



City of San Antonio

Agenda Memorandum

File Number:17-3662

Agenda Item Number: 8.

Agenda Date: 8/17/2017

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: Council District 1, City Wide

SUBJECT:

Lease Agreement with Broadway Across America to host their Broadway Series at the Lila Cockrell Theatre.

SUMMARY:

This Ordinance authorizes a Lease Agreement with Broadway Across America for the use of the Lila Cockrell Theatre for a period of five (5) years beginning in 2021.

BACKGROUND INFORMATION:

Broadway Across America (BAA) has held their Broadway Series of live theatrical performances at the Majestic Theater for the last 26 years. Their Lease Agreement with the Majestic Theatre operator, American Theatre Group (ATG), expires in 2021. BAA has expressed a desire to find a replacement location for the Broadway Series, and has decided not to renew the contract with ATG.

BAA provides eight (8) weeks of performances during the school year and seven (7) weeks of performances during the summer for a total of 15 weeks. Each performance consists of approximately eight (8) shows: four (4) one-show days and two (2) two-show days for a total of 90 event days. BAA first approached the Convention & Sports Facilities Department in June 2015 for an initial site tour of the Lila Cockrell Theatre. In February 2017 a second site tour was accommodated and BAA expressed an interest to lease space at the Lila Cockrell Theatre for its performances for the 2021-2026 season. Following the BAA's leadership site visits, a long term license agreement was requested from Broadway Across America of the 2021 - 2026 season.

ISSUE:

The Lease Agreement with Broadway Across America for use of the Lila Cockrell Theatre would begin September 2021 and run through August of 2026 with automatic one-year extensions until notice of termination is given. Executing the agreement now, will allow BAA to begin booking shows for the 2021 season.

The lease agreement with Broadway Across America will generate approximately \$3.6 million in rental fees, \$2.1 million in food and beverage revenue and \$2.1 million in facility access fees for a total of approximately \$7.8 million in revenue over the entirety of the agreement. Revenue estimates are projected based on the following measures: rental fee revenue is calculated based on 8 performances per week for 15 weeks for a total of 120 performances each season; food & beverage revenues are estimated to generate \$3,500 per event; and facility access fee revenue is calculated based on an average of 1,800 tickets sold per performance for a fee of \$2.00 per ticket.

ALTERNATIVES:

City Council could choose to decline the Lease Agreement with Broadway Across America. In doing so, it is possible that BAA would leave the San Antonio market, or shorten its season and relocate certain shows. City Council could also postpone approval of the Lease Agreement; however, this would shorten the amount of time BAA would have to book its 2021 season.

FISCAL IMPACT:

This ordinance authorizes a five year Lease Agreement with Broadway Across America, to generate an estimated \$7,800,000 (\$1,550,000.00 annually) in City revenue. Over the five year term, the Agreement is expected to generate an estimated \$3,600,000.00 in facility rental fees, \$2,100,000.00 in food & beverage commission revenues, and \$2,100,000.00 in facility fees. This revenue estimate is consistent with the expected facility rental fee schedule.

RECOMMENDATION:

Staff recommends authorizing a Lease Agreement with Broadway Across America for the use of the Lila Cockrell Theatre for a period of five (5) years beginning in 2021.