



CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Services Department

DATE: August 10, 2018

TO: Performing Arts Committee

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

SUBJECT: Fiscal Year 2017-18 Annual Review for Home Company TheatreWorks
Silicon Valley

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 2017-18 Season in addition to their IRS 990 for 2016.

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. They also contribute a large portion of MVCPA annual revenue and their use of MainStage constitutes about 60% of total MainStage use days. 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 two student matinee performances to *Prince of Egypt* and one student matinee performance to *The Bridges of Madison County*. It is significant to note that TheatreWorks did not provide any Young Playwright opportunities like 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 2017-18 events were 85,374, a 3% increase from last year's 82,641. Gross ticket sales also showed an increase by 8% from last year for a total of \$4,160,996, exceeding the prior year by approximately \$350,000. MainStage performances represented 70% or 59,653 of TheatreWorks annual tickets sold; the remainder of sales



was from performances at Lucie Stern. MainStage performances included *Constellations*, *The Prince of Egypt*, *Our Great Tchaikovsky*, *The Bridges of Madison County*, and *Finks*.

Rental 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 year, TheatreWorks made large payments to CITY to reduce outstanding balances owed CITY, ending fiscal year 2017-18 with a past due balance of \$164,797.04. Currently remaining outstanding balance for fiscal year 2017-18 is \$80,751.68.

TheatreWorks is inconsistent at best in identifying themselves as a Mountain View Center Home Company on their marketing materials. Those materials also typically direct patrons 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 2018-19, Staff is beginning to draft a new contract. The new agreement will potentially provide for a 5-year renewal option.