



February 14, 2017

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

Gabriella C. Calicchio
DIRECTOR

Marion Boyd
DEPUTY DIRECTOR

10 Avenue of Flags
San Rafael CA 94903
415 473 6400 T
415 473 3700 F
CRS Dial 711
www.marincenter.org
www.marinfair.org

Dear Board Members:

SUBJECT: Flexible Service Fee Proposal for the Marin Veterans
Memorial Auditorium

RECOMMENDATION: Adopt a Resolution to allow the Director of Cultural Services to impose additional service fees to encourage more events by major for-profit concert promoters

SUMMARY:

To better utilize the Marin Veterans Memorial Auditorium, we are recommending a model where the risks for ticket sales and expenses are shared between the County and the major concert promoters/producers. Previously, the County would serve as the event producer and fully bear the risk of financial loss. This proposed model is more consistent with industry practices and will allow us to partner with promoters and producers whose core business is presenting, as opposed to presenting ourselves through Marin Center Presents. If successful, this will increase our facility rentals, and has the potential to bring higher profile performers to the Center. In order to be competitive with other event centers in the Bay Area for high profile performers, the Department of Cultural Services would like to offer Major Concert Promoters the ability to impose service fees that are in line with what major ticketing outlets charge. Major Concert Promoters are defined as for-profit promoters who bring in national and international acts with marquee name recognition, such as Rick Bartalini, Golden Voice (AEG), Another Planet and Live Nation. This flexible service fee program would be at the discretion of the Director of Cultural Services. The flexible service fees would not apply to any of the other ticketed events at the Marin Center.

Flexible Service Fee Proposal:

In the high profile concert industry, artists and their agent representatives are able to negotiate for 85-90% of net profits, usually demanding a guarantee equivalent to 85% (or more) of what the net profit would be if

the show sells out. Therefore, to protect against potential large financial losses if a show does not sell out, a promoter will apply an additional service fee as a source of ancillary revenue.

The main way this is typically accomplished in third party event venues is through rebates to a promoter from the ticketing service charges. In most venues in Northern California there is an opportunity to add to the service charges already in place, thereby creating additional revenue that can go back to the producer to help ameliorate the risk in the event of low ticket sales.

The current per ticket service fees for the Veteran's Memorial Auditorium is \$6 regardless of the price of the ticket. This does not include the \$3 per ticket facility fee. In comparison, companies like Ticketmaster and AXS (the AEG platform) charge a \$6 fee for tickets priced between \$1 and \$15, and tickets priced above \$15 have higher fees.

The Department of Cultural Services is proposing an optional flexible fee schedule that would allow Major Concert Promoters to increase fees for tickets above \$50 at the Veteran's Memorial Auditorium. The fee structure would remain the same (\$6 per ticket) for producers selling tickets under \$50. Producers selling tickets with prices beginning at over \$50 would have the option to increase the service fee up to \$25 depending on ticket prices. Please refer to the attached resolution for the sliding scale based on ticket price.

FISCAL IMPACT: The difference between the current \$6 service fee and the new fee would be split with the Department of Cultural Services 60/40, (60% to the promoter and 40% to Cultural Services). If successful, this flexible fee policy would increase departmental revenues; however, revenue increase would likely be minor for the first few years. We would report back to the Board at our annual budget hearings.

Please let me know if you have any questions or concerns.

REVIEWED BY: County Administrator
 County Counsel

Respectfully submitted,



Gabriella C. Calicchio
Director Cultural Services

Attachment: Resolution