

# Sunken Garden Theater Capacity and Theater Utilization

The conceptual design for the Sunken Garden Theater (SGT) has evolved since its inception in 2019. Feedback that the Brackenridge Park Conservancy received from City, County, and community leaders in 2020, guided decisions to add a roof over much of the audience seating and to include a lawn seating area, which would greatly enhance the park setting.

Key to the design would be the development of adequate seating capacity to make the venue economically viable. The documented loss of touring productions to other markets in Texas due to the lack of a mid-size venue in San Antonio guided the decision to make SGT competitive in the State of Texas, correctly sized, both to compete with other Texas markets and to fill the mid-size venue gap in San Antonio.

## KBF & Associates Capacity Recommendation

With more than 40 years experience in the live performance venue industry, mostly based in San Antonio, KBF & Associates (KBF) recommends a seating capacity of 7,000 seats, with 5,900 of those as fixed seats and with 1,100 seats on the lawn. This capacity is supported by an independent Market & Financial Feasibility Study prepared by Convention Sports & Leisure (CSL) dated April 6, 2020.

Please refer to the following:

- Executive Summary page ii, bullet 3 – “there is a market gap ... of venues of approximately 3,500 - 8,000 capacity”.
- Executive Summary page ii, bullet 4 - (a theater of) “... up to 6,500, provided that the renovation includes the addition of a variety of modern amenities such as new concessions and restrooms, a covered stage, sufficient loading capabilities, dressing rooms, the ability for catering and improvements to sound and lighting, among others, while also maintaining its historical aesthetic”.

KBF recommends the 7,000 total capacity because it falls within the stated 3,500-8,000 seat gap and positions the venue more competitively against other similar venues, such as Waller Creek Theater in Austin and the White Oak, both of which are 5,000 seats. To capture the most desirable touring attractions, the San Antonio market needs every advantage it can get, including a competitive venue capacity. This will allow for additional revenues to compete against larger markets like Houston, Dallas and Austin, which while not significantly larger than San Antonio, are viewed, deservedly or not, as hip and a favorite of touring artists.

KBF provides the following Utilization Estimates at two differing levels:

EVENT SIZE (PERSONS)	48 TIMES PER YEAR	TOTAL ATTENDANCE	AVERAGE
1,500	8	12,000	
2,500	12	30,000	
4,000	12	48,000	
5,000	8	40,000	
7,000	8	56,000	
TOTAL	48	186,000	3,875

EVENT SIZE (PERSONS)	60 TIMES PER YEAR	TOTAL ATTENDANCE	AVERAGE
1,500	10	15,000	
2,500	15	37,500	
4,000	15	60,000	
5,000	10	50,000	
7,000	10	70,000	
TOTAL	60	232,500	3,875

CSL bases its utilization calculations on a smaller capacity, resulting in both a lower per event average attendance and a lower total annual attendance.

It is the opinion of KBF that SGT will attract more activity than CSL reports due to the following factors:

- The recommended capacity will aid in providing multiple price points at market prices
- More activity coming to the market in conjunction with routing of artists through comparably sized venues such as the Smart Financial Centre in Sugar Land, Texas - Capacity of 6,400
- More activity coming from burgeoning Hispanic promotions, presented by independent promoters, not interviewed by CSL
- The venue operator, in many cases, will be the promoter as well, economically incentivized to bring more activity and more revenue to SGT.

Importantly, the larger the number of shows and average attendance, the larger both the investment in the construction of the venue, as well as the revenue stream from the operator to BPC.



# Sunken Garden Theater Renovation Market & Financial Feasibility Study

April 6, 2020



April 6, 2020

Lynn Bobbitt  
Executive Director  
Brackenridge Park Conservancy  
PO Box 6311  
San Antonio, TX 78209

Dear Ms. Bobbitt:

Conventions, Sports & Leisure International (“CSL”) is pleased to present this market and financial feasibility study related to the potential renovation of the Sunken Garden Theater (“Theater”). The attached report summarizes our research and analyses and is intended to assist project stakeholders in making informed decisions regarding the potential renovation of the Theater.

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

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study’s findings.

Very truly yours,

A handwritten signature in cursive script that reads "CSL International". The signature is written in a dark ink and is positioned below the "Very truly yours," text.

CSL International

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A black and white photograph of an outdoor amphitheater. The foreground is filled with rows of empty, dark-colored plastic seats. A central aisle runs down the middle of the seating area. In the background, a stage is visible, flanked by two large, classical-style buildings with columns and pediments. The stage is surrounded by a low wall and metal railings. The background is filled with trees and a clear sky.

# Executive Summary

# Executive Summary



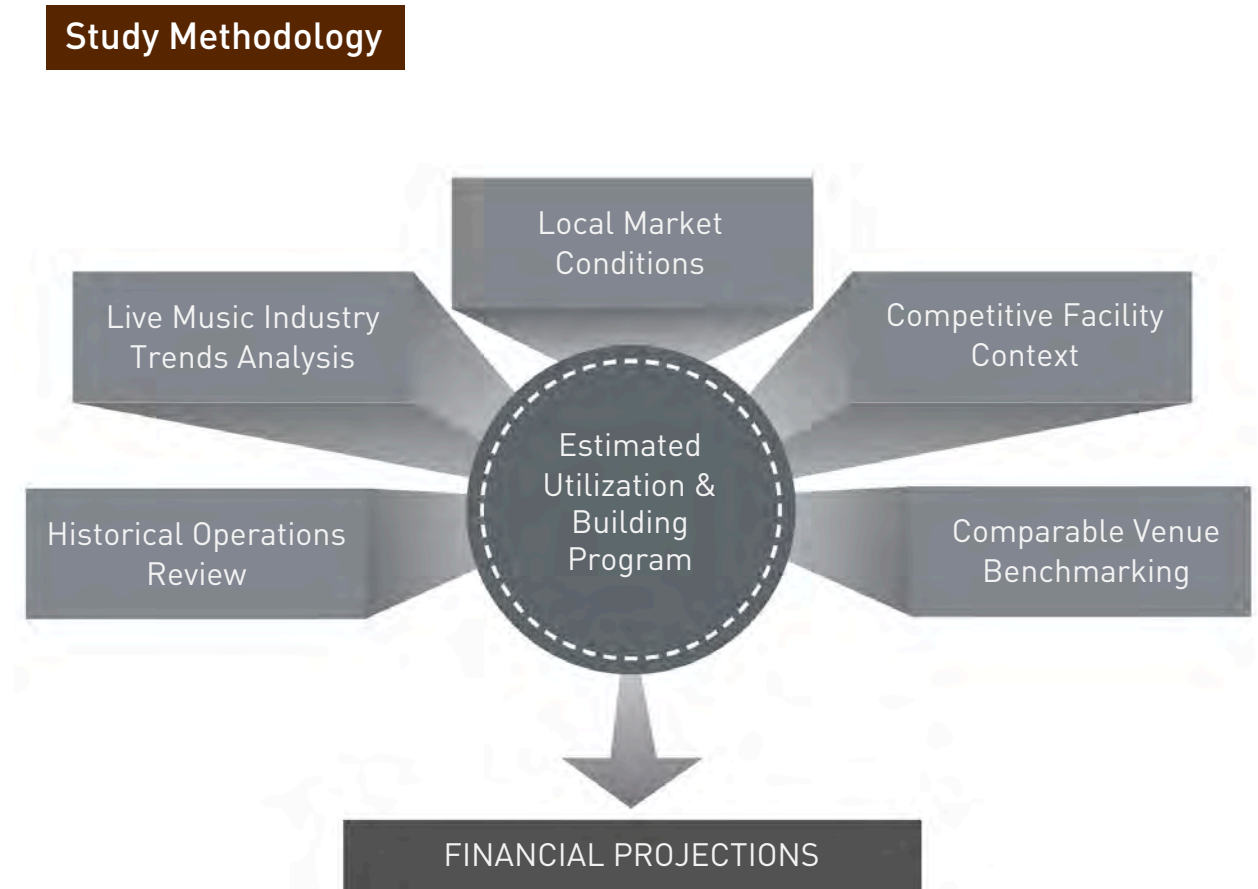
Opened in 1937, the Sunken Garden Theater is located in Brackenridge Park adjacent the San Antonio Zoo and Japanese Tea Garden. Upon its opening, the 5,000-seat Theater became a highly visible and utilized performing arts venue for the San Antonio community, featuring national and local concert tours, symphony and theater performances and other such cultural gatherings.

Over the past 25 years the venue has lacked the continuous capital investment necessary to capably attract and host modern large-scale events. As such, recent utilization at the Theater has been primarily limited to local radio station shows and small community festivals; in 2019, the Theater hosted five events over seven days, with a total attendance of approximately 25,000. Due to the relative dearth of recent capital investment in the Theater and the lack of a modern outdoor venue within the San Antonio market, traditional outdoor amphitheater tours that visit other major regional Texas markets routinely skip over the San Antonio metro area entirely.

Understanding the historical significance of the Theater, Brackenridge Park Conservancy (“Conservancy” or “Client”) representatives are considering making a significant investment into the facility to provide the amenities and infrastructure necessary to host modern-day entertainment acts.

As a next step in the planning process, the Conservancy engaged Conventions, Sports & Leisure International (“CSL”) to conduct a market and financial feasibility study to assess the feasibility of a renovated Theater.

Key aspects of CSL’s study methodology are shown in the graphic to the right, which includes an analysis of current live entertainment industry trends nationally and within the state of Texas, an examination of local and regional market conditions, identification of comparable amphitheaters to provide a programmatic and operational benchmark, and discussions with a variety of potential local, regional, and national users. The results of the market research conducted served as the basis to develop utilization estimates and building program recommendations, which then provided the information necessary to estimate annual financial operating projections.



# Executive Summary



Key takeaways from an analysis of local market conditions, competitive facility assessment, comparable facility benchmarking, and potential user group interviews include:

- San Antonio, with over 2.5 million residents, is the 25<sup>th</sup> most populous metropolitan area in the United States and the third-most populous metropolitan area in the state of Texas. San Antonio has a diverse population (including 57 percent Hispanic population), underscoring the importance for the Theater to offer a wide array of programming that reflects the market’s diverse population.
- The current live performance venues within San Antonio are incapable of hosting traditional outdoor concert events, indicating a market gap for a small- to mid-sized outdoor venue to capture tour demand within the state of Texas that has traditionally bypassed the San Antonio market entirely. Currently, major outdoor amphitheaters in Texas host between 28 and 96 events annually, and, on average, only five of those same shows also play in San Antonio, indicating a market gap that a renovated Theater would be capable of filling.
- Promoters indicate that San Antonio is a fast-growing market among new residents and tourists, and there is a market gap among small- to mid-sized outdoor venues of approximately 3,500 to 8,000 capacity.
- Concert promoters were largely comfortable with the Theater maintaining its current capacity of approximately 5,000, and potentially increasing up to 6,500, provided that the renovation includes the addition of a variety of modern amenities, such as new concessions and restrooms, a covered stage, sufficient loading capabilities, dressing rooms, the ability for catering, and improvements to sound and lighting, among others, while also maintaining its historical aesthetic.
- On average, promoters indicated that a renovated Theater could attract 30 to 45 performances, including concerts and a variety of other ticketed events, such as comedy or live podcast shows, especially if venue operators leverage the diverse local market through a wide variety of programming.
- Promoters also indicated that the Theater could host a variety of non-ticketed events, including conventions and private rentals, to supplement ticketed utilization.

Based on the results of the comprehensive market research conducted herein, the chart to the right depicts the estimated utilization for ticketed and non-ticketed events at a renovated Sunken Garden Theater in a stabilized year of operation (estimated to begin in year three of operations). As shown, it is estimated that the renovated Theater could host a total of 64 events, including 45 ticketed and 19 non-ticketed, that attract approximately 171,000 attendees each year. It is possible that the renovated Theater could exceed projections through aggressive marketing efforts by the venue operator, over-indexing on certain event segments, and/or ideal routing conditions, among others.

## Estimated Theater Utilization

SUMMARY OF EVENT UTILIZATION			
Event Type	Number of Events	Average Attendance	Total Attendance
<b>Concerts</b>			
Tier 2A	1	5,000	5,000
Tier 2B	16	4,500	72,000
Tier 3	12	4,000	48,000
Tier 4	6	2,500	15,000
<b>SUBTOTAL</b>	<b>35</b>	<b>4,000</b>	<b>140,000</b>
<b>Other Ticketed Events</b>			
Comedy Shows	3	2,000	6,000
Other Performances	7	1,500	10,500
<b>SUBTOTAL</b>	<b>10</b>	<b>1,650</b>	<b>16,500</b>
<b>TOTAL - TICKETED EVENTS</b>	<b>45</b>	<b>3,478</b>	<b>156,500</b>
<b>Non-Ticketed Events</b>			
Conferences	4	3,000	12,000
Private Events	15	150	2,250
<b>SUBTOTAL</b>	<b>19</b>	<b>750</b>	<b>14,250</b>
<b>TOTAL - ALL EVENTS</b>	<b>64</b>	<b>2,668</b>	<b>170,750</b>



# Executive Summary



Based on feedback from key potential user groups and comparable facility benchmarking, the following building program elements are recommended:

- Total capacity of 5,000 (up to 6,500), including 60 percent fixed seating and 40 percent berm seating;
- A total of 240 premium seats, consisting of 150 club seats and 15 6-seat VIP boxes (90 total seats);
- Access to approximately 1,250 parking spaces in near proximity to the renovated Theater through new and existing parking structures (due to the availability of free public parking throughout the parking, parking revenue is estimated to be generated through a \$1.00 parking facility fee on all paid tickets);
- Covered roof or other shaded structures throughout the premises to protect patrons from heat during mid-summer events; and,
- A variety of modern amenities, including sufficient concessions points of sale, restrooms, dressing rooms, loading docks, audio / video / lighting / power capabilities, storage space, and a box office.

Based on the estimated utilization, recommended building program, and other key assumptions outlined in the report herein, the table on the right summarizes the estimated financial operations of the renovated Theater over the first five years of operations. The first full year of stabilized operations is anticipated to be in Year 3.

In its first year of operations, the renovated Theater is estimated to generate operating revenues of approximately \$3.1 million and incur expenses of approximately \$1.9 million, resulting in an operating income of approximately \$1.2 million. In the first year of stabilized operations (Year 3), the renovated Theater is estimated to generate operating revenues of approximately \$4.0 million and incur expenses of approximately \$2.1 million, resulting in an operating income of approximately \$1.9 million. It should be noted that this operating income is presented before operator rental payment and debt.

## Financial Pro Forma

FINANCIAL PRO FORMA					
	YEAR 1	YEAR 2	YEAR 3 <i>STABILIZED YEAR OF OPERATION</i>	YEAR 4	YEAR 5
<b>Operating Revenues</b>					
Rental Income, Net	\$691,000	\$837,000	\$987,000	\$1,016,000	\$1,047,000
Lawn Seat Rentals	138,000	167,000	201,000	207,000	213,000
Ticket Rebates, Net	389,000	465,000	546,000	562,000	579,000
Food & Beverage, Net	754,000	776,000	800,000	824,000	848,000
Merchandise, Net	101,000	104,000	107,000	110,000	113,000
Parking, Net	109,000	133,000	157,000	161,000	166,000
Facility Fees	656,000	795,000	939,000	967,000	996,000
Advertising & Sponsorships, Net	254,000	262,000	270,000	278,000	286,000
<b>TOTAL REVENUE</b>	<b>\$3,092,000</b>	<b>\$3,539,000</b>	<b>\$4,007,000</b>	<b>\$4,125,000</b>	<b>\$4,248,000</b>
<b>Operating Expenses</b>					
Staffing	\$1,266,000	\$1,304,000	\$1,394,000	\$1,435,000	\$1,478,000
General & Administrative	226,000	233,000	240,000	247,000	255,000
Repairs & Maintenance	94,000	97,000	100,000	103,000	106,000
Utilities	236,000	243,000	250,000	258,000	265,000
Insurance	118,000	121,000	125,000	129,000	133,000
<b>TOTAL EXPENSES</b>	<b>\$1,940,000</b>	<b>\$1,998,000</b>	<b>\$2,109,000</b>	<b>\$2,172,000</b>	<b>\$2,237,000</b>
<b>OPERATING INCOME (EBITDA) BEFORE RENT</b>	<b>\$1,152,000</b>	<b>\$1,541,000</b>	<b>\$1,898,000</b>	<b>\$1,953,000</b>	<b>\$2,011,000</b>



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# Introduction

# 1. Introduction

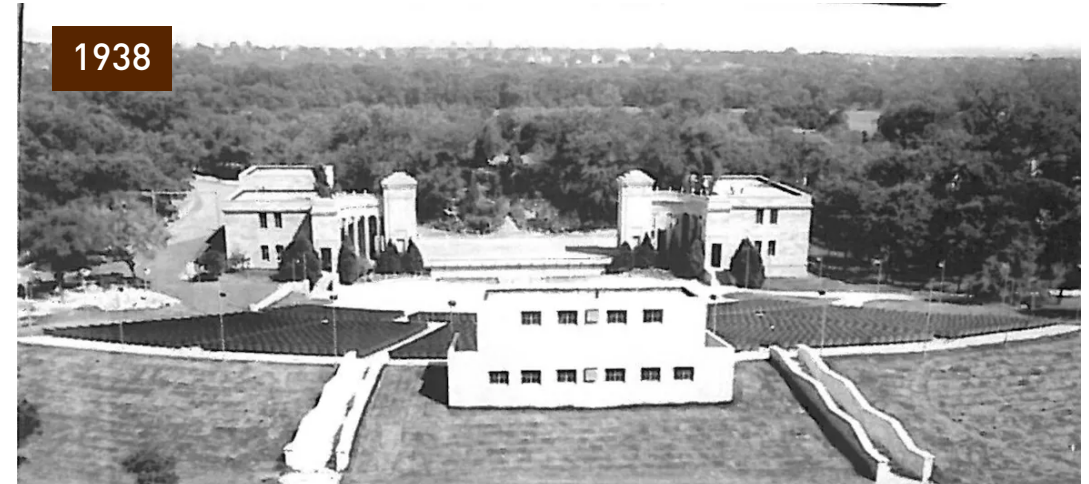
The Sunken Garden Theater as it stands today was built by the Works Progress Administration in 1937 to celebrate the State of Texas' Centennial. Located in Brackenridge Park adjacent the San Antonio Zoo and Japanese Tea Garden, the Theater's distinctive stone outcroppings provide a unique venue backdrop derived from the Alamo Cement Company's limestone excavation quarry that existed at the site in the later 1800s and early 1900s.

Upon its opening in 1937, the 5,000-seat Theater became a highly visible and utilized performing arts venue for the San Antonio community, featuring national and local concert tours, symphony and theater performances and other such cultural gatherings. Artists and bands such as Bob Dylan, Santana, Poison and the Foo Fighters are some of the major acts that have performed at the Theater over the past 90+ years.

While a \$320,000 renovation of the Theater was completed in 1984, over the past 25 years the venue has lacked the continuous capital investment necessary to capably attract and host modern large-scale events. As such, recent utilization at the Theater has been primarily limited to local radio station shows and small community festivals. In 2019, the Theater hosted five events over seven days, with a total attendance of approximately 25,000. Due to the relative dearth of recent capital investment in the Theater and the lack of a modern outdoor venue within the San Antonio market, traditional outdoor amphitheater tours that visit other Texas venues routinely skip over the San Antonio metro area entirely.

Understanding the historical significance of the Theater (which, as part of Brackenridge Park, was listed in the National Register of Historic Places in 2011), and an opportunity to once again provide the San Antonio community with a top-tier outdoor performing arts venue, Brackenridge Park Conservancy ("Conservancy" or "Client") representatives are considering making a significant investment into the facility to provide the amenities and infrastructure necessary to host modern-day entertainment acts.

As a next step in the planning process, the Conservancy engaged Conventions, Sports & Leisure International ("CSL") to conduct a market and financial feasibility study to assess the feasibility of a renovated Theater.



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Today

# 1. Introduction

To comprehensively evaluate the feasibility of the proposed Theater renovation, CSL:

- Discussed key Client goals and objectives related to Theater redevelopment;
- Analyzed concert industry trends, including the industry's continued growth and segmentation and how this impacts facility development and reinvestment;
- Examined regional amphitheater tour routing and identified gaps in the local market for live entertainment;
- Compiled and analyzed regional market data regarding demographic and socioeconomic trends, competitive venues, and other such market characteristics;
- Identified and analyzed comparable amphitheaters to provide a benchmark from which to assess the market and operational potential for a renovated Theater;
- Interviewed key potential user groups of the Theater to confirm building program needs and potential utilization;
- Estimated event demand and potential annual attendance for a renovated Theater;
- Recommended key programming elements including seating capacity and appropriate inventories of general and premium seating options and other building components; and,
- Developed a financial pro forma for projected Theater operations.

The remainder of this report outlines the key findings of this market and financial analysis related to the potential renovation of the Sunken Garden Theater. This report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

