



DATE: February 13, 2018

CATEGORY: Consent

DEPT.: Community Services

TITLE: **SecondStage Home Company Status for Upstage Theater**

RECOMMENDATION

Authorize the City Manager to execute an agreement with UpStage Theater to become a SecondStage home company.

BACKGROUND

At the February 11, 2014 City Council meeting, the Council approved the expansion of the Home Company Program at the Center for the Performing Arts (Center) to include home-company status exclusively for SecondStage. Council also instructed staff to develop and implement a process for selecting SecondStage home companies where the Performing Arts Committee (PAC) would recommend client organizations for SecondStage home-company status.

After developing the selection process with the PAC, a search for potential home companies was undertaken in spring and summer 2017. At the end of the search, PAC recommended awarding SecondStage home-company status to UpStage Theater for one year with an option for renewal for a period of three to five years. The item is coming to Council at this time to seek Council authorization to execute a home company agreement with UpStage Theater.

ANALYSIS

UpStage Theater started as a project by a small group of high school students who were aging out of Peninsula Youth Theatre's (PYT) programs. They sought to create performance opportunities that would appeal to students in their age group who have more acting experience. UpStage Theater chooses titles that might be considered too mature for PYT audiences and participants. The company is managed by an adult for contracting purposes, but all operational decisions are made by a board of high-school-

aged students. These students also serve in artistic, design, and production management positions for their shows.

UpStage Theater has already provided four performances in SecondStage. Their first production, *Heathers, The Musical!* (May 2016), was made possible through the PAC's SecondStage Fee Waiver Program. The subsequent three productions have been funded entirely by UpStage Theater at nonprofit rates with their ticket sales covering all Center costs. The group also voluntarily participated in the Center's 25th Anniversary Celebration in 2016, and their board members continue to volunteer for other Center projects.

The benefits for a SecondStage home company include receiving priority for dates in SecondStage during Primary Booking and following a streamlined booking process during both Primary and Secondary Booking. In addition, home companies receive a discount of approximately 50 percent for rehearsal time and base performance fees. The benefits to the City for having a SecondStage home company include having a client that provides multiple, predictable SecondStage bookings and that requires less time from staff for orientation, safety training, and supervision.

Because Upstage Theater is the first SecondStage home company, staff anticipates only adding 5 to 10 performance days in the first year with anticipated future growth as Upstage Theater and the SecondStage Home Company Program mature. These additional performance days will not impact current programs and bookings. As the program and company grow, staff will work with the home company and other clients to accommodate additional bookings. However, UpStage Theater will have the same priority for dates in SecondStage that Peninsula Youth Theatre and TheatreWorks have for MainStage.

FISCAL IMPACT

Under home-company status, UpStage Theater will pay discounted fees for rehearsal hours and base performance fees. Table 1 provides a comparison of the fees for nonprofits versus home companies.

Table 1: Fee Comparison Between Nonprofits and Home Companies		
	Nonprofit Rates	Home Company Rates
Performance (8 hour base)	\$375 or 5-20% of Gross Ticket Sales* (whichever is higher)	\$185 or TBD% of Gross Ticket Sales* (whichever is higher)
Rehearsal/ Additional Hours	\$40	\$19

*Percentage is determined based on expected ticket sales, including company history when applicable

Staff recommends 14 percent as the Percentage of Gross for UpStage Theater as a home company. This rate puts UpStage’s cost per day in line with Peninsula Youth Theatre, the other home company that uses SecondStage regularly. Labor and equipment fees are not discounted for home companies. As always, the final revenue realized will depend on the success of ticket sales.

To better illustrate the fiscal impact of the fee change, Table 2 provides a comparison of UpStage Theater’s actual costs for their four performances under the different fee structures.

			Nonprofit (Actual)		Home Company		Difference in Total Fees
Date	Title	Use Days	Total Fees	Total/Day	Total Fees	Total/Day	
May, 2016	Heathers	4	\$1,614.56	\$403.64	\$1,401.68	\$350.42	\$212.88
Oct, 2016	Punk Rock	5	\$1,792.50	\$358.50	\$944.80	\$188.96	\$847.70
Mar, 2017	Spring Awakening	6	\$2,190.63	\$365.11	\$1,812.63	\$302.11	\$378.00
Oct, 2017	Complete Shakespeare (abridged)	5	\$1,605.00	\$321.00	\$1,052.60	\$210.52	\$552.40
Total Fees:			\$7,202.69		\$5,211.71		\$1990.98
Average Fees Per Day:				\$362.06		\$263.00	
Average Annual Fee Difference:							\$995.49

The average cost per day under the proposed home company fee structure would have averaged \$263 versus \$362 under the actual nonprofit rates. By comparison, Peninsula Youth Theatre’s fees per day averaged \$250.69 during the same period. Based on their previous average usage of 10 days per year, staff would expect a reduction of approximately \$1,000 in Center revenue annually by changing UpStage’s status to home company. However, UpStage Theater is already planning additional performances based on their home-company status and the accompanying rates. Therefore, staff anticipates additional-use days of at least one title per year, which would make up for the reduced revenue from the lower rates of fees and achieve the goal of utilizing SecondStage more consistently throughout the year. After one additional title per year, any bookings would reflect an annual increase in revenue.

ALTERNATIVES

1. Do not authorize the City Manager to execute a contract with UpStage Theater.

2. Authorize the City Manager to execute a contract with different parameters than the recommendations provided in this report.

PUBLIC NOTICING

Agenda posting and a copy of report to UpStage Theater Board.

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