

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM**

TO: Mayor and City Council

FROM: Michael Abington, Director, Alamodome

THROUGH: Terry M. Brechtel, City Manager

COPIES: Roland Lozano, Assistant to the City Manager; File

SUBJECT: Ticketmaster, L.L.C. Agreement Amendment and Extension

DATE: December 18, 2003

SUMMARY AND RECOMMENDATION

An ordinance authorizing the City Manager or her designee to execute an extension agreement and second amendment to the Licensed User Agreement with Ticketmaster, L.L.C. ("Ticketmaster") for ticketing services at the Alamodome and the Henry B. Gonzalez Convention Center thereby exercising a two-year renewal option of the first amendment to the Licensed User Agreement, authorized by ordinance # 89413, passed on March 11, 1999, for a term beginning on January 1, 2004 and ending on December 31, 2005, and amending the terms and conditions of the Agreement by eliminating charges payable by the City, adjusting the royalty schedule payable to the City, and providing for one (1) three (3)-year renewal option, subject to City Council approval.

Staff recommends approval.

BACKGROUND

In June 1995 City Council authorized an agreement to provide ticketing services for the Lila Cockrell Theatre and Municipal Auditorium, which are operated by the Convention Center, and the Alamodome. The original agreement, with a three-year term and one three-year extension to be approved by City Council, was amended and extended on January 1, 1999, for a period of five years to December 31, 2003, with automatic successive two-year extensions.

Ticketmaster provides specialized equipment and software to the Alamodome and its affiliated outlets to sell tickets for City venues as well as providing a phone center and internet site from which to purchase tickets online by credit card. Ticketmaster currently provides 17 outlets throughout San Antonio, and 303 outlets throughout the state of

Texas. Examples of local outlets include Foleys, Mail in the Mall, the Laurie Auditorium at Trinity University, and the Majestic Theatre.

Nationally, Ticketmaster began operations in Arizona in 1976 and has grown into a leading provider of event ticketing services. Locally, Ticketmaster began as Southwest Ticketing, Inc. in 1980 and operated as Rainbow Ticketmaster and Ticketron with its first agreement being with the City of San Antonio to sell tickets for the Lila Cockrell Theatre.

POLICY ANALYSIS

Under the existing agreement, Ticketmaster charges the City \$0.05 per ticket printed at City venues, \$0.15 per ticket sold at outlets, and 2.5% to 2.866% of the total purchase amount for all credit card charges made through phone and internet sales. Ticketmaster assesses a minimum of a \$3.00 convenience charge on phone, Internet, and outlet sales, and from these convenience charges the City receives royalties ranging from \$0.15 to \$1.45 based on the type of event and the ticket price range.

With the amendment and extension of the agreement, the charges of \$0.05 per ticket printed at City venues, and \$0.15 per ticket sold at outlets have been eliminated, charges for all credit card purchases made through phone and internet sales will be eliminated, the convenience charge has been increased to a minimum of \$3.75 on phone, internet, and outlet sales, and the royalty range has been increased to \$0.20 to \$1.55 per ticket based on the type of event and the ticket price range, with an annual expected increase in royalty revenues of six (6) percent.

As always, patrons of events at the Lila Cockrell Theater, Municipal Auditorium and the Alamodome can purchase their tickets in advance at the Alamodome for face value without incurring any additional fees.

FINANCIAL IMPACT

The following is a two-year summary of actual charges and royalties to the City under the existing Agreement with Ticketmaster, and the projected elimination of Ticketmaster Charges and Credit Card Charges, and the projected increase in royalties payable to the City for the two-year extension period of 2004 and 2005, based on events presented at the Alamodome in 2003:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Ticketmaster Charges	\$14,518	\$14,655	\$0	\$0
Credit Card Charges	<u>22,697</u>	<u>23,983</u>	<u>0</u>	<u>0</u>
Charges to City	\$37,215	\$38,638	\$0	\$0
Royalties to City	<u>\$29,139</u>	<u>\$20,073</u>	<u>\$28,732</u>	<u>\$30,639</u>
Total Net Revenue	(\$8,076)	(\$18,565)	\$28,732	\$30,639

Projections for the 2004 and 2005 royalties were calculated by using the actual events presented at the Alamodome in 2003 and applying the proposed royalty rates for 2004 and 2005.

If approved, the amended Agreement will result in the following projected savings and increased revenues for the proposed two-year extension period:

Projected Elimination of Charges in 2004 and 2005	\$77,276
Projected Increase in Revenues to City in year 2004 and 2005	<u>\$10,566</u>
Projected 2 Year Savings & Increased Revenue	\$87,842

There is no General Fund impact.

COORDINATION

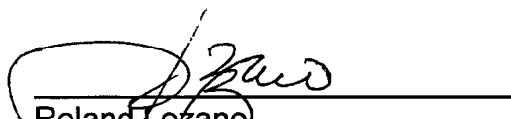
This item has been coordinated with the City Attorney's Office and Convention Facilities.

SIGNATURES



Michael Abington, Director
Alamodome

APPROVED


Roland Lozano
Assistant to the City Manager
Terry M. Brechtel
City Manager