
File ID: 2025-01204

7/1/2025

Establish SAFE Credit Union Convention & Performing Arts District Promoter Incentive Program

File ID: 2025-01204

Location: District 4

Recommendation: Adopt a **Resolution:** 1) establishing the SAFE Credit Union Convention & Performing Arts District Promoter Incentive Program and have it be managed by the Interim City Manager or designee; 2) allowing the Program to include a box office rebate; 3) allowing the Program to include an equipment fee rebate; 4) allowing the Program to include a rental fee rebate; 5) authorizing the Interim City Manager or designee to amend the Food Services Licensing Agreement with Volume Services, Inc. (Contract #2010-0322) to revise the food and beverage commission structure and allow the Program to include a per-food item rebate; and 6) authorizing the Interim City Manager or designee to amend the Professional Services Agreement with Ticketmaster LLC (Contract #2019-1840) to revise the service fee structure for ticketed events and allow the Program to include a per-ticket rebate.

Contact: Megan Van Voorhis, Director, (916) 808-5979, mvanvoorhis@cityofsacramento.org; Jonathan Wiser, Interim Convention Center General Manager, (916) 808-8220, jwiser@cityofsacramento.org; Sid Garcia-Heberger, Event Services Manager, (916) 808-5917, sheberger@cityofsacramento.org; Department of Convention and Cultural Services

Presenter: Megan Van Voorhis, Director, (916) 808-5979, mvanvoorhis@cityofsacramento.org, Department of Convention and Cultural Services

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-Exhibit A, Promoter Incentive Program Guidelines

Description/Analysis

Issue Detail: The Sacramento Memorial Auditorium is a historic civic venue that plays host to concerts, graduations, sporting events, naturalizations, galas and more. The recently renovated SAFE Credit Union Performing Arts Center enjoys the residence of Broadway Sacramento, Sacramento Ballet, Sacramento Philharmonic & Opera and Sacramento Speaker Series, while also

welcoming other theatrical productions, comedy shows, concerts and more. As part of Convention & Cultural Services' broader efforts to increase activation of city facilities, we've implemented improvements to booking strategy and team structure at the SAFE Credit Union Convention & Performing Arts District to increase usage of the Memorial Auditorium and SAFE Credit Union Performing Art Center. While meetings and events like gala and fundraisers are important, their economic spillover into the surrounding neighborhoods is more limited. In contrast, concerts and ticketed events stimulate greater activity in local businesses and are a vital component of any successful venue strategy. Convention & Cultural Services is looking to increase ticketed event activity at these facilities through a structured set of sales strategies and incentives.

The goals would be:

- Increase the volume and frequency of live events at the Sacramento Memorial Auditorium and SAFE Credit Union Performing Arts Center;
- Attract regional and national promoters to Sacramento;
- Support the growth of local and emerging promoters; and
- Expand access to these facilities to non-profit organizations, schools and local groups that strengthen Sacramento's position as a cultural and entertainment hub.

Unlike major operators like Live Nation or AEG, the SAFE Credit Union Convention & Performing Arts District does not promote its own concerts and lacks access to touring talent pipelines. Instead, the District relies on independent promoters who must absorb high financial risk without the benefit of supplementary revenue streams (ticket fees, merch, concessions, etc.). This deters promoter interest.

In discussing District venues with commercial promoters, the team is regularly asked to co-promote (partner with the promoter on the show's expenses and revenue) or offer a per ticket rebate. Under a co-promotion model, the City would assume some amount of financial risk if the show does not sell well. The team believes the rebate model is a better avenue for the City to use to encourage usage of District venues. To that end, staff are proposing the following elements to be incorporated into program guidelines as mechanisms to provide the rebate:

- Per Sold Ticket Rebate - not to exceed \$10.00 per ticket sold
 - This could come from a combination of an added ticket convenience fee, rent, box office fees, revenue share from Ticketmaster, and in-house equipment rentals.
- Food and Beverage (Ticketed Events) - not to exceed \$3.00 per drink sold.
 - This would be added to the price and paid to the promoter to compete with other venues.

- Reductions or waivers of venue rental charges, box office charges, and equipment rental charges.

Rebates need to be high enough to incentivize the promoter. The rebate is designed to reward volume and consistency. It supports both national and local partners, with incentives that promote repeat business, local cultural development, and increase activation of SAFE Credit Union Convention & Performing Arts District performance venues.

To gauge program success, staff would measure event attendance, occupancy, diversity of program offerings and overall economic impact to surrounding area businesses.

Convention & Cultural Services recommends Council approval to establish the SAFE Credit Union Convention & Performing Arts District Promoter Incentive Program.

Policy Considerations: This report aligns with Budget Guidelines which prioritizes identifying opportunities for revenue growth.

Economic Impacts: Commercial and non-profit ticketed events generate significant economic impact in the surrounding communities, driving foot traffic and corresponding food, beverage and retail sales as well as parking and sales tax revenue for the City.

Environmental Considerations: This report concerns administrative activities that will not have a significant effect on the environment and does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Section 15061(b)(3); 15378(b)(2)].

Sustainability: Not applicable.

Commission/Committee Action: On May 27, 2025, the Budget and Audit Committee provided direction to move forward with the SAFE Credit Union Convention & Performing Arts District Promoter Incentive Program.

Rationale for Recommendation: Creating and establishing a Promoter Incentive Program will help District facilities respond to industry dynamics and stay competitive with other entertainment venues.

A small-scale incentive model completed at our facilities where rebates were tied to show count and food and beverage revenue saw that a promoter went from one show in seven years to seven shows in one year. Additionally, similar types of these incentive programs have occurred in entertainment venues in Stockton, Fresno and Los Angeles.

The objective is that establishing this Promoter Incentive Program will entice promoters and other event presenters to hold more than one event at District facilities which will help increase the

occupancy rate at these facilities. That in turn impacts other city revenues such as parking and sales tax, while also increasing activity with local businesses.

Financial Considerations: The Promoter Incentive Program will represent a strategic reinvestment of potential venue revenues in order to:

- Increase overall usage and earned revenue.
- Promote economic activity through job creation, tourism and nightlife.
- Lower barrier for diverse and independent producers.
- Support local food and beverage sales through increased audience traffic.

If the program is created and implemented, any reductions in revenue in providing a rebate or waiver will be offset by an increase in ticket sale revenue and/or commissions received. The program will be evaluated annually to ensure financial solvency. Additionally, each promoter applying for this program will be reviewed individually to ensure they satisfy program eligibility requirements.

Local Business Enterprise (LBE): Not applicable.

Resolution 2025-XXXX

July 1, 2025

SAFE Credit Union Convention & Performing Arts District

Promoter Incentive Program

BACKGROUND

- A. The SAFE Credit Union Performing Arts Center & Sacramento Memorial Auditorium are historic civic institutions built and maintained for the public good and are anchors of Sacramento's civic, artistic, cultural and entertainment identity.
- B. Significant shifts in the live entertainment industry, including increased consolidation of event promotion and ticketing, have created structural barriers for local and independent promoters to successfully produce ticketed events in public venues.
- C. Public venues like Sacramento Memorial Auditorium and the SAFE Credit Union Performing Arts Center have the infrastructure to host high-quality events but require additional tools to compete with vertically integrated private venues that bundle talent, ticketing, and ancillary revenue.
- D. Ticketed events have a measurable impact on surrounding businesses, including restaurants, retail, and transit, and contribute to the vibrancy of city neighborhoods and the visibility of civic institutions.
- E. The proposed Promoter Incentive Program is designed to reduce financial barriers for event producers through tailored tools such as rent rebates, fee waivers, box office support, and shared revenue options, especially benefiting emerging and locally based promoters.
- F. Prioritizing access and opportunity for local and diverse promoters aligns with the City of Sacramento's goals related to economic equity, inclusive cultural expression, and the expansion of the creative economy.
- G. The Promoter Incentive Program represents one element of a broader strategy to increase occupancy, community access, and cultural representation in public venues while maintaining fiscal responsibility and balancing the City's revenue goals.

BASED ON THE FACTS SET FORTH IN THIS BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. **Incentive program.** The SAFE Credit Union Convention & Performing Arts District Promoter Incentive Program (“Program”) is established, to be managed by the City Manager or designee (“City Manager”), for the purpose of attracting event promoters and presenters (“Promoters”) to bring additional event programming to the SAFE Credit Union Convention and Performing Arts District (“District”). The Program guidelines (“Guidelines”), attached hereto as Exhibit A and incorporated by this reference, are adopted, and may be amended by the City Manager to further carry out the purpose and intent of the Program and this Resolution. The Program may include the incentives found in Sections 2 – 6 of this Resolution.
- Section 2. **Box office rebate (for box office charges included in licensing agreements).** The Guidelines may provide a box office charge rebate to a Promoter as part of the Program.
- Section 3. **Equipment fee rebate (for District audio/visual equipment fees listed in the Citywide fee schedule).** The Guidelines may provide an equipment fee rebate or waiver to a Promoter as part of the Program.
- Section 4. **Rental fee rebate (for District rental fees listed in the Citywide fee schedule).** The Guidelines may provide a rental fee rebate or waiver to a Promoter as part of the Program.
- Section 5. **Per-item food and beverage rebate (for food and beverages sold in the District by Volume Services, Inc.).** The Guidelines may provide a per-item rebate to a Promoter as part of the Program. The City Manager is authorized to amend the Food Services Licensing Agreement with Volume Services, Inc. (Contract #2010-0322) to facilitate a per-item rebate as part of the Program.
- Section 6. **Ticket service fee rebate (for admission tickets sold by Ticketmaster LLC).** The Guidelines may provide a per-ticket rebate to a Promoter as part of the Program. The City Manager is authorized to amend the Professional Services Agreement with Ticketmaster LLC (Contract #2019-1840) to facilitate a per-ticket rebate as part of the Program.

SAFE Credit Union Convention & Performing Arts District

Promoter Incentive Program Guidelines

1. Program Overview

The Promoter Incentive Program (“Program”) is designed to attract and retain high-quality promoters and other event presenters (each a “Promoter”) by reducing financial risk and rewarding volume and consistency. It supports both national and local Promoters, with incentives that promote repeat business, local cultural development, and increase activation of SAFE Credit Union Convention & Performing Arts District (“District”) performance venues.

2. Eligibility Criteria

To qualify for any incentives, a Promoter must satisfy the following requirements:

- Be paid in full to City and all City partners¹ for previous engagements.
- Provide evidence that of the Promoter’s three most recent events at 2,000+ capacity venues, ticket sales exceeded 70%.²

The following will disqualify an otherwise eligible Promoter:

- Promoters who have been authorized to use their own Ticketmaster contract terms for ticket sales at City venues.
- Promoters whose event(s) have had consistent or significant security issues, or are not meeting venue requirements, as determined by the City in its sole discretion.

3. Promoter Incentive Tiers

A. Introductory Rebate Tier

To mitigate risk for new and infrequent Promoters:

- \$3 per ticket sold.

¹ City partners include Sodexo, IATSE Local 50, Smart City Networks, Encore Group, and other third parties doing business with the City at the SAFE Credit Union Convention & Performing Arts District.

² This requirement may be waived for Promoters whose principal business activity is not event promotion. At the City’s sole discretion, this requirement may be substituted with favorable references from the Promoter’s three most recently used venues, and additional references upon request from the City.

B. Standard Rebate Tier

For Promoters who have used District venues two or more times in the preceding City fiscal year,³ and who will likely increase the volume of shows they promote in District venues if some of their risk is mitigated:

- \$5 per ticket sold for the first five shows per fiscal year.
- \$6 per ticket sold for the sixth and subsequent shows in a fiscal year.

C. Premium Rebate Tier (High-volume Promoters)

For established, high-volume, Promoters⁴ :

- \$6 per ticket sold, starting from show one.
- Per-drink Rebate: Eligible for the sixth and subsequent shows in the same fiscal year at the SAFE Credit Union Performing Arts Center and all shows at the Sacramento Memorial Auditorium regardless of number of shows presented in a fiscal year.

D. Local Promoter Tier

For locally-based Promoters,⁵ one of two incentive suites:

Suite (i), both of the following:

- \$6 per ticket sold regardless of number of shows presented per fiscal year.
- Per Drink Rebate: Eligibility on show one.

Suite (ii), one or more of the following:

- Venue rent reduction/waiver.
- Equipment rental reduction/waiver.
- Box office charge reduction/waiver.

4. Incentive Tools

A. Per-ticket rebates

³ Any reference to a “fiscal year” or “fiscal years” refers to the City’s fiscal year, which runs from July 1 – June 30.

⁴ High-volume partners are those who have put on at least 50 events of 2,000+ attendance throughout the United States in the preceding calendar year.

⁵ A locally-based Promoter is one (i) with their principal physical business location in, or within 50 miles of, the City of Sacramento, and (ii) whose primary service area is in, and within 50 miles of, the City of Sacramento. At City’s discretion, a Promoter may be required to provide a copy of their business license in the City or a neighboring jurisdiction, and other supporting documentation, to satisfy this definition.

At City's discretion, per-ticket rebates will be paid by the ticket buyer as an added convenience fee paid at the time of ticket purchase, or provided in the form of a discount against charges for rent, equipment rental, box office charges, revenue share, or any combination thereof.

- The per-ticket rebate is a fixed dollar amount per ticket sold, will be calculated at the time of settlement based on final ticket sales, and entered as a credit on the settlement document.

B. Per-drink rebates

Per-drink rebates are added to the cost of beverages sold at the shows and paid for by the patron through their drink purchase. The per-drink up-charge and corresponding rebate amount will be determined by the City based on factors including, but not limited to, (i) promoter history with the venue, (ii) type of event and expected draw, (iii) seasonality and venue availability, and (iv) strategic objectives (e.g., incentivizing use of underutilized venues or dates).

- The amount of the per drink rebate will be a fixed amount per drink, and will be calculated by our food and beverage partner, Sodexo, and will be remitted directly to the promoter approximately 30 days after the event.
- Rebate information (i.e., the total number of drinks sold) will be captured in our booking system in the show document folder.

C. Venue rent, equipment rent, and box office charge reductions or waivers

The amount and types of the reduction/waiver will be determined by the City based on factors including, but not limited to, (i) the event Promoter/presenter's history with the venue, (ii) type of event and expected draw, (iii) seasonality and venue availability, and (iv) strategic objectives (e.g., incentivizing use of underutilized venues or dates).

5. Evaluation and Review

The Program will be reviewed annually, with adjustments made based on:

- Fiscal performance and attendance data.
- Promoter feedback.
- Operational costs and strategic priorities.

6. Additional Program Terms

- The City reserves the right to suspend or terminate the Program at any time.
- The City may amend these Program Guidelines at any time.
- These guidelines are not binding on the City, and do not provide a guarantee or promise of any rebate, discount, or other financial benefit. Any rebate or discount must be included in a signed agreement between the City and a promoter or nonprofit to become a binding agreement. City's entering into such an agreement is at its sole discretion.
- The City will not execute any contract for events of 50 or more days of use at a District venue, including all extension/renewal options.
- Where the City is provided discretion under this Program, such discretion may be exercised by the City Manager or designee, Director of Convention & Cultural Services, Convention Center General Manager, or Deputy Convention Center General Manager.