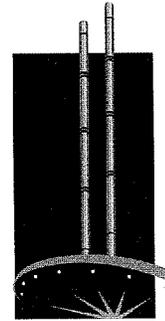


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April 26, 2005

SACRAMENTO CONVENTION CENTER

City Council
Sacramento, California

Honorable Members in Session

**SUBJECT: AWARD A PROFESSIONAL SERVICES AGREEMENT TO
TICKETS.COM FOR THE EXCLUSIVE TICKETING PROVIDER
SERVICES AT THE CONVENTION CENTER COMPLEX**

LOCATION AND COUNCIL DISTRICT: 1400 J Street, 1515 J Street
Council District 1 and 3

RECOMMENDATION:

It is recommended that the City Council accept the bid and authorize the City Manager to execute an agreement with Tickets.com for the exclusive ticketing provider services for the Sacramento Convention Center Complex.

CONTACT PERSON: Tina McCarty, Administrative Officer, 808-8220
Judy Goldbar, Interim General Manager, 808-5630
Sacramento Convention Center
Convention, Culture and Leisure Department

FOR COUNCIL MEETING OF: May 31, 2005

SUMMARY:

The Sacramento Convention Center Complex (Complex) relies on an exclusive ticketing services provider to sell tickets to all ticketed events within the Complex, in addition to the on-site Complex Box Office. Revenue from ticketing service convenience fees added to the price of the ticket is shared between the provider and the Complex. The Complex retains the on-site box office where tickets may be purchased with no service fee to the patron. The current ticketing provider agreement will expire after five years on June 30, 2005. Proposals were solicited through a Request for Proposal process. A selection committee found the proposal submitted by Tickets.com to be the best proposal for the Complex. It is recommended that the City

enter into a new agreement with Tickets.com for the exclusive ticketing provider services for a three year term with the mutual ability to extend two one-year periods.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

The Sacramento Convention Center Complex provides patrons with tickets for events held at the Convention Center, Memorial Auditorium, and the Community Center Theater. The Complex housed approximately 600 events in fiscal year 2004 including many ticketed events, generating sales of over 250,000 single tickets, totaling more than \$11 million in sales for Complex events. All Complex tickets are exclusively sold through the ticketing services provider, Tickets.com, or through the Complex's on-site box office, at which patrons may purchase tickets directly without service fee, or by phone with a nominal per order charge.

In June of 2000 Council approved a five-year agreement with Tickets.com for the exclusive ticketing provider services at the Complex. Ticketing services include box office services at multiple ticket centers, ticketing services through the internet, and ticket sales through a toll free phone number at external call centers. This current five-year agreement will expire on June 30, 2005.

In March of 2005 a request for proposals was used to determine the best exclusive ticketing provider for the future. Three proposals were received, one from each of the following, TicketsWest, TicketMaster, and Tickets.com. The three proposals were reviewed by a selection committee based on the revenue proceeds to the City, experience and service capabilities, and the quality of service delivery. The selection committee, comprised of the City Accounting Manager; the Convention Center Interim General Manager; the Community Center Box Office Manager; and representatives from the Procurement Department, Convention Culture and Leisure Department and Convention Center Administration selected Tickets.com as the best overall vender based on the following:

- Current track record with the Complex - has provided quality customer service under current five-year agreement both to Complex and its clients –no need for conversion, training, or down time.
- Increased City share on service and processing fees. City retains right to increase fees.
- Increased annual marketing payment – Tickets.com will remit \$75,000 to the Complex for ongoing marketing such as placement of their logo on the Complex website, logo on the Complex marquee, logo in the Complex newsletter, etc.

City Council
 Exclusive Ticketing Provider Services Contract Award for Convention Center Complex
 April 26, 2005

- All needed computer and sales equipment including hand held scanners for door entry to be provided, maintained, and upgraded by Tickets.com at no cost to the City. (\$55,000+ value)
- Ticket purchase on web remains on Complex specific page through completion of sale, meaning patrons view only those events held at our venues.
- Local computer support. Currently able to meet 2 hour required response time.
- Accounting for season and single ticket sales combined on one system with no need to reconcile nightly. This reduces opportunity for error.
- Season ticket sale enhancing software is provided at no cost with this Agreement.

The proposed agreement would begin on July 1, 2005 and continue until June 30, 2008, with two mutual one-year extensions that may take the agreement through June 2010.

Proposed Revenue Sharing Changes

Service and processing fees are based on a sliding scale using the actual ticket price set by the promoter. As the ticket price increases, so do the service fees. Currently Tickets.com receives a 65 percent share of service charges and all processing fees. The City receives a 35 percent share of service charges. As ticket prices increase, so do the fees received by Tickets.com and the City.

The fundamental change in the proposed agreement is that Tickets.com will receive a flat \$3.50 service fee for each ticket sold and a \$2.00 processing fee for each transaction (per order), regardless of the price of the ticket. The City will receive that portion of the fees that exceed \$3.50 and \$2.00, respectively, and that amount will increase as ticket prices do. Two examples of how this proposed fee share will work are listed below:

Current Rev.	Ticket Price	Serv. Charge	Proc. Fee	Total
Customer Fee	\$34.00	\$6.00	3.25	\$43.25
City Rev. Share		35% = \$2.10	0%	\$ 2.10
Customer Fee	\$44.00	\$6.75	3.25	\$43.25
City Rev. Share		35% = \$2.36	0%	\$ 2.36

Proposed Rev.				
Customer Fee	\$34.00	\$6.00	3.25	\$43.25
City Rev. Share		All \$ over \$3.50= \$2.50	All \$ over \$2= \$1.25	\$ 3.75
Customer Fee	\$44.00	\$6.75	3.25	\$43.25
City Rev. Share		All \$ over \$3.50= \$3.25	All \$ over \$2= \$1.25	\$ 4.50

It is important to remember that no increase from current fees is used in this analysis. The difference in the revenue outcome is a direct reflection of the revenue share. The City would simply receive a larger portion of the current fee.

In addition to the shared revenue in service charges, the City will also receive an annual marketing payment of \$75,000 for each year of the agreement— an increase of \$50,000 annually over the current agreement. The five-year agreement would result in marketing revenue of \$375,000.

FINANCIAL CONSIDERATIONS:

The Convention Center Complex operates as a part of the City's Convention Culture and Leisure Department and is funded through the Community Center Enterprise Fund.

The original 2000 Tickets.com agreement was expected to generate \$725,000 in revenues. Instead, the current five-year agreement is projected to reach approximately \$1.2M by the end of fiscal year 2004-05.

The proposed agreement is anticipated to reach \$2 million over the next five years, if all extensions are exercised. The first year annual revenue is estimated at \$420,000 and is expected to remain at least consistent, through year five.

ENVIRONMENTAL CONSIDERATIONS:

The actions recommended in this report are exempt under CEQA Section 15261 (a).

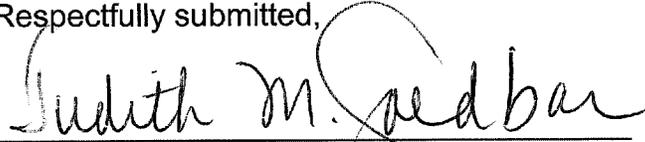
POLICY CONSIDERATIONS:

This report is consistent with the City's Strategic Plan Goal of Promoting and Supporting Economic Vitality by allowing the Convention Center Complex to remain competitive, thereby, drawing visitors and conventioners to the City.

ESBD CONSIDERATIONS:

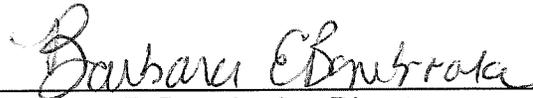
The bid process supported and followed the Emerging and Small Business Development Program (ESBD). The successful bidder is not an Emerging or Small Business, nor were any of the bidders who submitted proposals.

Respectfully submitted,



Judith M. Goldbar, Interim General Manager
Sacramento Convention Center

APPROVED:



Barbara E. Bonebrake, Director
Convention, Culture & Leisure Dept.

RECOMMENDATION APPROVED:



Robert P. Thomas, City Manager

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**AWARD A PROFESSIONAL SERVICES AGREEMENT WITH TICKETS.COM FOR
THE EXCLUSIVE TICKETING PROVIDER SERVICES AT THE SACRAMENTO
CONVENTION CENTER COMPLEX**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The Council authorizes the City Manager to execute a Professional Services Agreement with Tickets.com for the exclusive ticketing provider services at the Sacramento Convention Center Complex.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

