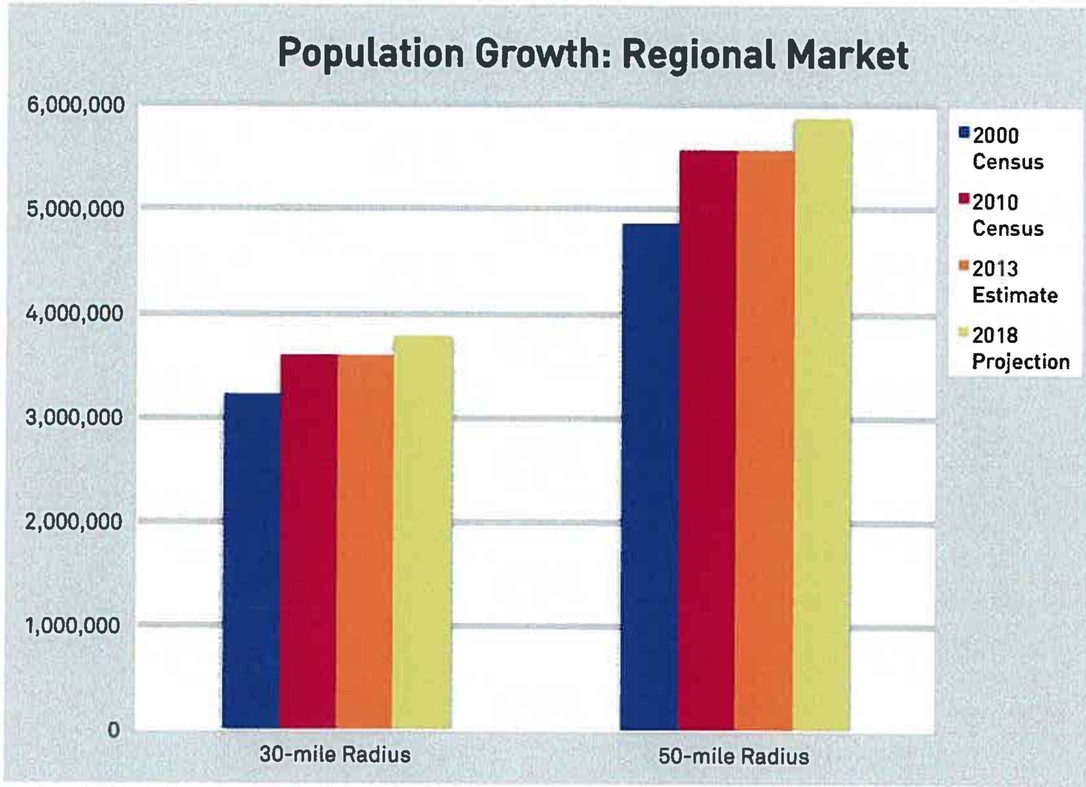






D. Population




Population Growth: Regional Market
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
30-mile Radius
50-mile Radius
2000 Census
2010 Census
2013 Estimate
2018 Projection

appendix b: facility inventory

Outdoor Performance Facility Inventory: Facility Ratings

Miami-Dade, Broward and Palm Beach Counties

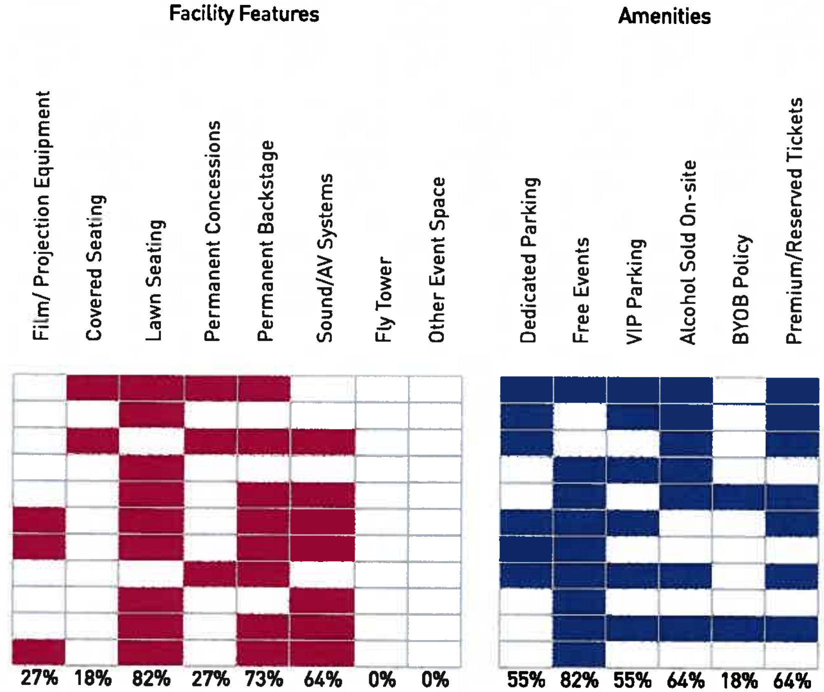
	Location	Capacity	Types of Activity*	Facility Condition	Staff and Support	Theatrical Functionality	Acoustics	Customer Amenities	Performer Amenities	Atmosphere/Character	Suitability for Users	Rating
Cruzan Amphitheater	West Palm Beach, FL	19,300	9	4	3	4	3	3	3	3	3	3.3
Bayfront Park - Klipsch Amphitheater	Miami, FL	7,400	6	4	3	2	2	3	2	3	2	2.8
Hard Rock Live	Hollywood, FL	5,500	7	3	3	3	3	4	4	3	3	3.2
Sunset Cove Amphitheater	Boca Raton, FL	5,000	6	4	3	3	3	4	3	4	3	3.4
C.B. Smith Park - Concert Green	Pembroke Pines, FL	5,000	4	3	1	2	2	2	1	3	3	2.1
Meyer Amphitheater	West Palm Beach, FL	5,000	8	4	3	3	3	2	2	4	4	3.2
Mizner Park Amphitheater	Boca Raton, FL	3,500	13	3	3	3	3	3	4	4	3	3.2
Pompano Beach Amphitheater	Pompano Beach, FL	3,000	6	2	1	1	2	3	2	3	2	1.9
Arts Park Amphitheater	Hollywood, FL	2,500	12	4	1	2	2	2	3	4	3	2.6
Carlin Park - Seabreeze Amphitheater	Jupiter, FL	2,000	6	3	3	1	2	3	3	4	3	2.8
North Shore Park Band Shell	Miami, FL	1,400	5	4	3	3	3	3	3	3	3	2.4

* Types of Activity corresponds to number of types of activity in 'Indoor Performance Facility Inventory: Programs + Activity'

Outdoor Performance Facility Inventory: Facility Features

Miami-Dade, Broward and Palm Beach Counties

	Capacity (Seats)	Capacity (Lawn/Patio)	Total Capacity
Cruzan Amphitheater	6,400	12,900	19,300
Bayfront Park - Klipsch Amphitheater	2,700	4,700	7,400
Hard Rock Live	5,500	0	5,500
C.B. Smith Park - Concert Green	0	5,000	5,000
Sunset Cove Amphitheater	0	5,000	5,000
Mizner Park Amphitheater	3,500	1,500	5,000
Meyer Amphitheater	0	5,000	5,000
Pompano Beach Amphitheater	3,000	0	3,000
Arts Park Amphitheater	0	2,500	2,500
Carlin Park - Seabreeze Amphitheater	0	2,000	2,000
North Shore Park Band Shell	200	1,200	1,400



Outdoor Performance Facility Inventory: Programs + Activity

Miami-Dade, Broward and Palm Beach Counties

30-mile Radius	Capacity	Presenting Activity: Film	Tribute/Cover Bands	Comedy	Dance	Popular/Headliner	Local Bands	Classical/Pops Music	Jazz/Big Band Music	Lecture Series	Family/Youth Programming	Community Festivals/Celebrations	Rental Activity: Resident Company	Cultural Arts	Private Events	Commercial Promoters	
Cruzan Amphitheater	19,300	X	X	X	X	X			X			X			X	X	9
Bayfront Park - Klipsch Amphitheater	7,400				X	X			X			X			X	X	6
Hard Rock Live	5,500			X	X	X			X	X					X	X	7
Sunset Cove Amphitheater	5,000				X	X	X							X	X	X	6
C.B. Smith Park - Concert Green	5,000						X				X	X			X		4
Meyer Amphitheater	5,000	X	X		X	X	X				X	X			X		8
Mizner Park Amphitheater	3,500	X	X		X	X	X	X	X	X	X	X		X	X	X	13
Pompano Beach Amphitheater	3,000		X			X	X					X			X	X	6
Arts Park Amphitheater	2,500	X	X		X	X	X	X	X		X	X		X	X	X	12
Carlin Park - Seabreeze Amphitheater	2,000				X	X	X							X	X	X	6
North Shore Park Band Shell	1,400	X			X			X			X				X		5
		45%	45%	18%	82%	82%	64%	27%	45%	18%	45%	64%	0%	36%	100%	73%	

appendix c: pro-forma operating budget

Pompano Beach Amhitheater Pro-forma Operating Budget

POMPANO BEACH AMPTHITHEATER ACTIVITY & PROFORMA			(year ends Sept. 30)	FY 2011/2012	% Change	FY2012/2013	% Change	FY 2013/2014	% Change	FY2014/2015	% Change	FY2015/2016	% Change	FY2016/2017
SPACES AND RATES	Capacity	Rental Period	Renter Type					Reno begins 10/1/13						
								Duration: 6 Months						
Ampthitheater	3,000		Nonprofit					$4,000	3%	$4,120	3%	$4,244	3%	$4,371
ACTIVITY	Live Presenting	Live Performances						3		5		6		7
		Average Capacity Sold						60%		60%		61%		62%
		Attendance						5,400		9,000		10,980		13,020
		Average Ticket Price						$25.00		$25.00	3%	$25.75	3%	$26.52
		Presented Events Box Office						$135,000		$225,000		$282,735		$345,323
		Event Days						3		5		6		7
		Prep Days						1		1		2		2
		Total Use Days						4		6		8		9
		Average Artist Fees						$20,000		$20,000	3%	$20,600	3%	$21,218
		Average Promotion Costs						$10,000		$10,000	3%	$10,300	3%	$10,609
		Average Other Direct Costs						$5,000		$5,000	3%	$5,150	3%	$5,305
		Total Direct Costs						$105,000		$175,000		$216,300		$259,921
		Net from Live Presenting						$30,000		$50,000		$66,435		$85,402
	Film Presenting	Screenings						5		10		11		12
		Average Capacity Sold						40%		40%		41%		42%
		Attendance						6,000		12,000		13,530		15,120
		Average Ticket Price						$10.00		$10.00	3%	$10.30	3%	$10.61
		Total Box Office						$60,000		$120,000		$139,359		$160,408
		Event Days						3		5		6		6
		Prep Days						0		0		0		0
		Total Use Days						3		5		6		6
		40% Share to Distributor						$24,000		$48,000		$55,744		$64,163
		Promotion Costs						$12,000		$24,000	5%	$25,200	5%	$26,460
		Other Direct Costs						$6,000		$20,000	5%	$21,000	5%	$22,050
		Total Direct Costs						$42,000		$92,000		$101,944		$112,673
		Net from Film Presenting						$18,000		$28,000		$37,415		$47,735
	Community Programs	Event Days						4		8		8		8
		Prep Days						2		4		4		4
		Total Use Days						6		12		12		12
	Nonprofit Renters	Performances						4		8		9		10
		Ave. Cap sold						40%		40%		41%		42%
		Attendance						4,800		9,600		11,070		12,600
		Average Ticket Price						$20.00		$20.00	3%	$20.60	3%	$21.22
		Total Box Office						$96,000		$192,000		$228,042		$267,347
		Event Days						4		7		8		9
		Prep Days						1		2		3		3
		Total Use Days						5		10		11		12
		Rent Collected						$19,152		$39,453		$45,716		$52,320
	Commercial Renters	Performances		6		6	-50%	3		8		9		10
		Ave. Cap sold		69%		63%		63%		63%		63%		63%
		Attendance		12,487		11,268		5,634		15,024		16,902		18,780
		Average Ticket Price		$25.00	1%	$25.25	3%	$26.01	3%	$26.79	3%	$27.59	3%	$28.42
		Total Box Office		$312,165		$284,517		$146,526		$402,459		$466,349		$533,711
		Event Days		5		5		3		7		8		9
		Prep Days		2		2		1		2		3		3
		Total Use Days		7		7		4		10		11		12
		Surcharge		$3.50		$3.50	3%	$3.61	3%	$3.71	3%	$3.82	3%	$3.94
		Paid to City	43,706.00	$43,703		$39,438		$20,311		$55,786		$64,642		$73,980
		Tax Rate		4%		4%		4%		4%		4%		4%
		Taxes		$1,932		$1,932		$1,932		$1,932		$1,932		$1,932

Pompano Beach Amhitheater Pro-forma Operating Budget

POMPANO BEACH AMPTHITHEATER ACTIVITY & PROFORMA			(year ends Sept. 30)	FY 2011/2012	% Change	FY2012/2013	% Change	FY 2013/2014	% Change	FY2014/2015	% Change	FY2015/2016	% Change	FY2016/2017
	Net to City			$41,771		$37,506		$18,378		$53,854		$62,710		$72,047
All Users	Performances			6		6		15		31		35		39
	Event Days			5		5		16		32		36		39
	Prep Days			2		2		5		10		11		12
	Use Days			7		7		21		42		47		51
	Presented Event Attendance			-		-		11,400		21,000		24,510		28,140
	Rental Event Attendance			12,487		11,268		10,434		24,624		27,972		31,380
	Total Paid Attendance			12,487		11,268		21,834		45,624		52,482		59,520
	Total Rent/Surcharge			$41,771		$37,506		$37,530		$93,307		$108,426		$124,367
	Total Value of Tickets Sold by all Users			$312,165		$284,517		$437,526		$939,459		$1,116,485		$1,306,788
EARNED INCOME														
Ticket Sales	Live Events					-		135,000		225,000		282,735		345,323
	Film Screenings					-		60,000		120,000		139,359		160,408
Rental Income	Non-profits			-		-		19,152		39,453		45,716		52,320
	Commercial			41,771		37,506		18,378		53,854		62,710		72,047
		% of Rent												
User Fees	Technical Labor	30%						11,259		27,992		32,528		37,310
	Equipment Rental	15%						5,630		13,996		16,264		18,655
	Event Staff	20%						7,506		18,661		21,685		24,873
	Event Cleaning	10%						3,753		9,331		10,843		12,437
		Net/Capita												
Food Service	Event Concessions (net)	$1.50						32,751		68,436		78,723		89,280
	Income from Catered Events (net)							2,500		5,000		5,000		5,000
			% of Box Office											
Box Office	Ticketing Fees from Presented Events		5%					9,750		17,250		21,105		25,287
	Ticketing Fees for Rental Events		5%					12,126		29,723		34,720		40,053
		$/paid attenders												
Miscellaneous Income	Facility Fee	$1.50						32,751		68,436		78,723		89,280
	Program Advertising	$0.25						5,459		11,406		13,121		14,880
TOTAL EARNED INCOME				41,771		37,506		356,015		708,538		843,231		987,153
OPERATING EXPENSES														
		Hours/Week	Hourly Rate											
Shared Staff	Admin. Support	10	$ 28.47	14,804	4%	15,397								
	Maintenance Support	30	$ 21.16	33,010	4%	34,330								
	Sub-total			47,814		49,727								
	Benefits			11,954		12,432								
	Total			59,768		62,158								
Full-time Staff	Amp. Manager							37,500	100%	75,000	4%	78,000	4%	81,120
	Sub-total							37,500		75,000		78,000		81,120
	Benefits							9,375		18,750		19,500		20,280
	Total							46,875		93,750		97,500		101,400
Part-time Staff	Technical Director							15,000	100%	30,000	4%	31,200	4%	32,448
	Custodian							10,000	100%	20,000	4%	20,800	4%	21,632
	Accounting							10,000	100%	20,000	4%	20,800	4%	21,632
	Grantwriter							10,000	100%	20,000	4%	20,800	4%	21,632
	Volunteer Manager							7,500	100%	15,000	4%	15,600	4%	16,224
	IT/Ticket Office Manager							10,000	100%	20,000	4%	20,800	4%	21,632
	Ticket Office							5,000	100%	10,000	4%	10,400	4%	10,816
	Marketing Consultant							12,500	100%	25,000	4%	26,000	4%	27,040
	Admin Assistant							10,000	100%	20,000	4%	20,800	4%	21,632
	Sub-total							65,000		130,000		135,200		140,608
	Benefits							6,500		13,000		13,520		14,061

POMPANO BEACH AMPTHITHEATER ACTIVITY & PROFORMA		(year ends Sept. 30)	FY 2011/2012	% Change	FY2012/2013	% Change	FY 2013/2014	% Change	FY2014/2015	% Change	FY2015/2016	% Change	FY2016/2017
	Total						71,500		143,000		146,720		154,669
		Cost/Performance											
Event Staff	Technical Labor	$400					6,000		12,400		14,000		15,600
	Event Staff	$300					4,740		9,720		10,710		11,700
	Cleaning Staff	$200					966		2,000		2,169		2,338
							11,706		**24,120**		**26,879**		**29,638**
Programming Costs	Direct Costs of Live Events						105,000		175,000		216,300		259,921
	Direct Costs of Film Events						42,000		92,000		101,944		112,673
							147,000		**267,000**		**318,244**		**372,594**
Box Office	Cost/Ticket Sold						32,751		70,489		83,517		97,559
	Credit Card Fee						17,501		37,578		44,659		52,272
							50,252		**108,067**		**128,177**		**149,830**
Fundraising Expenses	Professional Development						2,000	3%	2,060	3%	2,122	3%	2,185
	Miscellaneous						2,000	3%	2,060	3%	2,122	3%	2,185
	Hospitality (meals & travel)						2,500	3%	2,575	3%	2,652	3%	2,732
	Individual Fundraising						7,500	3%	7,725	3%	7,957	3%	8,195
	Corporate Fundraising						7,500	3%	7,725	3%	7,957	3%	8,195
	Special Events						20,000	3%	20,600	3%	21,218	3%	21,855
							41,500		**42,745**		**44,027**		**45,348**
Administration	Central Services		2,088		1,158	3%							
	Central Stores		1,064		656	3%							
	Insurance		2,353		1,245	100%	2,490	100%	4,980	3%	5,129	3%	5,283
	Institutional Promotion/Advertising						5,000	100%	10,000	3%	10,300	3%	10,609
	Printing & Publications						3,750	100%	7,500	3%	7,725	3%	7,957
	Office Equipment/Systems						5,000	100%	10,000	3%	10,300	3%	10,609
	Office Supplies/Services						5,000	100%	10,000	3%	10,300	3%	10,609
	Legal/Accounting						10,000	100%	20,000	3%	20,600	3%	21,218
	Volunteer Management						5,000	100%	10,000	3%	10,300	3%	10,609
	Professional Development						2,500	100%	5,000	3%	5,150	3%	5,305
	IT						2,500	100%	5,000	3%	5,150	3%	5,305
	Telephone						2,500	100%	5,000	3%	5,150	3%	5,305
	Miscellaneous						2,500	100%	5,000	3%	5,150	3%	5,305
			5,505		**3,059**		**46,240**		**92,480**		**95,254**		**98,112**
Occupancy Costs	Building Maintenance		1,068		23,000	-50%	11,500	100%	23,000	3%	23,690	3%	24,401
	Equipment Maintenance		2,635		12,000	-50%	6,000	100%	12,000	3%	12,360	3%	12,731
	Tools		158		507	-50%	254	100%	507	3%	522	3%	538
	Special Supplies		420		1,000	-50%	500	100%	1,000	3%	1,030	3%	1,061
	Clothing		800		400	-50%	200	100%	400	3%	412	3%	424
	Cleaning		0		6,000	-50%	3,000	100%	6,000	3%	6,180	3%	6,365
	Utilities		11,965				28,125		56,250		57,938		59,676
	Service Contracts						12,750		25,500		26,265		27,053
			17,046		**42,907**		**62,329**		**124,657**		**128,397**		**132,249**
Total Operating Expenses			**82,319**		**108,124**		**477,401**		**895,820**		**987,198**		**1,083,840**
Annual Funding Requirement			**40,548**		**70,619**		**121,387**		**187,282**		**143,967**		**96,687**

POMPANO BEACH AMPTHITHEATER ACTIVITY & PROFORMA		(year ends Sept. 30)	FY 2011/2012	% Change	FY2012/2013	% Change	FY 2013/2014	% Change
RATIOS AND FORMULAS								
Escalation Rate				3%		3%		3%
Benefits	Full-time		25%		25%		25%	
	Part-time		10%		10%		10%	
Box Office Expenses	Cost/Ticket Sold							
		Network Maintenance					$0.25	3%
		Postage					$0.23	3%
		Ticket Printing					$0.02	3%
		Supplies					$0.20	3%
		Ticketing Service (net)					$0.80	3%
							$1.50	
	Total Box Office Gross	Credit Card Fees					4%	
Occupancy Costs	Indoor/Outdoor Facilities							
	Total Gross Square Footage						75,000	
	Direct Costs/Square Foot							
		Utilities					$0.38	100%
		Service Contracts					$0.17	100%

POMPANO BEACH AMPTHITHEATER ACTIVITY & PROFORMA		(year ends Sept. 30)	FY2014/2015	% Change	FY2015/2016	% Change	FY2016/2017
RATIOS AND FORMULAS							
Escalation Rate				3%		3%	
Benefits	Full-time		25%		25%		25%
	Part-time		10%		10%		10%
Box Office Expenses	Cost/Ticket Sold						
		Network Maintenance	$0.26	3%	$0.27	3%	$0.27
		Postage	$0.24	3%	$0.24	3%	$0.25
		Ticket Printing	$0.02	3%	$0.02	3%	$0.02
		Supplies	$0.21	3%	$0.21	3%	$0.22
		Ticketing Service (net)	$0.82	3%	$0.85	3%	$0.87
			$1.55		**$1.59**		**$1.64**
	Total Box Office Gross	Credit Card Fees	4%		4%		4%
Occupancy Costs	Indoor/Outdoor Facilities						
	Total Gross Square Footage		75,000		75,000		75,000
	Direct Costs/Square Foot						
		Utilities	$0.75	3%	$0.77	3%	$0.80
		Service Contracts	$0.34	3%	$0.35	3%	$0.36