

STAFF REPORT

To: City Council Finance Committee
From: Chris Corl
General Manager: U.S. Cellular Center
Via: Gary Jackson, City Manager
Subject: Moogfest 2012 Financial Re-Cap

Date: January 22, 2013

Summary Statement: For review of the Finance Committee, Moogfest 2012 Settlement vs. Presented Budget.

Review: Prior to the festival in 2012 AC Entertainment created and presented a Budget projection to City Council. This document is attached. In June of 2012, Sam Powers presented the attached staff report to Council outlining AC Entertainment's request for a partnership agreement. The same report was given to the Civic Center Commission prior to presentation to Council. The Civic Center Commission suggested that the City should not partner with AC Entertainment for Moogfest 2012. The financial range presented to council detailed a 'best case' scenario of \$96,443 in profits and a 'worst case' scenario or \$3,544 in profits to the U.S. Cellular Center.

Moogfest 2012 saw a total of 5972 tickets sold with 6,304 unique ticket entries throughout the event. A three year attendance comparison is attached.

For Moogfest 2012, initial budgeted expenses were projected at \$767,923.80. Final, actual budget came in at \$682,718.91. Initial forecasted ticket revenues were projected at \$780,188.68. Final actual ticket revenues came in at \$505,749.52. Initial forecasted ancillary revenues were projected at \$141,193.00. Final, actual ancillary revenues came in at \$190,268.15.

After the conclusion of the festival, Moog Music and AC Entertainment discontinued the licensing agreement for the 'Moogfest' name used by AC Entertainment. AC Entertainment has announced plans to host a music festival here in Asheville, by the name of 'Mountain Oasis Electric Music Summit in 2013.

Moogfest 2012 Proforma v. Settlement Comparison			
Expenses			
Budget		\$	767,923.80
Actual Expenses		\$	682,718.91
Variance from Budget		\$	(85,204.89)
Revenues			
Budget Tickets		\$	780,188.68
Actual Tickets		\$	505,749.52
Variance from Budget		\$	(274,439.16)
Budget Ancillaries		\$	141,193.00
Actual Ancillaries		\$	190,268.15
Variance from Budget		\$	49,075.15
Profits			
Budget Total Profit to USCC		\$	76,728.94
Actual Total Profit to USCC		\$	6,649.38

Pros:

- Festival expenses came in \$85,204.89 under the original projections.
- Ancillary revenues came in \$49,075.15 above original projections.
- Moogfest 2012 attracted ticket buyers from 42 states, the District of Columbia and 5 foreign countries.
- Many attendees spent nights in local hotel rooms, ate at local restaurants and bars and spent time in local shops.

Cons:

- Ticket sales revenues came in \$274,439.16 under original projections.
- In 2012, for the first time there was competition in the form of two other Electric Dance Music festivals within driving distance, one in Nashville, TN and another in Atlanta, GA along with two other stand-alone concerts, one in Raleigh, NC and another in Atlanta, GA.

Competition:

Asheville, NC:

Moogfest 2012 was announced on Monday August 6, 2012 and went On-Sale at 10:00 am Friday August 10, 2012. The event was Friday and Saturday October 26th and 27th.

Nashville, TN:

Nashville Hosted the 'With Your Friends Festival' in Riverfront Park. Three of the five headline acts playing in Nashville also played at Moogfest at the U.S. Cellular Center. Dates of the With Your Friends Festival were the same as Moogfest. Nashville's event was announced on Friday August 24, 2012. Nashville's event went On-Sale at Noon on Wednesday August 29, 2012.

Five headliner event, Street Festival, capacity unknown.

Raleigh, NC:

The Longbranch, known as an Electronica hotbed, played host to Alesso on Friday October 26, 2012. This event was part of the Bounce Music Festival Fall Tour, announced on and On-Sale September 18, 2012. Single headliner event, Club, capacity 3,500.

Atlanta, GA:

The Fox Theater in Atlanta played host to Sound Tribe Sector 9 (STS9) for a two night event on Friday and Saturday, the 26th and 27th. The Fox Theater Announced the dates on July 23, 2012, On-Sale date was August 3, 2012. Single headliner event, Theater, capacity 4,600.

Atlanta, GA:

On the Weekend of September 27-29 Atlanta played host to a three day encampment electronic event by the name of Counter.Point with five total stages and at least one major headliner each night. This festival was announced on May 8, 2012 and On-Sale May 11, 2012. This was a first year event. Six headliner event, outdoor, capacity unknown.

Fiscal Impact: Bottom line profits to the U.S. Cellular Center via Moogfest 2012 were \$6,649.38, significantly below initial projected profits of \$76,728.

Recommendation: Staff recommends re-negotiation, by City Staff, of terms of the agreement with AC Entertainment for the 2013 Mountain Oasis Electric Music Summit. Important to note; if ticket sales were as originally projected, U.S. Cellular Center profits would have come in at \$143,868.

Attachments:

- (1) Three Year Attendance Comparison & 2012 actual v. Pro Forma Comparison
- (2) Pro Forma Budget, Created by AC Entertainment
- (3) June 2012 Staff Report