



MEMORANDUM

Community Services Department

DATE: August 12, 2019

TO: Performing Arts Committee

FROM: Noelle Magner, Business Manager
Scott Whisler, Executive Director

SUBJECT: Fiscal Year 2018-19 Annual Review for Home Company Theatreworks

BACKGROUND

TheatreWorks Silicon Valley (TheatreWorks) and City of Mountain View (CITY) are under a Home Company Agreement. Terms of this agreement include an annual review meeting designed to ensure the terms of the agreement are being met by both TheatreWorks and CITY; to discuss sales, fees, rates and use days; to discuss any concerns or issues that might be unresolved; and to discuss new ideas that could benefit both organizations. Performing Arts Center staff will provide an overview of ticket sales, total expenses, usage days and current rates. The meeting is also an opportunity to highlight the many and varied benefits that TheatreWorks brings to our community through various outreach programs, their participation in PAC-sponsored events and their patrons supporting our downtown businesses in return for the reduction in fees and booking priority afforded by their Home Company status. TheatreWorks will provide a summary of outreach efforts for the 2018-19 Season in addition to their IRS 990 for 2017.

Home Company status requires TheatreWorks to perform a minimum of six performances, offer at least three different titles, and perform at least 50 percent of their annual season ticketed performances at the Mountain View Center for the Performing Arts (MVCPA) and TheatreWorks far exceeds those requirements. The company must also identify itself as a Mountain View Home Company in appropriate publicity, meet minimum outreach requirements and allow MVCPA box office to sell all single tickets and handle subscription ticket exchanges, while TheatreWorks manages and sells initial

season subscriptions. Payments for balances owed CITY are due on all invoices within 30 days of the final reconciliation. TheatreWorks is given Home Company status, which provides priority booking during Primary Booking season, a streamlined contract process, and a unique fee structure. The agreement benefits each organization and meets the MVCPA program functions of providing entertainment, education, and community outreach opportunities. The contract also preserves and protects dates historically used by Home Companies as well as by other organizations during the primary booking process.

In 2009-2010, CITY agreed to allow TheatreWorks to own and operate their own ticketing system, Tessitura, apart from the CITY ticketing system, as long as TheatreWorks made CITY whole in revenue. That particular agreement is separate from the Home Company agreement and allows for TheatreWorks to sell their subscription tickets but still requires that CITY handles all single ticket sales. The annual fee associated with this agreement covers some of the revenues previously collected by CITY for TheatreWorks use of its ticket system plus the loss of some internet ticket sales fees.

ANALYSIS

The accompanying summary of performance and usage dates show that TheatreWorks performs more performances and titles than are required per the Home Company Agreement. They also contribute a large portion to the MVCPA annual revenue and their use of MainStage constitutes about 60% of the total MainStage use days at the Mountain View Center for the Performing Arts. In past years TheatreWorks has provided community outreach at MVCPA through student matinees during appropriate events and by providing high school students an opportunity to participate in the Young Playwright's project. During the last fiscal year TheatreWorks provided a single student matinee performance for each of their productions *Native Garden* and *Fun Home*. It is significant to note that TheatreWorks did not provide any Young Playwright opportunities like in previous years. We are proud to work with TheatreWorks to grow our audiences, reach a broad community with a variety of professional shows and also meet each of our mission goals.

Total ticket sales for fiscal year 2018-19 events were 78,359, a 4.8% decrease from last year's 85,374. This reduction was in part due to the previous fiscal year having two arrangements (*Prince of Egypt* and *Our Great Tchaikovsky*) sell over 15,000 tickets for each production. Gross ticket sales also showed an decrease of 8% from last year for a total of



\$396,058.10, a total reduction of \$200,908.55 from the prior year. This reduction is also due to the reduced ticket sales. MainStage performances represented 66% of TheatreWorks annual tickets sold for a total of 52,622 MainStage performances; the remainder of sales was from performances at Lucie Stern. MainStage performances included *Native Gardens*, *Fun Home*, *Frost/Nixon*, *Hershey Felder: A Pairs Love Story*, and *Archduke*. Performing Arts Center staff expects to see an increase in ticket sales in the upcoming fiscal year due to TheatreWorks celebrating their 50th Season. The CITY would also like to acknowledge the great honor bestowed upon TheatreWorks in June of 2019 as they were awarded the American Theatre Wing's Tony Award for Regional Theatre.

Facility Licensing fees for MainStage and SecondStage ticketed events are set at 9% of Gross Ticket Sales or a flat rate which is discounted by 41 - 53%; non-ticketed event discounts range from 30 - 36% over the standard Non-Profit rates. TheatreWorks also pays 40 - 52% lower rates for non-event periods, such as technical and rehearsal days.

Over this past fiscal year, TheatreWorks has made large payments to the CITY to reduce the outstanding balances owed to the CITY. As of June 30, 2019, the end of the fiscal year 2018-19, TheatreWorks ended the year with no outstanding balance. It is significant to note throughout the fiscal year TheatreWorks also made a great effort to continue to pay all of the bills in a timely fashion reducing their number of late fees by 50% from the previous fiscal year. The CITY is pleased with the TheatreWorks and their continued efforts to ensure all accounts are kept current.

In past TheatreWorks has been inconsistent in identifying themselves as a Mountain View Center Home Company on their marketing materials. Performing Arts Center staff is pleased to say the channels of communication have improved during fiscal year 2018-19. Many of TheatreWorks marketing materials direct patrons solely to the TheatreWorks website and the phone numbers for purchasing single tickets as well as subscriptions. This has resulted in a significant decline to the CITY's service charge revenue over the past seven years. This decline prompted a fee increase on single tickets, from \$0.50 to \$1.50 per single ticket sold by TW when their total sales exceed 50% of total capacity.

As we head into fiscal year 2019-20, Staff is beginning to draft a new contract. City Council has authorized an extension of the Home Company agreement through 2022-23.