Staff Report

File #: REPORT 19-0006, **Version:** 1

Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of January 8, 2019

APPROVAL TO IMPLEMENT THE VENDINI ONLINE
TICKETING SERVICE FOR THE COMMUNITY THEATER
AND 2ND STORY THEATER; AND RESOLUTION ESTABLISHING
A PER TICKET SERVICE FEE AND A SETUP FEE FOR ITS
USE BY RENTERS OF THE COMMUNITY THEATER
AND 2ND STORY THEATER FACILITIES
(Community Resources Manager Kelly Orta)

Recommended Action:

Staff recommends that the City Council:

1. Approve the implementation of the Vendini online ticketing service for the Community Theater and 2nd Story Theater; and
2. Approve the resolution establishing a per ticket service fee; and a setup fee for Vendini's use by renters of the Community Theater and 2nd Story Theater facilities.

Executive Summary:

The City of Hermosa Beach currently manages and oversees the Community Theater and 2nd Story Theater facilities, both hosts to a variety of live-stage performances and other events. These events are produced privately with users renting the facility and paying for technical staff and applicable equipment on an hourly basis. The City does not manage ticket sales and each individual renter is responsible for its own ticket management. Over the years, in speaking with event curators who lease the theater facilities and through research of similar theaters, staff has learned that adding ticket sales and management services would benefit both the City, the facility users, and patrons. Staff researched various online ticketing platform and determined Vendini to be the most beneficial program, providing options to enhance reporting, enhanced professionalism to the venue, and improved experience of all users and guests. Incorporating an online ticketing service provides the City a revenue generation opportunity through a per ticket service fee and a vendor setup fee to recover staff-time costs. Staff recommends Council approve implementation of the Vendini online ticketing service for the Community Theater and 2nd Story Theater, approve the resolution establishing a per ticket service fee, and a setup fee for Vendini's use by renters of the Community Theater and 2nd Story Theater facilities.

Background:

The City of Hermosa Beach currently manages and oversees the 503-seat Community Theater and 99-seat 2nd Story Theater facilities, both hosts to a variety of live-stage performances and other events. These facilities are available through private reservation at hourly facility use and technical staff fee charges, as well as various one-time fees for equipment depending on the performance needs of each renter. Currently, the City does not manage ticket sales for any event and each individual renter is responsible for its own ticket management. As a result, it is difficult for the City to effectively promote upcoming productions or maintain adequate event attendance data given the various ticketing and payment methods used by event producers. In an effort to provide additional services to both facility users and guests, staff began researching online ticketing platforms that could be easily implemented. Vendini was found to be the most beneficial and well-rounded, online service.

Analysis:

After analyzing several similar online ticketing services in addition to those used independently by current facility users, staff recommends Vendini because of its ease of use for both the user and staff on the backend; the real-time transparency and reporting options available; the company's flexibility in providing a unique service that best suits the different theater facilities; its marketing and promotion opportunities; and the potential for an added revenue source for the facility. Vendini provides a secure, online ticketing service for theater patrons to purchase event tickets for any upcoming event, allowing the City to provide this additional service to facility users while also providing an additional revenue source to the City. The Vendini virtual box office is hosted independently and can be accessed through a link from the City's website.

Features

Vendini has many features that benefit city staff, facility renters, and theater patrons; optimizing both customer service and the experience of theater guests. These features are outlined below:

Dedicated Venue Webpage

Administrative staff can customize and update the venue webpage at any time. It is user-friendly and has an ease of use that allows flexibility and real-time updates without utilizing a lot of staff time. Pictures of the venue can be included, updated and customized to each event's production. Additionally, staff has the ability to include design elements from the City's webpage, visually aligning the Vendini webpage look to the City's, highlighting brand congruence and emphasizing to theater-goers that it is a service hosted by the City, which is important for customer confidence. A screenshot of a test page is included below, which depicts the seating area in the background and a similar header on the page matching those on the City's current official webpage:

Image 1: Venue Webpage (test page)
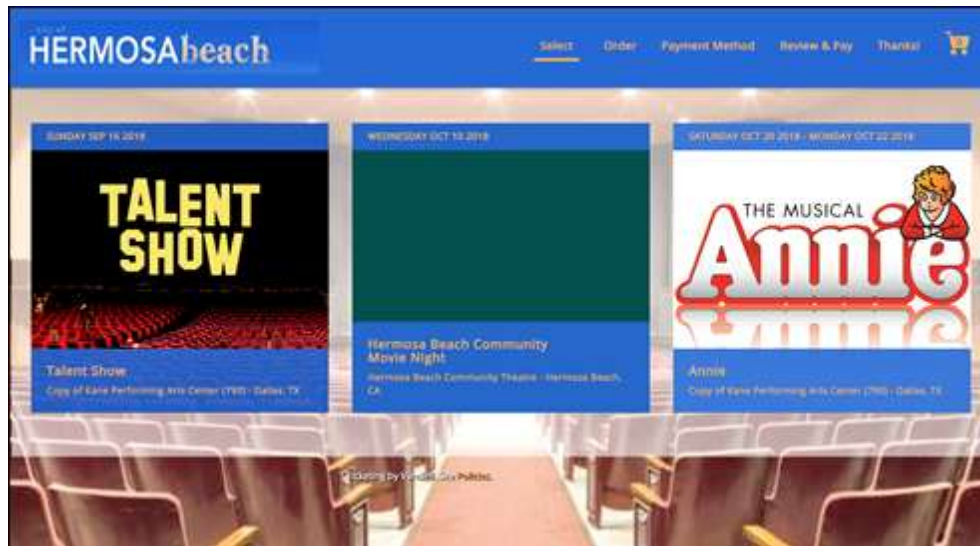
Ticketing Options

Similar to other purchases made online, guests are able to have access to virtual tickets or the option to print them. This eliminates the need to print paper tickets for all seats in the theater, which can be a wasteful expense if patrons are open to providing virtual tickets for access. Virtual ticketing allows a more accessible means to purchase tickets, through a 24 hour a day, 7 days a week availability. This convenience is a great advantage for many event producers who solely rely on phone orders or in-person ticket exchange on select dates prior to the event.

Additionally, Vendini allows flexibility to offer pre-sale ticket promotions will little to no effort for setup online. This added option provides promotional opportunities to users to increase the number of patrons attending events. Lastly, users are also able to set up the option to have assigned seating, available to patrons at the time of purchase. The Vendini team is able to create a virtual seating chart, allowing patrons to select their desired seating when paying for their tickets. This service will only be available for the Community Theater due to the various and ongoing seating changes made in the 2nd Story Theater facility.

Marketing & Promotion Opportunities

Vendini has several options available that allow additional promotional opportunities to users of the service. Through staff-assigned "tags" for each show entered into the system, staff can share information on similar shows at the time of ticket purchase in order to cross market shows. Additionally, staff can create a promotional prompt that will appear for all purchases, outlining upcoming events, activities, or even important facility or City information. This can be customized at any time and has the added option of having this information printed on the bottom of each ticket. In addition to promotional and marketing opportunities, discount codes can be issued as well as promotional codes.

Reports

One of the advantageous functions of Vendini is its reporting capabilities in a secure and controllable environment, allowing the City to provide secure and limited access for facility users to track ticket sales and print reports at any time. Staff would create a unique login for each facility user and can limit this access to only the user's events. Staff can easily generate reports on event types, staff-created "tag" categories, and other queries to generate valuable facility usage information. Additionally, the program provides real-time tracking and reporting of attendees, which sometimes can be difficult to acquire from each renter.

Agreement Terms & Fees

The proposed agreement with Vendini (**Attachment 1)** is for a three-year term. The agreement allows the City to discontinue service at any time following a 30-day notice of intent to terminate after the first 13 months, without penalty. If approved for implementation, there is a one-time initial cost of $1,500.11 payable to Vendini for the following setup services:

- Account setup;
- Software and credit card equipment for the facility Box Offices (if necessary); and
- Venue map construction (Community Theater only)

Ongoing Vendini service fees, which cover software maintenance, will be paid by patrons purchasing tickets and included at the time of purchase; the City will not be required to pay Vendini following the initial setup costs. This service fee is $1.00 + 2.5% of the ticket value. Further, the City has the ability to add an additional service fee, which staff recommends to be priced at $1.50. This fee would also be applied to each ticket sold and will also be charged at the time of purchase, provided to the City for its oversight and management of the program. This recommendation is based on several factors including a desire to align with, as much as possible, the cost of Vendini's fees; efforts to keep the fee as low as possible against these newly implemented service fees to those purchasing tickets; and a desire to follow industry standards with other similar theater facilities' overall service fee prices. Each fee is itemized on receipts for transparency to the buyer. The same service fees are charged regardless of the means of payment (i.e. online, box office, etc.). Table 1 below includes a breakdown of fees for various ticket prices, applying the above-mentioned service fees:

Table 1: Service Fee Breakdowns

Ticket Cost	Vendini Service Fee $1 + 2.5%	City Fee $1.50	Total Ticket Cost	Total Service Fees
$10	$1.25	$1.50	$12.75	$2.25
$20	$1.50	$1.50	$23	$3.00
$50	$2.25	$1.50	$53.75	$3.75

The fees listed above do not include the City's 2.75% Credit Card Service Fee, which is currently applied to any credit card purchase made payable to the City. Additionally, all service fees are required regardless of the purchase method (i.e. online, in-person, etc.). The anticipated revenue from the $1.50 per ticket service fee is approximately $32,941.50 of additional revenue if all facility users utilize the Vendini service. This total is calculated using facility attendance figures from 2018, which include an estimated total of 18,200 for the Community Theater and 3,761 for the 2nd Story Theater.

As a result of some existing event producers having their own preferred method for tickets sales, staff does not propose requiring the use of Vendini for all events, however, will revisit this option in the future. Since there is staff time associated with the setup of each event as well as the time necessary to work with each user to finalize each events' ticket details, staff is further recommending a $50 setup fee for cost recovery efforts, charged to the renter of the facility. If all users of the facilities were to use Vendini, using the 2018 figures as an estimate, there would be additional revenue of $4,050 for the setup fee.

Comparisons to Similar Online Ticketing Programs
Throughout staff's research in providing an online ticketing program that meets the current needs of the facility; provides a high-level of flexibility and customization; and offers fully accessible and comprehensive reporting options, Vendini was found to be far superior and inclusive of all desired features. While there are similar programs available, none provide a comprehensive approach as Vendini. Additionally, Vendini service fees are comparable to other programs and in several cases, is a lower cost. Table 2 includes a comparison of these service fees amongst comparable programs in addition to their limitations in comparison to Vendini.

Table 2: Comparisons with Similar Online Ticketing Programs

Program	Service Fee (per ticket)	*Cost of Service Fee for $20 ticket	Limitations
Vendini	$1 +2.5% of ticket value	$1.50	
Arts People	$0.25-$1.25	$0.25-$1.25	1. Inability to create subaccounts 2. Not user-friendly on the backend or for generating reports.
Brown Paper Tickets	$0.99+ 3.5% of ticket value	$1.69	1. Features and functionality are for single events and not for venue management.
Eventbrite	$1.59+ 3.5% of ticket value	$2.29	1. Features and functionality are for single events and not for venue management.
Paypal	$0.30+ 2.9% of ticket value	$0.88	1. Not a ticketing platform and therefore does not offer features or reporting capabilities.

*These costs do not include the additional City fee, as included in Table 1 of this report. The City fee was omitted for ease of comparison purposes in this table.

The programs included in Table 2 were analyzed and compared due to several factors including:

- Their current utilization by facility users for their independent ticket processing (Brown Paper Tickets, Eventbrite and Paypal); and
- Programs are utilized by surrounding theater facilities (Arts People and Vendini).

In addition to the programs listed in the table, staff also completed preliminary research into two additional programs that, very early in the process, were found to be less than ideal for a variety of reasons. Choice Entertainment Technologies (Choice CRM) was reviewed due to its use by the

Armstrong Theatre in Torrance. While this program is dedicated for use by theatre venues, it was found to be less user-friendly than Vendini, which would result in additional staff time for ongoing management and event generation. Additionally, staff reviewed PatronManager due to its current use at the Warner Grand Theatre in San Pedro. Initial estimates included $10,000 for initial setup of the program. Considering the affordability of more suitable programs at a lower cost, staff did not analyze this program any further.

Attachment 2 includes the resolution to establish the per-ticket service fee and setup fee.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. Relevant policies are listed below:

- Governance Goal 1. A high degree of transparency and integrity in the decision-making process.
    - 1.10 - Record systems and technology. Maintain record systems and utilize technology that promotes public access.
- Governance Goal 3. Excellent customer service through the use of emerging technologies.
    - 3.1 - Increased access to services. Strive to provide access to facilities, programs, and services at times and locations that are convenient for residents and businesses.
    - 3.4 - Virtual public counter. As feasible, establish a "virtual" public counter through an online permitting system.

Fiscal Impact:

Staff estimates additional revenue of approximately $36,991.50 from the combined setup and the per-ticket service fees as further discussed in the analysis section above. If approved, revenue from the ticket service fee and setup fee would be estimated with the Midyear Budget. Additionally, staff estimates the total costs of the initial start up to be approximately $3,000, which includes the initial Vendini cost, the purchase of two iPads for both Box Offices, and two iPod touches for ticket scanning purposes at each facility. Funds are available in the Community Resource Department's Contract Services account.

Attachments:

1. Vendini Member Services Agreement
2. Resolution 19-xxx Establishing Per Ticket and Setup Fees

Respectfully Submitted by: Kelly Orta, Community Resources Manager
Noted for Fiscal Impact: Viki Copeland, Finance Director
Legal Review: Mike Jenkins, City Attorney
Approved: Suja Lowenthal, City Manager