

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 94-66

Approving Ticket contractors for the Portland Center for the Performing Arts and Civic Stadium and approving a method for choosing a single ticket contractor for the Oregon Convention Center and Expo.

Whereas, MERC has contracted for several years with two automated computer ticket companies for non-exclusive ticketing of MERC events; and

Whereas, the contracts with these two companies--Oregon Ticket Company (Fastixx) and TicketMaster expire on 12/31/94; and

Whereas, the MERC appointed a committee comprised of Commissioners Scott, Foster, and Norris to work with staff and to recommend a method for handling computerized ticketing after 12/31/94; and

Whereas, the MERC committee conducted 3 public meetings, surveyed vendors and users, surveyed customers at 8 different events throughout the months of September and October; and

Whereas, all relevant issues were raised and discussed and a consensus was reached;

Now therefore, the MERC resolves the following:

1. With respect to the Portland Center for the Performing Arts and Civic Stadium, the non-exclusive contracts with Fastixx and TicketMaster should be extended with changes that:

- A. Simplify the agreement
- B. Relate the fee structure to Box office cost recovery

2. With respect to the Oregon Convention Center and Expo, a request for proposals will be done to select a single automated company for the O.C.C., and for the Expo Center where vendors choose to use automated tickets.

3. That 2 separate contracts for 1 and 2 above respectively will be approved by the MERC prior to 12/31/94.

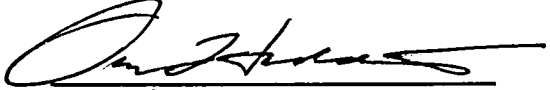
The MERC further resolves that:

1. The sale of all tickets (computer, hard, roll, etc.) for all events and all MERC facilities be subject to an agreement and all people selling tickets in MERC facilities be subject to MERC supervision.

2. That the MERC will retain a box office function in one or more locations at a cost and in manner yet to be determined.


Passed by the Commission on October 19, 1994


Chairman


Secretary-Treasurer

APPROVED AS TO FORM:
Daniel B. Cooper, General Counsel

By:


Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda Item/Issue:

Approval of Ticketing Proposals and Staff Report

Resolution No 94-66

Date: 10-19-94

Presented by: Patrick LaCrosse

Background and Analysis:

A two month public process was undertaken to review ticketing at MERC facilities. Attached and incorporated here by reference is the MERC Committee report.

Fiscal Impact:

There is no fiscal impact with resolution 94-66. Fiscal impact will be determine at the time actual contracts are approved.

Recommendation:

It is recommended that the MERC approve 94-66 providing for contracting for MERC ticketing.

September 28, 1994

Interim Report on Ticketing Services for events at MERC facilities:

- .Oregon Convention Center
- .Civic Stadium
- .Exposition Center
- .Portland Center for the Performing Arts

Introduction:

The 2 computer automated ticket agreements with TicketMaster and Oregon Ticket Company (Fastixx) expires on 12/31/94.

This expiration requires that something be done to replace the expired agreements before 12/31. This could be extension of the existing agreements; a competition for one or more new company agreements; renegotiation without competition; or some other choice or combination.

This need to respond to a time limit is further complicated by the number of, tenure of, and complication of the facilities involved. For example, the Convention Center uses computerized tickets mostly on a general admission basis.

The Stadium is also computerized and also functions as an outlet, but a number of events use other than computer tickets ("roll" or "hard") and several sell on a season ticket basis.

The Expo Center is new to MERC, sells very little on an advanced, reserved seat basis, and uses little, if any, computer tickets.

Finally, the Portland Center for the Performing Arts is even more diverse and complex in that there are many resident and non-profit companies that are strongly vested in existing ticket companies, sell volume season tickets outside our agreement and manage their own box office.

Background:

In the Spring of '94, MERC staff undertook a several month process of analysis of "Box Office" costs at the various facilities to determine what the cost and revenue were for each facility. A recent memo summarizing that information is attached as appendix A.

Also in the Spring of '94, MERC staff reviewed the 2 existing computer ticket contracts in anticipation of their expiration. The conclusion of that review was that the agreements were extremely complex, unclear, cumbersome and in part, probably not enforced. It was also clear that the agreement had been drafted in large part to cover the high volume of tickets at the Memorial Coliseum which had since been transferred to other management.

In anticipation of needing more time to prepare for a new "request for Proposal" for ticket services, the 2 existing computerized ticketing companies agreed to an extension to 12/31/94.

Process:

In early summer, 1994, the MERC appointed a 3 Commissioner Committee to shepherd the ticket review process.

The committee met with staff on 8/17; outlined the task, timeframe, concerns, etc. and resolved to conduct an open, public analysis of the situation. Notes of that meeting were sent to a mailing list of approximately 150 interested parties. Principles that were established at that meeting included:

1. The MERC will stay in the box office business in a manner yet to be defined.
2. All ticketing services would be covered by a agreement...whether a box office agreement or a single ticket agreement.

Further, some public objectives were discussed which were refined in later meetings.

September 7:

The first of two public meetings was set for September 7th. Prior to it taking place, comments were solicited and received from principles of the 2 computer ticket companies. The meeting on September 7th was attended by about 35 people and focused on the OCC, Stadium, and principally the Expo Center. (See Exhibit D). While most folks did not disagree with the MERC objectives outlined in the meeting, the principle message from the users was that they were cost conscious and did not want much, if any, change. We discussed ways that we might increase accountability without requiring an immediate major change in procedures.

September 21:

On the 21st, the second public meeting was held. It was attended by about 40 people and focused on ticketing at the Performing Arts Center. (See Exhibit B).

The principle message received from Arts groups was that they felt things were operating well now and did not want to see much change.

In the meeting, summaries were given of the individual written questionnaires received to date as well as of the surveys of customers completed at several events.

On the 29th of September, MERC Commissioners, users, and staff met several times to review preliminary information and conclusions. As a result of the discussion at that meeting and in lite of all prior discussions, the MERC committee makes the following recommendations:

Recommendations:

1. MERC should negotiate new, multi year non-exclusive contracts with the existing 2 computerized ticketing companies/for the PCPA and Stadium ticket services.

Many of the 15 resident groups, and other non-profit groups, have established strong working relationships with one or the other of the two existing companies; "TicketMaster" and "Fastixx". These groups are not asking for any change, and except for the deadline we face, we probably would not be raising the issue. Many of the residents' dollars have been spent investing in special procedures and software...all of which would be jeopardized by competition. If we went thru a competition, then the question would be -- "would we choose one company"? Or would "we choose more than one"? and if more than one company, "how many companies"? and "why? The status quo is two companies with much invested in that situation.

Our goal in negotiating new agreements include:

1. Simplifying the agreement
2. Recovering our ticketing staff (Box office) cost

Recommendation 2: MERC will stay in the Box office business at the PCPA. Over the course of the next year, the role of the Box office in relationship to the Arts groups and ticket companies will be better defined and where service improvement and cost savings can be identified, they will be implemented. Remaining Box office costs and related service will be clearly defined and every effort made to recover those costs (the PCPA Box office operation is directly tied to ticketing but there is insufficient time to fully analyze the interrelationships of Box office, Arts groups, and ticketing companies to arrive at well reasoned conclusion prior to ticketing decisions).

Recommendation 3: There should be an advertised RFP for the computerized ticketing business for the Oregon Convention Center, and the Expo Center, where computer tickets are used. One company from the respondents should be chosen.

The rationale for choosing one company is as follows:

- a) Were we just starting out with establishing a ticket contractor, we undoubtedly would choose one company for simplicity and cost effectiveness.
- b) There is much less investment on the part of the existing companies in business at the Oregon Convention Center and none at Expo.
- c) There is greater cost in operating two systems in training staff and managing equipment and some confusion to the public.

Recommendation 4: All tickets sold for any event in any MERC venue will be covered by an agreement. This may be a simple letter agreement or could be covered in updated permits in the case of the PCPA. The intent is to meet the objective of accounting for all tickets. In some cases, a fee may be involved to offset proportionately Box office costs either on a flat fee or per ticket basis.

Recommendation 5: The sale of season tickets will continue to be managed by the resident/non-profit companies outside the computerized ticket agreement(s). Accounting for season tickets and any fees that might be involved will be incorporated in the individual ticket/permit agreements or in the computerized ticket agreement as appropriate.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

**Work Session
September 7, 1994 - 10:00 a.m.
Oregon Convention Center**

Present: Sam Brooks, *Chair*; Bernie Foster, Alice Norris, Mitzl Scott, *Commissioners*.

Also Present: Pat LaCrosse, *General Manager*; Mark Williams, *Metro Legal Assistant Counsel*; Jeff Blosser, Harriet Sherburne, Candy Cavanagh, Chris Bailey, Heather Teed, Bruce Burnett, Pam Erickson, Denise Peterson, *MERC Staff*;
[All non-staff attendees are shown on the attached sign-in sheet]

A work session of the Metropolitan Exposition-Recreation Commission, was called to order by Commissioner Alice Norris, chairperson of this meeting of the Task Force which is charged with conducting an in-depth review of all aspects of the ticketing contract process. This session was held to gather input and public comment specifically relating to ticketing for the Convention Center, Stadium, and Expo. On September 21st, a work session will be convened to deal with ticketing issues at PCPA. All of this information will result in a Request for Proposal to be issued later in October.

LaCrosse introduced the MERC staff members present who handle the day-to-day operations of the facilities involved.

LaCrosse summarized the background of the existing ticket contracts represented by Fastix and Ticketmaster. This contractual relationship goes back approximately ten years, which covered the Coliseum until its transfer to the Blazers, and since its inception has added the Convention Center and Expo via amendments.

The timeframe for this task is as follows:

- August MERC Committee organizes, designs public process
- September Public meetings and other forms of input gathered
- October Request for Proposal developed and issued
- November Proposals submitted November 30
- December Proposals received, contractors selected
- December 31 New contract in place

The current ticket services were summarized as follows:

- Computerized Ticket Service (except Expo)
 - Fastix
 - Ticketmaster

Civic Stadium

Computerized services
Stadium box office
Sports teams handle season tickets

Expo Center

No computerized services
Tenant operates or contracts for box office

Oregon Convention Center

Computerized services
OCC box office

Portland Center for the Performing Arts

Computerized services
PCPA box office
Resident companies handle season tickets
Other special arrangements with resident companies

The objectives of this task force and its review will include the following four primary areas:

Service Improvement - do our current services meet your needs? What can be done to improve service to tenants, vendors, and the public?

Public Accountability - MERC needs to meet public accountability standards which requires a system to track attendance, ticket proceeds and revenue distribution.

Consumer Protection - Because the ticket represents a contract with the consumer, MERC's role is to ensure the consumer gets what is promised.

Fairness - What arrangements can ensure equitable treatment to ticket agents, promoters/presenters, and facilities in terms of covering costs and distributing proceeds?

Commissioner Norris asked the public to set forth their comments.

Greg Edwards, Oregon Antique Auto Swap Meet (April each year), provided their financial and statistical background and voiced the opinion that they want to "control their own destiny", believing in the free enterprise system. All ticket taking is done at the perimeter and not inside the building. They are currently using Todd Services. This is the second largest event of its kind in the United States resulting in extensive tourism dollars in the community. This organization is asking to be excluded from ticket taking consideration because of their involvement in PIR. Mr. Edwards also stated that they have funded improvements at Expo and PIR for their benefits as well as other users. Note that these are all general admission tickets.

Bob Ames, Oregon Antique Auto Swap Meet, noted this event is the second largest in the United States. They have invested \$40,000 in capital improvements, and jointly use Expo and PIR. It draws locally, nationally and internationally.

Jim Stohr, NW Car Collector Association (30 car clubs), sponsor of the October Car Show & Swap Meet at the Expo Center for the last 17 years. They share the position of the previous speaker as it relates to ticket sales.

Blosser asked about the concept of advance ticket sales for this event. The response involved the problem of counterfeit tickets. Blosser inquired about packaging the ticket sale with a sponsor to handle advance ticket sales. There was an exchange of information of the car show executives describing the results of having utilized the sponsor approach in years past.

Bud Lewis, OSAA. They utilize the Civic Stadium for football playoffs and baseball and use the Coliseum for their basketball tournaments. They are happy with the current ticket sale operation and want to maintain that system. Their operation is not conducive to advance sales. People wait until the last minute to purchase tickets based on what teams are involved.

Candy Cavanagh commented that the roll ticket management afforded OSAA by the Civic Stadium box office staff is not cost effective from an accuracy standpoint. Although the box office staff time is reimbursed by the user, it is not a completely accurate method of ticket control.

In response to inquiry, Blosser confirmed that the objective of this potential change is not to establish a revenue producing profit center, but rather to insure accountability as a public agency. When the ticket sales are not computerized and contractually monitored, that accountability cannot be insured. The potential for liability lies with MERC, not the event promoter, thus MERC has a vested interest in overseeing the ticket sale operation for all events in all MERC managed facilities.

Michael O'Laughlin, O'Laughlin Trade Shows, commented that the current system works well and they are very reluctant to see the system changed.

David Leiken, Double Tee Promotions, commented that each and every promoter and event are completely different from each other and should be treated as such, particularly in the area of ticketing. It is possible that the Expo Center needs to be excluded from the RFP process.

LaCrosse stated that a separate description applicable to the Expo Center may need to be developed as a part of the RFP because of the unique events that take place.

Adjournment

This meeting adjourned at 11:45 a.m.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Work Session Re: Ticketing
September 21, 1994 - 10:00 a.m.
Oregon Convention Center - Room C121 & 122

Present: Bernie Foster, Alice Norris, Mitzi Scott, *Commissioners.*

Also Present: Pat LaCrosse, *General Manager*; Mark Williams, *Metro Legal Assistant Counsel*; Jeff Blosser, Harriet Sherburne, Jim Wald, Pam Erickson, Heather Teed, Peggy Shaeffer, Denise Peterson, *MERC Staff*

[All non-staff attendees are shown on the attached sign-in sheet]

A work session of the Metropolitan Exposition-Recreation Commission Ticketing Committee, was called to order by Commissioner Mitzi Scott, chairperson for this meeting. The Ticketing Committee is charged with conducting an in-depth review of all aspects of the ticketing contract process. This session was held to gather input and public comment specifically relating to ticketing for the PCPA. All of this information will be used to develop a Request for Proposal to be issued later in October.

Commissioner Scott reviewed the time table of this review process and indicated that this meeting was to promote discussion on this issue. MERC, as trustees and operators of public facilities in the public interest, are vitally interested in fulfilling their obligation to maintain the public trust. Commissioner Scott introduced the other Committee members - Alice Norris representing Clackamas County, Commissioner Bernie Foster representing Multnomah County, and Commissioner Scott represents the City of Portland. Commissioner Scott asked that self-introductions be made around the table. Commissioner Scott thanked everyone for attending this meeting and for providing their much-needed input and opinion.

LaCrosse indicated there would be a work session on September 29th, primarily for the three MERC Commissioners, and staff members. However, in keeping with the previously made statements relative to public interest, this will be a public discussion open to all who are interested.

LaCrosse stated that he will summarize the results of the survey document which was sent to different vendors and ticketing companies, and a second survey of purchasing "customers" at six different events. Pam Erickson will summarize the initial reactions so far from the users of some of the facilities relative to ticket services.

The agenda was reviewed using overhead projection, as well as the existing ticketing services history.

The time frame for this task is as follows:

August	MERC Committee organizes, designs public process
September 7, 21, 29	Public meetings and other forms of input gathered
October 19	Request for Proposal will go to the Commission for approval
November	Proposals received by November 30
December	Contractors selected and contract negotiated
December 31	New contract in place

The current ticket services were summarized as follows:

Computerized Ticket Service (except Expo)
Oregon Ticket Company aka Fastix
Ticketmaster

Civic Stadium
Computerized services
Stadium box office
Sports teams handle season tickets

Expo Center (under MERC management since January 1994)
No computerized services
Tenant operates or contracts for box office
Todd Services (principal contractor currently)

Oregon Convention Center
Computerized services
OCC box office

Portland Center for the Performing Arts
Computerized services
PCPA box office
Resident companies handle season tickets
Other special arrangements with resident companies

Performing Arts Center

There are 15 current resident companies which are subject to box office and permit policies. Over time, those policies have seen some waivers and adjustments to what would normally be the ticketing operation. This has resulted in a wide variety of ticket operations and practices. The packet that was distributed detailed the resident company, whether or not they do season subscriptions, the related numbers, single tickets per event, number of events, season attendance, whether or not the company sells tickets directly, whether or not the PCPA sells the tickets also, and the agency involved.

Some of the comments received from the ticketing companies, vendors, and principal users, have included:

- Want a choice about the use of ticket companies
- Expressed concern of whether MERC intends to move to a single automated ticket company, versus the two we now have.
- Want to keep the cost down. Some of this concern comes from Expo of moving into automation and the resulting higher cost.
- Visibility with where the box offices are.
- Wanting information to be kept on a proprietary basis.
- Need to have competition.
- Letting ticket companies and residents handle the box office and sell them as opposed to having public staff handle it.
- Better public information with respect to costs. This has to do with concerns or interest in terms of better explanation of user fees and some other fees in conjunction with ticket sales.
- The issuance of continuance of the box office at MERC facilities and the need to do that.
- Concern for fee structure - fee for operating equipment, advertising and how advertising is done on ticket stock
- Concern with two automated ticket companies and how that works.
- Concerns about the need for one spot where tickets can be purchased at face value with ticket fees.
- General concern about counterfeiting and scalping of tickets.

Pam Erickson summarized the method being used to obtain patron customer comments using verbal surveys taken by greeters at specific events. The intent is to get 100 surveys at PCPA, 100 at the Stadium and also at Expo and the Convention Center. This process is approximately 50% complete. The questions asked include where they got a ticket, how easy it was to get a ticket, waiting in line or on the phone, were people courteous and helpful, did they get enough information from the ticket agent, were they aware they could buy a ticket at one of the box offices, would they be inclined to use the box offices in the future, asked for suggestions for improvement and we asked where they are located. The preliminary comments include:

- Most found it quite easy to buy a ticket
- Some confusion about where to buy a ticket when a person comes from out of town

The public service objectives of this task force and its review will include the following four primary areas:

Service Improvement - do our current services meet your needs? What can be done to improve service to tenants, vendors, and the public?

Public Accountability - MERC needs to meet public accountability standards which requires a system to track attendance, ticket proceeds and revenue distribution.

Consumer Protection - Because the ticket represents a contract with the consumer, MERC's role is to ensure the consumer gets what is promised.

Fairness - What arrangements can ensure equitable treatment to ticket agents, promoters/presenters, and facilities in terms of covering costs and distributing proceeds?

Commissioner Scott stated that MERC has made a determination to stay in the box office business regarded as part of the public accountability role. Commissioner Scott asked the public to set forth their comments relative to the specifications that will go into the development of the RFP document.

Don Roth, Oregon Symphony Association stated that the way things have operated is basically satisfactory. They would like the Commission to review the issue of handling charges.

Janet Bradley, Tears of Joy Theatre - They will do 39 performances in the family series, and 8 performances in the adult series. Four year ago they depended heavily on ticket sales at the Portland Center box office and were selling subscriptions through the office. They have experienced some customer dissatisfaction that they were not getting very good information on shows, so last year they added a Portland line and did a large number of single ticket sales through the Tears of Joy office, while still depending on the PCPA box office to deal with weekend tickets. In January 1994, since phone service was no longer available at the PCPA box office to handle weekend ticket sales, they added an individual to be in their office on weekends to take these calls. At the current time, they call forward their office calls to a cellular phone manned by one of their staff at the PCPA where the callers can then pick up the tickets as they arrive. Having the phone answered on Saturday morning at PCPA would be of help to them because of their Saturday and Sunday performances.

Gayle Inman, Singing Christmas Tree - They sell 87% of their own tickets. They are online with Ticketmaster, but they have their own ticket office. They feel that their customers "love" to talk to them, they ask specific questions about the performance, seating, show content, etc. They are quite happy doing their own ticket sales and feel it is very beneficial to their overall success. A season subscription format was tried by The Singing Christmas Tree one year and since their offerings are different from year to year other than the main event, that was not successful.

Courtney Pierce, Portland Opera - It is important to them to identify who their customers are and building a long term relationship with them. That information was available when accounts were billed for customers that came to PCPA, but that is not available from the PCPA at this time and they feel that those customers are potentially lost to follow up.

Peggy Shaeffer responded that PCPA was building accounts for the Opera, the Symphony and the Ballet and it was very time consuming at the window while others customers had to wait. That program was abandoned January 1994.

Don Roth, Oregon Symphony - That's why we evolved to do so much of our own business. The repeat business is very valuable and if the customer is taken care of properly as they are now, they become season subscribers for us.

LeAnne Petrone, Tygres Heart Shakespeare Co. - Inquired about where the surveys had been taken so far and where will the others come from.

Pam Erickson responded that at PCPA they conducted the surveying at a classical symphony of Tori Amos, an opera, and Jeff Dunham.

Don Roth, Oregon Symphony - Feels that the arts organizations should be able to run their own box offices. That's a logical extension of the services that they provide. The personal interaction is very important with the repeat, long term customer.

Sondra Pearlman, Oregon Childrens Theater - For the last four years they have tried to avoid having someone in their office handling the box office. They have relied primarily on the PCPA box office and Ticketmaster phone line, however, that hasn't worked for them. They now have someone in their office to handle the ticket sales formerly handled on the PCPA phone line. They would like the public to have the opportunity to call PCPA and just find out what's going on there. There's no single point that a citizen can call to find out what is playing and be given another number to call for specific performance content and ticket information.

Robert Bailey, Oregon Opera - Stressed the importance of the willingness, ability and commitment of the ticketing agencies to keep abreast of the technology which is changing every day and its application to each individual user.

David Leiken, Double Tee Promotions/Oregon Ticket Company - As a promoter there's been some things stated about competition. One is that overall, the cost to the users in this market are probably less than just about any other major market in the country. Secondly, the service charges to the public are well under what they are in other markets. The reason is when someone comes to this market and they want to do a show, they have a choice. If they care about the customer, they keep the service charges down by working out a deal that saves the customer's money. Third, each have individual ideas of what services we want for our ticketing. There are alternatives and if people are dissatisfied, they can try the other guy. The key element is having a choice.

Don Walker, Race Central, Inc. - (Represents a single day use at the Expo Center in January ±4000 attendance). He would like to see the goals and objectives defined for all the users and MERC that would encourage the successful formula being sought.

LaCrosse responded that this is part of the complexity of the issue at hand - how to meet some or most of the objectives at Expo without dramatically changing things. A lot of Expo activity is composed of "one event" sold by the user or through Todd, generally not needed an automated network because your customers come to the Expo expecting to buy a ticket. One solution might

be to use some of the existing system at Expo, take on a supervisory or contractual relationship with the user or Todd or whomever, saying what the expectations are and who is the person in charge in the event that a facility-related decision becomes necessary. There would also be a reporting agreement with the parties in order to meet the public accountability role.

Robert Bailey - You can't be all things to all people so now might be an opportunity to decide what are the essential basic services that have to be provided and in many cases, it is not cost effective for PCPA to try to provide the kind of ticketing and personal service that might be wanted.

David Leiken, Double Tee Promotions/Oregon Ticket Co. - It sounds as though most of the objectives previous stated are more than being met currently and if there is some other objective not mentioned here, it should come out in the open and be discussed. He suggested it had to do with money.

Commissioner Scott responded that costs are always a consideration, but in no way does MERC want to be an obstacle to the various companies maintaining and building their personal relationships with their patrons. The issue of accountability must be dealt with while being very mindful of what the users and various companies want.

David Leiken - He felt he had not heard what, if anything, is there about the current contractual arrangement that MERC has with the ticketing agencies, that gets in the way of customer service. Is there something "broken" that the RFP is going to fix. He felt that most of the promoters are finding ways to meet the public with the kind of service that they expect.

LaCrosse responded that there are a few issues that need to be corrected:

- There is not a "spot" where the consumer can go to purchase any ticket on any of the systems, i.e., all of the tickets represented today as well as both of the automated systems. Is there really a need for that?
- Costs. This is not a revenue source for MERC. The issue is to clarify services and cut the costs that are not reimbursed.
- Public Accountability. Due to the variety of roll tickets, hard tickets, automated tickets, 15 different resident companies, and the different operations at Expo, MERC does not have the kind of data available to provide the necessary accountability.
- Fee Structure. The current contract is far too complicated to administer effectively. It needs to be simplified, with the clear understanding that this is not a revenue source for MERC. The fee structure needs to cover the costs MERC might incur.
- Fairness. Resident companies have been given informal waiver of needing to meet the automated ticketing contract requirements and it happened informally which is also very difficult to track. They are currently exempt in an uneven fashion by numerous documents. This needs to be clarified while minimizing dramatic changes.

Martha Richards, Portland Center Stage - Their contract precludes them from discussing their ticketing arrangement. They are one of the companies exempt. They sell their tickets on an in-house system called ProLog which enables them to marry their donor discounts with our single ticket sales. They have the highest number of performances in the PCPA, namely 160 events. The status quo works for them because they have increased their service improvements, they have captured nearly every name, that have a very good relationship with Fastbox that enables them to make their tickets available to the outlets, audited every year on royalties and commissions paid, equity contracts are related to how much they earn at the box office. They are accountable for their gross sales to five other entities that determine their contract. They feel they have more than met the public accountability standards. Their patrons can buy a ticket at PCPA where they will pay a handling fee; if they walk an additional ten feet to our window, they won't pay a handling fee. If MERC clarifies the system that provides no exceptions, they will be more than ready to protest. She feels that her services could benefit smaller companies, but she is precluded from lending that assistance. She feels strongly that tickets for events in other MERC facilities should all be available for purchase in the Convention Center where a majority of out-of-town public is gathering. She also feels that a "one line to find out information" would be very beneficial.

Commissioner Norris commented that the group not represented here is the customer. Is there anything that can be addressed in the RFP about the add-on charges.

LeAnne Patrone, Tyres Heart Shakespeare Co. responded that the customer will go where the ticket is the lowest. If they don't have to pay a handling fee, that's where they'll go. (This was not the general consensus of the group.)

Commissioner Norris feels the add-ons are an irritation to the customer and they have chosen to include the various handling fees in their ticket price advertising, so the customer is not surprised at the window.

Ralph Nelson, Oregon Symphony - feels there are no real issues of accountability. The business that is being brought to the facilities results in significant user fees for MERC and stressed that in the name of simplicity and efficiency, we should be careful not to do things that are going to make it harder and will sell fewer tickets. If the system looks good on paper, it should not get in the way of the companies actually selling tickets and doing business.

David Leiken, Double Tee Promotions, Oregon Ticket Co. - feels that competition is the name of the game, especially in Portland.

Sondra Pearlman, Oregon Childrens Theatre - expressed that for the public the fact that there's user fees and handling fees is very confusing, particularly since the user fee is included in the ticket price and some don't. The handling fees vary significantly by the form and location of purchase the customer chooses. The ending ticket price never matches the published price in the paper.

Tom Kerman - Wanted confirmation that the contract for PCPA requires that the user fee be advertised or broken out? Both the automated ticket companies pay back to MERC a portion of the service charges. MERC keeps all the service charges of the tickets that they sell at their outlets. What is sold at the automated ticket outlets, MERC get \$ for each ticket; MERC gets

30 of the service charge on phone orders per ticket; MERC gets 50 of the handling fee. His opinion is that those fees are deceptive and unfair because the consumer feels those charges are going to the ticketing companies and those charges are going back to the venues. He feels that the box office issue at PCPA should be handled out of the user fees, not the handling fees. He feels strongly that the service charges should go to the ticketing companies and the handling fees should go to MERC.

Harriet Sherburne, PCPA - Since coming on in February after numerous changes were made in January, she was in a position to intercept the happy and unhappy customer. She received enough comments to feel that there are numerous unhappy customers out there relating to long lines, long waits on the phone, inability to phone in and find out any information, and the inability to buy a ticket in the town where they live versus dialing long distance to a Portland number.

Martha Richards - Expressed frustration with the policy involving paying cash at the window versus the credit card capability over the phone.

David Leiken responded that this is often established by the promoter because MERC charges the promoter back for the mastercard or visa fee.

Robert Bailey - It appeared to him that in the process to develop the ticketing RFP, that it is entangled with MERC's own position on what it is or is not going to do in terms of ticketing services. MERC's particular involvement has not been made clear to this point.

LaCrosse summarized that an even, equitable approach to ticketing does not currently exist and it needs to be changed.

Robert Bailey responded that MERC should consider that the established major arts organizations have many other accountabilities beyond this group.

Commission Scott inquired and LaCrosse confirmed that minutes of this hearing will be sent to the attendees. Commissioner Scott asked that some form of a written draft or outline be available at the September 29th work session.

Adjournment

This meeting adjourned at 12:00 p.m.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Ticketing Committee Work Session September 29, 1994 - 9:00 a.m. Oregon Convention Center - Room B110-111

Present: Bernis Foster, Alice Norris, Mitzi Scott, *Commissioners.*

Also Present: Pat LaCrosse, *General Manager*; Mark Williams, *Metro Legal Assistant Counsel*; Jeff Blosser, Harriet Sherburne, Jim Wald, Pam Erickson, Heather Teed, Peggy Shaeffer, Denise Peterson, Candy Cavanagh, Chris Bailey, *MERC Staff.*

[All non-staff attendees are shown on the attached sign-in sheet]

A third work session of the Metropolitan Exposition-Recreation Commission Ticketing Committee, was called to order at 9:15 a.m.

LaCrosse reviewed the background and the process that has transpired as well as presented the preliminary conclusions reached by staff, which was in printed report form. The options reviewed by staff are as follows:

- Develop an RFP and request proposals for computerized ticketing.
- Extend existing agreements. Some legal complications exist.
- Renegotiate new agreements with the two ticketing companies.
- Could set up a pre-qualification process and look at a number of different companies.

Considerations reviewed by staff:

- **Tight time frame.**
- **Complexity of the process.** Touched on the differences in terms of computerized ticketing as it exists. Example: The Convention Center and Expo versus the Stadium and PCPA, being the most complex.
- **Process:** The staff effort to analyze box office costs has been significant. An outline was reviewed. This analysis indicates that the Convention Center and Stadium just about break even on box office costs. However, this is not the case with the PCPA box office; the losses associated with this are between \$100,000 and \$150,000.
- **Box Office Management.** Review of the commitment that MERC will stay in the box office business yet to be defined. As a minimum, MERC will be in control of and supervising the box office, not necessarily operated by MERC staff.

Ticketing Services Covered By An Agreement. Computerized ticketing agreement, box office agreement or a simple letter ticketing agreement. This involves the accountability for tickets and the money involved in ticket sales. This could include a letter agreement for certain ticket companies for certain locations and events versus a wide-range ticketing agreement for more involved, longer running events with a variety of promoters. These could include the box office policy agreement and permit agreements being clarified to include data statistics on season tickets, individual tickets, roll tickets, hard tickets, how many of what price, and accounting for same on a regular basis.

Public Hearings - September 7 and September 21st. Brief overview of both meetings with the underlying tone being the current resident groups are very concerned about having their investment of time and money to work with the current ticketing companies being jeopardized through the RFP process and being forced to work with a new ticket company.

Staff recommendations for discussion at this Work Session:

1. Retain the existing ticket companies for the PCPA. The reasons have been explored in depth in the September 21st public hearing. The existing resident companies feel it could use some minor revisions, but not major changes.
2. Goals relating to modifying the existing agreements:
 - Simplify and update the agreements.
 - Recover ticketing staff box office costs.
3. There should be an advertised RFP for computerized ticketing business for the Oregon Convention Center, Stadium and Expo Center. Staff feels that this should result in one ticketing company.
4. All tickets sold for any MERC event will be covered by an agreement - detailed descriptive agreement or a letter agreement for some of the vendors at Expo. The agreement is necessary to account for the tickets and the money collected, and it states that when you sell tickets to a MERC event you are selling tickets under the supervision of MERC.
5. Season ticket sales will continue to be managed by the resident, non-profit companies outside computerized ticketing agreements. Primarily regarding PCPA, to the extent after analysis of box office, agree on what part of the service is MERC-provided service. Some of the service relates very directly to the season tickets sold at PCPA and to that extent, it is equitable that some portion of the cost of that service relating to season tickets, be allocated to those that sell the season tickets. How that will be handled is yet to be determined.

David Leiken initiated the discussion relative to pre-existing exclusive ticketing contracts with various venues and events and how changing the format would effect that.

Commissioner Norris stated that currently we only have one system in the Convention Center. Blosser clarified that there are two systems, except every flat consumer-type shows with tickets purchased at the door, uses Fasttix which was the original deal; the other is if there is a seated event and they want to use advance ticket sales, they are allowed to choose either system. That's about five events per year. LaCrosse commented that this is the only exclusive contract in all of the MERC facilities.

Commissioner Norris requested additional information regarding the potential cost savings by going to one ticket system. Specifically:

- do the current system operators assist with training personnel
- what investment is anticipated in opening up to more competition
- what cost controls do we see

LaCrosse reminded that the two existing agreements are non-exclusive, however should the RFP be issued not calling for just one ticket company to be awarded the contract, then we are certainly opening the process for multiple companies to be awarded individual contracts.

The myriad of scenarios were set forth relating to the concept of having just one system, as well as the potential legal restrictions of setting forth an RFP that would likely result in the two current ticketing companies to be awarded new contracts but not opening up the potential for multiple ticket companies to claim they have rights to those venues as well.

Tom Keenan stated that Expo and OCC are different than Stadium. The reason is most of the business at Expo and OCC are flat shows, general admission shows; which is not generally the case at Civic Stadium. He feels it is wrong to lump the Stadium into the other two buildings. Relative to the Stadium, PSU has a contract with Ticket Master, Double Tee has a contract with Fasttix, and Mr. Cain (Bend Rockies) is looking at both systems and would like to negotiate on his own rather than MERC negotiating it for him.

In response to inquiry, a discussion ensued regarding the potential for linking multiple systems together for interoperability allowing a ticket buyer to buy multiple venue tickets at one location with the handling and programming of the multiple ticket companies utilizing an interlinked PC-based operation done via "one" system.

Cavanagh responded to inquiry made by Commissioner Norris - two systems is workable, although not ideal, but certainly no more than two systems. The customer service aspects are of the most importance in the consideration of ticketing systems. Bruce Burnett offered some general comments about two systems relating to the training time, customer service, ease of use, response speed, confusion between two systems, etc.

Mark Williams responded to inquiry from Commissioner Norris, relative to public contracting, in the past the Commission took the position that they weren't going to pick an exclusive ticket provider which resulted in two ticket companies. There is nothing in the current contracts that necessarily precludes a third company at any point from coming in to qualify to provide ticketing services. If the Commission elected to not make dramatic changes in the ticketing arrangement, that could be accomplished without the RFP process utilizing existing contract extensions and amendments. That would not preclude a third company from pursuing the right to provide

services. An RFP process would be necessary if the Commission intends to pursue utilizing a single provider at one or more of the venues, thus two individual companies exclusively.

LaCrosse reminded that if the existing contracts were amended and extended, there still is the possibility of a third or fourth company legally requesting to be considered as a provider.

The concept of pre-qualification process (RFQ) was discussed. Williams clarified that MERC does not have that in its own policies although it is State law and would be allowed.

Commissioner Scott asked for the following clarifications:

- If the Commission went with one company primarily relating to the Convention Center and Expo Center, is it a foregone conclusion that system would be automated? *LaCrosse responded yes, with the previously discussed exceptions.*
- Rationale for considering one company - who's simplicity and who's cost effectiveness is being considered? *LaCrosse responded by summarizing the previous discussions for Commissioner Scott who arrived late at this meeting.*

LaCrosse stated that if it were possible, the ideal situation would be for MERC to own the hardware, the phone lines, and make all software programs compatible allowing numerous companies to participate. That is not a realistic option at this time.

LaCrosse added that restricting to one ticket company could substantially change the fee structure requiring more monitoring.

Pam Erickson offered the comments received from ticket buyers relative to not having a centralized location or phone line where they can buy tickets to a variety of events.

Primary Discussion Questions

Discussion continued exploring the methods to retain the two companies currently on line to provide services to PCPA. Can this be done through extension of existing contract or RFP.

The Stadium should be included in retaining the existing ticketing companies. If that were the case, would they add the Stadium to the PCPA.

Do you agree with a single company for the Convention Center and Expo which then does differentiate two contract approaches? That still means two contract formats.

Once the three major policy questions are addressed, the additional concerns of "one stop" purchasing convenience, fee structure, 800 number, etc. will be dealt with in detail.

LaCrosse reminded that MERC's objective in this evaluation and resulting ticket agreements is to recover their box office costs and to handle the contract negotiations accordingly. However, the minutia to determine the formula that is equitable for each arts group will not be addressed in the initial computerized ticket contract review phase.

Commissioner Norris addressed the recommendations as follows:

1. Multi-year contract with the two existing computerized ticket companies for PCPA. LaCrosse responded to the suggested levels of service and arts groups participation question saying it is a six month review process which cannot be solved prior to the 12/31/94 contract deadline. The ticket sales/box office cost data as it currently exists today will be made available to the two existing computerized ticket companies, however, the data is not compiled and is currently maintained by event and the resident companies themselves.

Tom Keenan and David Leiken expressed continued concern that the arts groups are desirous of the automated ticket service, but do not necessarily want to pay for that service. It was confirmed that the existing ticket companies are desirous of having this issue "pre-resolved" and included in the RFP.

An additional understanding set forth is that the arts groups should not have to participate on a fee basis that includes their season ticket sales for which they do the marketing and handle the sales. Their participation should be in "box office use" for the single ticket sale.

Subsequent to the discussion, LaCrosse summarized the recommendation as follows: extend and renegotiate the existing contracts with the proviso that the existing contracts and existing system allows currently for other ticketing companies to come in and when the RFP, agreement and standards are complete, if someone else wants to come in and meet the same standards that have been negotiated, they're welcome.

Discussion continued regarding Expo and Stadium considerations. It was determined that the Stadium would be added to the #1 recommendation above, along with PCPA, for the initial phase of the contract.

Williams clarified that if the intent by the Ticketing Committee is to renegotiate a contract with the existing ticket companies, staff should be instructed to negotiate a contract and make a recommendation to the Committee for their review. If it is the intent to separate the facilities, such as Expo and Convention Center, with different ticketing agreements, counsel recommends that be handled through an RFP. The third consideration is if the Committee intends to extend the existing arrangement with the facilities, excluding Expo subject to them going with one of the other two, this would also avoid an RFP.

If the contracts are to be extended, it is supposed to be done 60 days prior to the end of the contract. The staff could start now on the preliminaries and following the October meeting, pursue the goal of having a contract renegotiated with the two existing companies and any third company who could meet the same requirements. Then an RFP could be developed for the other venues in time for the November meeting.

Blosser summarized that the exceptions involving OCC would be another computerized system being requested at OCC. If another company comes in and wants to do an event on another system, even though we do all our other events with one company, we would then have to make an exception for that one event. All others would be required to use the contracted company.

A progress report will be given at the October meeting, an RFP will be subsequently developed, and a new contract negotiated and in place by the December 31st deadline.

Adjournment

This meeting adjourned at 11:15 a.m.

AMENDMENT TO AUTOMATED TICKETING SERVICES AGREEMENT

WHEREAS, The Commission is a subdivision of Metro, a municipal corporation;
and

WHEREAS, The Automated Ticket Agent is an Oregon Corporation; and

WHEREAS, The Commission and the Automated Ticket Agent entered into an Automated Ticketing Services Agreement in December of 1991; and

WHEREAS, The Commission and the Automated Ticket Agent entered into an Automated Ticketing Services Agreement extension agreement, extending the Agreement until December 31, 1994; and

WHEREAS, The parties wish to amend the Automated Ticketing Services Agreement so as to again extend it, for a period of no more than 90 days;

NOW, THEREFORE, the Automated Ticketing Services Agreement is hereby amended as follows:

1. Section 4 is amended to read as follows:

4. TERM OF THE AGREEMENT

The initial term of this Agreement shall be from the date of execution hereof until March 31, 1995, unless sooner terminated by the mutual agreement of the parties or as provided for herein; provided further that this Agreement shall be deemed to have been automatically terminated in the event that the parties enter into a revised Automated Ticketing Service Agreement prior to March 31, 1995.


The Commission shall have the option at the end of the initial term of this Agreement to extend this Agreement for two additional one-year terms, based on the same

conditions as set out in the original Agreement. Sixty (60) days' written notice to the Ticket Agent by the Commission prior to the termination of the original Agreement or renewal term shall be sufficient to exercise either renewal option. Compensation shall be negotiated for any option year extension or extensions.

2. All other parts of the Automated Ticketing Services Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this document as of the 26 day of December, 1994.

TICKETMASTER


By 
Title President

**METROPOLITAN EXPOSITION-
RECREATION COMMISSION**


Chair

Secretary-Treasurer

Approved as to Form:
Daniel B. Cooper,
General Counsel

By: 
Mark B. Williams
Senior Assistant Counsel

gl1233