

St. Petersburg City Council
BUDGET, FINANCE & TAXATION COMMITTEE

Committee Report for the Meeting of October 8, 2009

Members: Chair James R. "Jim" Kennedy Jr., Vice-Chair James S. Bennett, Jeff Danner, Wengay M. "Newt" Newton Sr. , & Karl Nurse (Alternate).

Call to Order

Approval of Agenda

Minutes of September 24, 2009

1. New Business

a. Mahaffey Theater Management Study (Draft Report Provided)

Brad Scott, City Auditor, introduced via teleconference, Steven Wolff and Joshua Borenstein from AMS Planning and Research. Mr. Wolff presented an electronic presentation titled - City of St. Petersburg Mahaffey Theater Benchmarking Study. Mr. Wolff's presentation included a project status, analysis highlights, observations and recommendations, next steps and ended with a question and answer session. Mr. Wolff briefly described the scope of service, benchmark selection criteria and a summary of Mahaffey's operating structure. Mr. Wolff commented that the Mahaffey's financial performance ratios are within acceptable ranges and that overall paid capacity is around the national average. According to Mr. Wolff, his research indicates that the Mahaffey is in a difficult competitive situation and that the Mahaffey has more theater activity than most benchmarks. The firm's early observations of the Mahaffey include the following annotations: lacks a cohesive identity, does not have a programming niche, and risk is limited, but so is its potential to reach new audiences. After reviewing the Mahaffey's operations, Mr. Wolff and his team commented that there is an important "risk-reward" equation that must be considered, that the Mahaffey's marketing is less efficient than the benchmarks, that facilities owned by municipalities often have fundraising challenges, and that overall, the Mahaffey is an above average operation. Mr. Wolff stated the following: the right niche will build the Mahaffey's brand and fundraising case and to build attendance, the Mahaffey must respond to the competitive market. Mr. Wolff then discussed the next steps and indicated that at the end of October, his firm will have completed the mapping of market penetration and potential, and that he would provide Council with a final report on November 16. Mr. Danner inquired as to how long the venues used as benchmarks have been operating. Mr. Wolff indicated that the majority of the venues had been operating for over 18 years and that he would prepare that data for the committee. Mr. Nurse wanted to know how many venues are successful at having two events in one day. Mr. Wolff indicated that many venues successfully accomplish this type of changeover and that the success of the changeover depends on the operation and setup. Mr. Newton asked what an acceptable ratio for use for a center like the Mahaffey would be. Mr. Wolff stated that there is not a benchmark for that statistic.

Mr. Newton commented on subsidy. Mr. Polson commented regarding primary reserve ratios. Mr. Borenstein indicated that the ratios were based on non-profit levels. Mr. Danner questioned City staff regarding current subsidies. Chris Ballestra, Downtown Enterprise Facilities Director, and Clay Smith, Assistant Downtown Enterprise Facilities Director, described the current subsidy program. Mr. Nurse stated that the orchestra is the only category that we will win, that the facility needs a kitchen facility, and that when evaluating subsidies it is important to look at what you get for the money. Mr. Nurse commented that the venue should not be totally driven by reducing the subsidy. Mr. Newton commented about the number of dark nights the theater had. Mr. Wolff pointed out that the dark nights data does not include small events held at the center, he pointed out that the dark nights data is strictly referring to the theater. Ms. Curran asked if weddings and theater shows could be handled at the same time. Staff indicated that weddings and theater events frequently occur at the same time. Mr. Kennedy asked the consultants if they had an idea of the potential effect of the Dali opening next door. Mr. Wolff indicated that the opening of the Dali could only be positive for the Mahaffey. Mr. Newton inquired as to the expiration of the current Mahaffey contract. Mr. Ballestra indicated that the contract would expire next year. Mr. Polson inquired if SMG was restrained as to what they could book. Mr. Ballestra indicated that SMG has the ability to run any show, however, SMG will consult with City staff regarding appropriateness of some shows. Mr. Bennett commented that it was refreshing to know that the Mahaffey is above average in its performances and revenue. Mr. Bennett further commented, that the research shows, that the theater has a niche with its relationship with the Florida Orchestra. David Rovine, Mahaffey Theater General Manager (SMG), provided comments regarding current usage of venue and scheduled events. Mr. Rovine also stated that SMG has proposed a \$200,000 kitchen facility project. Mr. Rovine indicated that SMG would be interested in paying for the project up front, with later interest-free reimbursement by the City. Mr. Ballestra commented regarding procedures to approve the kitchen improvements. Mr. Kennedy directed staff to move forward on the kitchen improvements and to report back to the committee. Mr. Newton commented on the necessity of the kitchen and suggested that funding could be pulled from a reserve fund. Mr. Nurse suggested the SMG, Florida Orchestra and the Foundation be involved in future discussions. Mr. Kennedy asked that representatives be contacted regarding future discussion by the committee. Mr. Kennedy directed staff to plan a Council workshop to include SMG, Florida Orchestra and the Foundation.

2. Continued / Deferred Business
 - a. None

3. Next Meeting Agenda Tentative Issues
 - October 15, 2009 – Special Meeting
 - a. Tax Utility Rebate Program (oral)
Mike Connors, Internal Services Administrator
 - October 22, 2009
 - a. Fiscal Policies
Tim Finch, Budget & Management Director
Jeff Spies, Finance Director
 - b. Health Insurance Plans
Vicki Grant, Employee Benefits Manager

4. Adjournment – meeting adjourned at 9:27 a.m.

BUDGET, FINANCE & TAXATION COMMITTEE
PENDING / CONTINUING REFERRALS

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<i>TOPIC</i>	<i>DATE REFERRED</i>	<i>REFERRED BY</i>	<i>SCHEDULED / HEARD ON</i>	<i>RETURN DATE</i>	<i>STAFF RESPONSIBLE</i>	<i>SPECIAL NOTES</i>
Tax Utility Rebate Program	08.20.09	Nurse		10.15.2009	Connors	Tax Utility Rebate Program
Fiscal Policies	09.10.09	Kennedy		10.22.09	Finch/Spies	Continued Discussion on Fiscal Policies
Great Exploration	09.24.09	Newton		12.10.09	Ballestra	Present Recommendations After Review
Museum Collaboration Update	09.24.09	Kennedy		12.10.09	Ballestra	Update on Collaboration Efforts