

April 1, 2025

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to increase appropriations in the Tidelands Area Fund Group in the Economic Development Department by \$14,000,000 to fund design, permitting, engineering, project management services, infrastructure and site improvements, and furniture, fixtures, and equipment for the development of a temporary amphitheater, offset eventually by the venue's future net operating profit. (District 1)

DISCUSSION

The City has selected ASM Global Convention Center Management, LLC (ASM Global) to operate and manage a temporary amphitheater, a key initiative in advancing Long Beach's vision to become a premier national and international destination for music and entertainment. The amphitheater will span approximately five to six acres along Queens Highway, adjacent to the Queen Mary and Harry Bridges Memorial Park. Planned to accommodate 10,000 to 11,000 attendees, the venue will feature a mix of floor, grandstand, and box seating, a pit configuration, VIP sections, and food and beverage concessions. In line with the City's commitment to accessibility and sustainability, plans for shuttle services and dedicated ride share amenities will be implemented to enhance transportation options for attendees.

Staff have initiated the development of conceptual site plans, architectural designs, engineering drawings, and technical studies for the amphitheater project. Staff have also conducted research to obtain preliminary cost estimates for consulting services, infrastructure and site improvements, and furniture, fixtures, and equipment (FF&E). The project budget for the temporary amphitheater is estimated at \$14 million. Of this amount, an estimated \$10 million is required to develop the amphitheater and \$4 million is required for essential parking lot improvements, many of which are required to maintain public accessibility and maximize the use of the Queen Mary site regardless of the amphitheater project. Additionally, it is expected that an amount up to \$1.5 million will be funded by the City to fund facility pre-opening services provided by ASM Global, including operations, sales, general, and administrative expenses, and monthly management fees.

Below is a non-exhaustive summary of planned expenses for the amphitheater's development:

Consulting Services

- Design, construction, and inspection services
- Project management and oversight

- Permitting, technical studies and plans, and regulatory compliance

Site Improvements

- Asphalt improvements
- Storm and drainage infrastructure
- Parking lot signing, striping, and wheel stops
- Security bollards
- Curb and sidewalk improvements
- Utility upgrades

FF&E

- Performance stage
- Grandstands and seating
- Artist VIP rooms
- Accessory modular buildings
- Portable restrooms
- Audio and visual systems
- Lighting, fencing, and shade structures

Staff are developing a strategy to procure the necessary FF&E and complete essential site improvements. Under the Amphitheater Operator Agreement, ASM Global will contribute an additional \$1 million toward the amphitheater project. The City and ASM Global will work together to develop a plan for allocating these funds, with priority given to food and beverage equipment needs, followed by FF&E costs as applicable. Upon approval of the amphitheater project budget, staff will begin the process of securing contracts for consulting services, site improvements, and FF&E.

The majority of site improvements are expected to begin in July 2025. Many of these upgrades are necessary regardless of the amphitheater project to improve the condition of the area's parking lots and address liabilities such as tripping hazards from uneven and deteriorating asphalt. The purchase and installation of the amphitheater's performance stage, grandstands, and other FF&E are tentatively scheduled between May 2025 and Spring 2026. The performance stage and grandstands are tentatively planned for installation by November 2025, with all remaining FF&E completed by Spring 2026. If special events are held before the amphitheater is fully developed and operational, any necessary FF&E will be rented as needed. Additionally, if the City plans concerts or special events before the Spring 2026 season, a separate budget request may be required to cover costs such as artist bookings, equipment rentals, staffing, and other related expenses.

Preliminary financial projections provided by ASM Global estimate that the amphitheater will

generate a net operating profit of \$981,434 for the City in its first year, increasing to over \$2.8 million by its third year of operations as event volume and attendance grow, with steady growth around 3 percent every year after. Over the first five years, the preliminary net operating profit for the City is projected to reach approximately \$12 million. Although the project is a temporary venue, the expected lifespan could be around 10 years. Over a ten-year period, the operating revenue could exceed \$26 million. Additionally, new parking revenue to City-owned assets is estimated at \$6 million, and additional sales tax and transient occupancy tax could produce another \$11 million in revenue.

The projection is strongly linked to the actual design of the venue, number of events it hosts, along with other factors including but not limited to turnout and ticketed sales price, which will have a direct impact on sales, concessions, parking, and other revenues. The current projections are based on an average \$23.80 per person spent on food and beverage. A \$5 increase in that average per person spend could increase the amphitheater's net operating profit to over \$15 million over five years. The national average food and beverage spending in 2024 was \$31 per concert attendee.

This matter was reviewed by Deputy City Attorney Ashleigh Stone on March 13, 2025, and by Budget Management Officer Nader Kaamoush on March 17, 2025.

TIMING CONSIDERATIONS

City Council action is requested on April 1, 2025, to appropriate funding for the amphitheater project.

FISCAL IMPACT

The estimated cost to develop the amphitheater project is \$14 million. The project budget will fund consulting services, site improvements, and furniture, fixtures, and equipment required to open the amphitheater. An appropriation increase in an amount of \$14 million is requested in Tidelands Area Fund Group in the Economic Development Department to set the project budget and begin development in efforts to complete the project by Spring 2026. As additional contracts and agreements are needed to complete the project, Staff will return to City Council to request approvals funded by the project budget. Additionally, it is expected that an amount up to \$1.5 million will be funded by the City to facility pre-opening services provided by ASM Global, including operations, sales, general, and administrative expenses, and monthly management fees. An appropriation request for pre-opening cost will be included as part of staffs request to award the amphitheater's operation and management agreement. If the City plans concerts or special events before the Spring 2026 season, a separate budget request may be required to cover costs such as artist bookings, equipment rentals, staffing, and other related expenses.

As a result of cash being held to ensure the timely funding of large City Council approved capital projects serving as a financial cushion until the expenditures are initiated, the Tidelands Funds has sufficient idle cash now to allow the City to pay for the estimated \$14 million project and the facility pre-opening services in an amount up to \$1.5 million. These costs would then be repaid to the Tidelands Funds from the projected net venue operating profit, thus obviating the need to issue debt for the relatively short-lived capital asset. This also eliminates the need for the City to

pay interest on issued debt. Based on preliminary financial projections provided by ASM Global on the venue's net operating profit, staff estimate a full reimbursement to the Tidelands Funds may take three to five years from the amphitheater's opening, though this timeline could be shortened if financial performance exceeds expectations. The amphitheater is a unique revenue generating opportunity for the City in the Tidelands, and will provide additional economic impact to the City in the form of increased sales tax, transient occupancy tax, and parking revenue as local businesses, hotels, and City-owned parking assets benefit from spending by amphitheater attendees. Funding this project with Tidelands funds is not expected to impact any currently funded Tidelands projects. In the event that additional resources are needed, the City will utilize future one-time dollars or Tidelands reserves to ensure that all prior commitments to existing budgeted projects remain unaffected.

Implementation of the amphitheater project is expected to require a moderate staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The project will provide continued support to Long Beach's economy by creating both permanent and temporary jobs for the development, management, and operation of the amphitheater. Additionally, it will generate indirect jobs through the economic multiplier effect created by spending from amphitheater attendees.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Bo Martinez
Director
Economic Development

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: AMPHITHEATER CONCEPTUAL SITE PLAN
AMPHITHEATER RENDERING 1
AMPHITHEATER RENDERING 2