

1

AGENDA ITEM
ST. JOHNS COUNTY BOARD OF COUNTY COMMISSIONERS

Deadline for Submission - Wednesday 9 a.m. – Thirteen Days Prior to BCC Meeting

9/6/2022

BCC MEETING DATE

TO: Hunter S. Conrad, County Administrator

DATE: August 2, 2022

FROM: Gabe Pellicer, General Manager

PHONE: 904 209-0392

SUBJECT OR TITLE: Report and Recommendation of Amphitheatre & Concert Hall Advisory Committee

AGENDA TYPE: Business Item

BACKGROUND INFORMATION:

The Amphitheatre & Concert Hall Advisory Committee was created in order to provide new ideas, suggest changes, enhancements of programs, explore alternate organizational options, and assist in ensuring adequate operation of the facilities for the residents and visitors of St. Johns County while achieving maximum economic advantages and remaining accountable to the tax payers of St. Johns County. The Amphitheatre & Concert Hall Advisory Committee's primary responsibility is to serve in an advisory capacity to the Board of County Commissioners.

1. IS FUNDING REQUIRED? Yes

2. IF YES, INDICATE IF BUDGETED. No

IF FUNDING IS REQUIRED, MANDATORY OMB REVIEW IS

REQUIRED: INDICATE FUNDING SOURCE: To Be Determined

SUGGESTED MOTION/RECOMMENDATION/ACTION:

Motion #1: Motion to accept the Report from the Amphitheatre & Concert Hall Advisory Committee.

Motion #2: Motion to direct the Amphitheatre & Concert Hall Advisory Committee to generate a proposal with detail beyond a conceptual level, along with a business plan that would include a reasonable financial plan in line with their recommendation.

Motion #3: Motion for staff to procure an independent analysis of the business plan and proposal after submission as required by Fla. Stat. 255.065.

For Administration Use Only:

Legal: DM 8/15/2022

OMB: JDD 8/15/2022

Admin: Sarah Taylor 8/19/2022

Amphitheatre
& Concert Hall
Advisory Committee

REPORT AND RECOMMENDATION

August 24, 2022



A REVIEW OF
CULTURAL EVENTS
IN ST. JOHNS COUNTY

General Disclaimer

This document reflects the best current thinking of a group of five St. Johns County residents and volunteers appointed to the Amphitheatre & Concert Hall Advisory Committee (Hereinafter the “Committee” or “Advisory Committee”) by the Board of County Commissioners.

While operating as a committee of five, through engaging dialogue and multiple presentations from St. Johns County Staff, a collective point of view has been organized throughout this report.

The recommendation is based on the available information provided and consensus of broad-based input from participants in the process.

As further information is provided, or more precise data analysis is completed, this report may be modified to better reflect accuracy and precision.

The Advisory Committee is unanimous in their support of the recommendation based on the information provided and discussions that have led during the process.

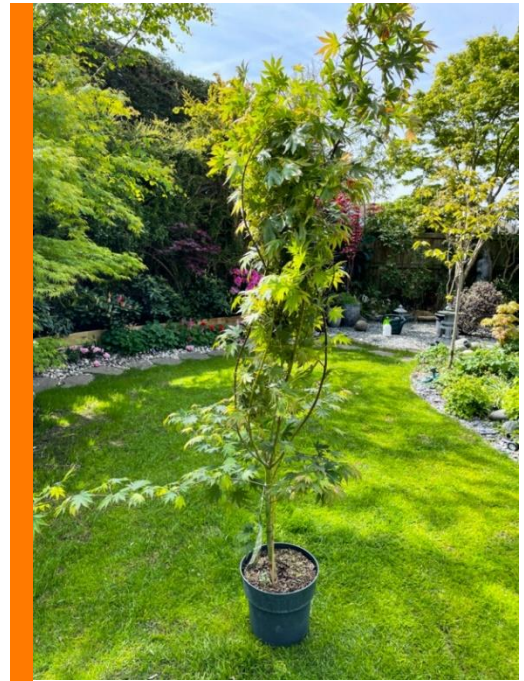
Analogy of a Transformation

Once upon a time there was a seed that was carefully planted by a group of visionaries. Over the years, this seed has been nurtured and tended by a group of very dedicated people who have loved seeing it grow into a plant and a healthy little tree. It received needed protection from storms, fertilizer, and grew stronger in its pot when the sun shined brightly.

Now, that little tree has begun to outgrow that pot. It is losing a few leaves, strains to get enough water, and is confined by the root bound reality of the very pot that it has called home for many years. This plant loves where it lives and does not want to go anywhere else. Through no fault of the tree, the caretakers, or the pot, more flexible conditions must exist for it to grow and continue to thrive. While this is a bit scary, the surrounding garden is destined to be its new home along with other trees that began in similar pots.

Fortunately, the same people who nurtured the seed will continue to look after the tree and care for this little sapling as it adjusts in the familiarity of the same garden it loves. The tree, caregivers, garden, and original pot will benefit from this simple act of letting the sapling grow to its potential.

The future of this sapling, as Cultural Events in St. Johns County, relies on the courage to transform.



Background

This Amphitheatre & Concert Hall Advisory Committee was created by the Board of County Commissioners on May 17, 2022, through Resolution No. 2022-167 with a unanimous 5-0 vote.

PURPOSE OF THE AMPHITHEATRE & CONCERT HALL ADVISORY COMMITTEE

Provide new ideas, suggest changes, enhancements of programs, explore alternate organizational options, and assist in ensuring adequate operation of the facilities for the residents and visitors of St. Johns County, while also achieving maximum economic advantages and remaining accountable to the taxpayers of St. Johns County. The primary responsibility is to serve in an advisory capacity to the Board of County Commissioners.

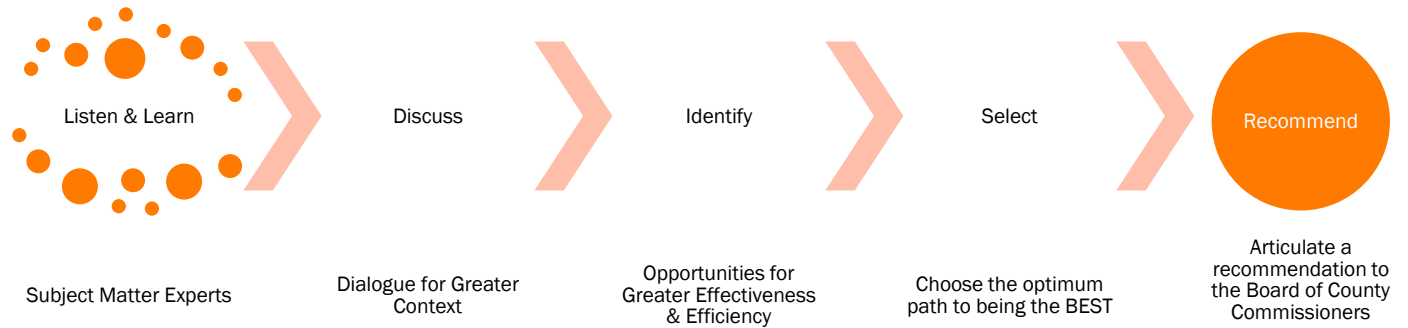
Broad and Inclusive Participation

Over the course of ten (2 hour) meetings since June 21, 2022, the Committee has met with many County Staff members, County Commissioners, and private citizens to gain a broad perspective on the Cultural Events Division. These discussions have provided context for our thought process.

Advisory Committee Members	Bo Bozard
	Bethany Hilbert
	Irving Kass
	Dylan Rumrell, Vice Chair
	Jerry Wilson, Chair
County Commissioners	Commissioner Christian Whitehurst, Vice Chair District 1
	Commissioner Sarah Arnold, District 2
	Commissioner Paul Waldron, District 3
	Commissioner Jeremiah Blocker, District 4
	Commissioner Henry Dean, Chair District 5
Community Input	Philip McDaniel, CEO & Co-Founder St. Augustine Distillery, Cultural Events Historian
County Staff Participants	Cari Baker, Program Manager, Cultural Events
	Greg Caldwell, Director, Public Works
	Lauren Carpenter, Administrative Manager, Cultural Events Division
	Chris Culpepper, Assistant GM, Cultural Events Division
	Mike Dalton, Administrative Manager, Facilities Management
	Jesse Dunn, Director, Office of Management & Budget
	Elizabeth Glasgow, Business Manager, Cultural Events Division
	Ryan Hall, Public Relations Manager, Cultural Events Division
	Lilian Hutchinson, Director, County Human Resources
	Carl Liberatore, Production Manager, Cultural Events
	Tera Meeks, Director, Tourism and Cultural Development
	David Migut, County Attorney
	Mark Miner, Chief Deputy Clerk of Circuit Court & Comptroller
	Brandon Patty, Clerk of Circuit Court & Comptroller
	Gabriel Pellicer, GM, Cultural Events Division
	Katie Root, Marketing Manager, Cultural Events Division
	Lex Taylor, Deputy County Attorney
	Sarah Taylor, Assistant County Administrator
17 other Staff Members	

Open and Transparent Process

The Advisory Committee has operated in a fully open and transparent manner with no preconceived solution relative to the ultimate recommendation. Over the course of our meetings, we have followed an approach to educate us with the facts in a collective manner.



Core Guiding Principle

GUIDING PRINCIPLE

The St. Johns County Cultural Events experience is authentic and special because it is, and will remain:

- Community Owned
- Community Operated
- Community Led

Early in the process, the Advisory Committee agreed to a core guiding principle that has held true throughout our meetings and discussions.

This Guiding Principle is very important to the final recommendation. There is no desire, by this Committee and others, to walk away from the specialness of the local nature of these operations. St. Johns County is fortunate to have highly competent and committed professionals who are dedicated to high quality Cultural Events. They have developed customized relationships with artists and promoters over the years. We also want to ensure the ultimate recommendation positions Cultural Events and County government for long-term success.

However, in order to be their BEST, this group must be more agile than government permits.

Cultural Events Realities

Cultural Events does its best to operate this business in a highly competitive and specialized industry within a governmental structure. However, government is required to operate within statutory regulations that conform to specific guidelines and limits.

Governmental services that try to support Cultural Events are limited in scope and narrow in decision making authority. Additionally, the number of approvals and timelines are incongruent with the needs of this business. Once again, this IS NOT about how Staff administers the various departments. It IS about statutory and administrative regulations that define what can and cannot be addressed. This has resulted in a misfit between governmental requirements and the needs of Cultural Events. Friction exists between government and the business of Cultural Events that has been described during several Staff presentations and open dialogue. Government services are unable to address the needs of this business in several areas including:

- Finance
- Human Resources
- Procurement
- Budgeting
- Capital Maintenance
- Information Systems
- Legal Counsel

Being the BEST in live entertainment requires specialized, on-demand, cross-functional support that can act quickly with working knowledge of this industry. This is not how government is designed to operate, nor should it be expected to make time-sensitive radical adjustments to restrictive and statutory protocols.

Addressing Unanswered Questions & Perceptions

1. What is the real purpose or role of Cultural Events in St. Johns County?

The Advisory Committee sees Cultural Events as a Key Economic Driver for St. Johns County that should be an agile and financially viable operation respected for its presentation of outstanding quality events. Cultural Events is a destination business that attracts thousands of tourists annually. Whether they are experiencing our area for the first or tenth time, these visitors are choosing to spend their money on lodging, restaurants, shops and tourist activities that support our community. This is good for St. Johns County businesses, citizens, and visitors.

Residents of St. Johns County enjoy the best of the best in live entertainment; this translates into a higher quality of life, diversity of performances, jobs, and a desire to spend their money enjoying activities before and after these shows.

Direct economic impact of Cultural Events is significant and has the potential to grow much higher in years to come.

A very conservative analysis of the direct economic impact for fiscal year 2022 is over \$39 million.

SJC Direct Economic Impact - FY 2022

• Tickets Sold	290,368	
• 90% Attendance	261,331	
• 26% stay overnight	67,946	
• 87% overnigheters pay for lodging (1.7 nights)	100,492	
• \$177/night average rate		\$17,800,201
• Visitor Ancillary Spending		\$11,347,001
• Resident Ancillary Spending		\$ 9,475,869
• <i>Plus TDT Bed Tax revenues</i>		<u>\$ 890,010</u>
• TOTAL ST. JOHNS COUNTY ECONOMIC IMPACT		\$39,513,081

2. Is Cultural Events a successful operation and financially viable?

The St. Augustine Amphitheatre is ranked as one of the top venues in the world each year. For 2022, based on ticket sales, it is ranked #1 amphitheatre in North America (ahead of Red Rocks) and #2 in the world to the Sidney Myer Music Bowl. The Ponte Vedra Concert Hall hosts over 100 authentic artists in a typical year and has been approved for an expansion that will set the stage for PVCH to be recognized as a Top 20 concert hall in the USA. There is no debate whether these venues are successful. THEY ARE!

However, within the government, there is a shared perception that this is a “financially failing” operation. Numbers are always a matter of perspective. When the operations are viewed from a business perspective, even with conservative numbers, this is a profitable operation. The difference is how certain revenues are recognized and treated within the budget.

The “facility fee” is not considered as operating revenue in the governmental accounting. However, if this were a business this fee would certainly be an integral part of operating revenue as this fee is collected at a rate of \$3/ticket and ticket sales are the key metric for the business model. This schedule illustrates how the same set of numbers may result in differing conclusions.

Itemization Fiscal Years 2016-2021 TOTAL over 6 years (including COVID-19)	Government Perspective “This is a failing operation” \$	Business Perspective “This is a profitable business” \$
Event Revenue	64,124,600	64,124,600
Event Expenses	(55,481,191)	(55,481,191)
Facility Fees (\$3/ticket)	0	3,922,508
TDT Funding	900,000	900,000
Salaries	(7,662,916)	(7,662,916)
Other Operating Expenses	(4,397,176)	(4,397,176)
Interest Earning	343,889	343,889
Net Operating “Profit/Loss”	(2,172,794)	1,749,714

The Advisory Committee supports the Business treatment of the Facilities Fee as the accurate way to judge the financial results since these fees are generated directly from the sale of individual tickets. With this single treatment change alone, Cultural Events is a profitable business. But it is not alone.

Capital Maintenance

Capital maintenance (not accounted for in the table above) for the same years 2016-2021 totals \$1,125,664 (expenses, net of subsidies), a portion of which are capital improvements; the governmental modified accrual basis accounting system does not amortize the capital investment over the expected life of the “asset.” A business would follow GAAP accounting procedures and spread the capital investment over many years.

Full Cost Allocation of Governmental Services

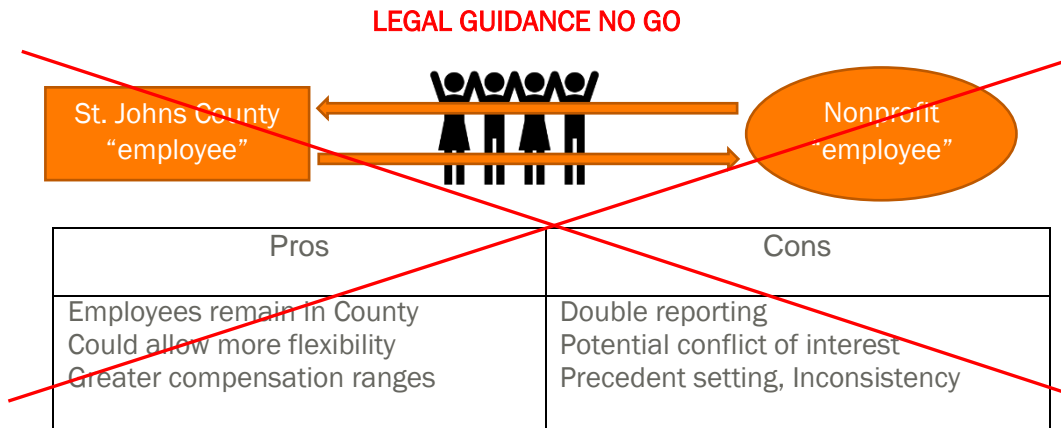
Every three years, MGT Consulting Group completes a full cost allocation plan for St. Johns County to determine each department’s fully burdened cost of indirect services provided by other county departments. Based on this assessment, Cultural Events should be “billed,” \$569,976 annually for services rendered from other departments.

This would further support the government perception that considers this a “losing business.” However, based on the recognition that these services do not meet the needs of the Cultural Events operations, no business would consider these services a fair value. In fact, in today’s marketplace, services can be sourced through on-demand companies or packaged solutions customized to the business that materially reduces costs, while improving effectiveness.

This is a prime example of the friction that is created by the business needs of Cultural Events and the inability of government to provide relevant and affordable services.

3. What is the optimal organizational structure?

The Advisory Committee, along with County legal counsel, explored different structures that could provide the agility needed by Cultural Events. One scenario was to investigate a model where current County staff would remain in their current positions and report to a separate nonprofit business entity. Based on legal counsel this model will not work.



In subsequent meetings, with legal counsel, the Advisory Committee reviewed five other potential organizational models for Cultural Events. These discussions included a variety of structures. Each structure was assessed with the pros and cons including legalities.

One by one certain structures were eliminated as a possibility. As the Committee worked through the process, two high potential scenarios were the most favorable with the greatest potential to be implemented.

Organizational Scenarios Reviewed

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Stay in SJC 100% Status Quo	Enterprise Fund (Like Utilities)	Hybrid 501(c)3 & SJC (prior discussion on 7/21)	Completely outsource	Executives in nonprofit	All staff in nonprofit
<ol style="list-style-type: none"> 1. Must overcome multiple current issues 2. Nimbleness Flexibility Concerns 3. Salary scales compared to Govt. employees 	<ol style="list-style-type: none"> 1. Would still need to overcome current issues 2. Good for Utilities but an awkward model for Cultural Events 	<ol style="list-style-type: none"> 1. NOT LEGAL 2. Conflict of interest and management confusion 3. No analogues found to compare 	<ol style="list-style-type: none"> 1. No community will 2. Loss of status & character 3. Focus on PROFIT not community 4. Less grants & endowments 	<ol style="list-style-type: none"> 1. Business allows great flexibility 2. Organizational issues could surface while managing County Staff and nonprofit 3. Must set up all aspects of an operation company 	<ol style="list-style-type: none"> 1. Nonprofit will need to financially stand alone 2. People transitional considerations 3. How to keep SJC partners fully engaged & supportive?

- A. Based on multiple discussions and presentations from Staff, the governmental constraints will not allow Cultural Events the level of agility needed with the status quo.
- B. Based on Staff dialogue, the Enterprise Fund is unlikely to achieve the changes needed.
- C. Based on County legal counsel, this concept is not legal.
- D. D is inconsistent with the core guiding principle of Community Operated, Community Led. This Scenario was immediately dismissed.
- E. E is worthy of further investigation, legally viable, and could be a transitional step.
- F. F is worthy of further investigation, legally viable, and creates a team culture.

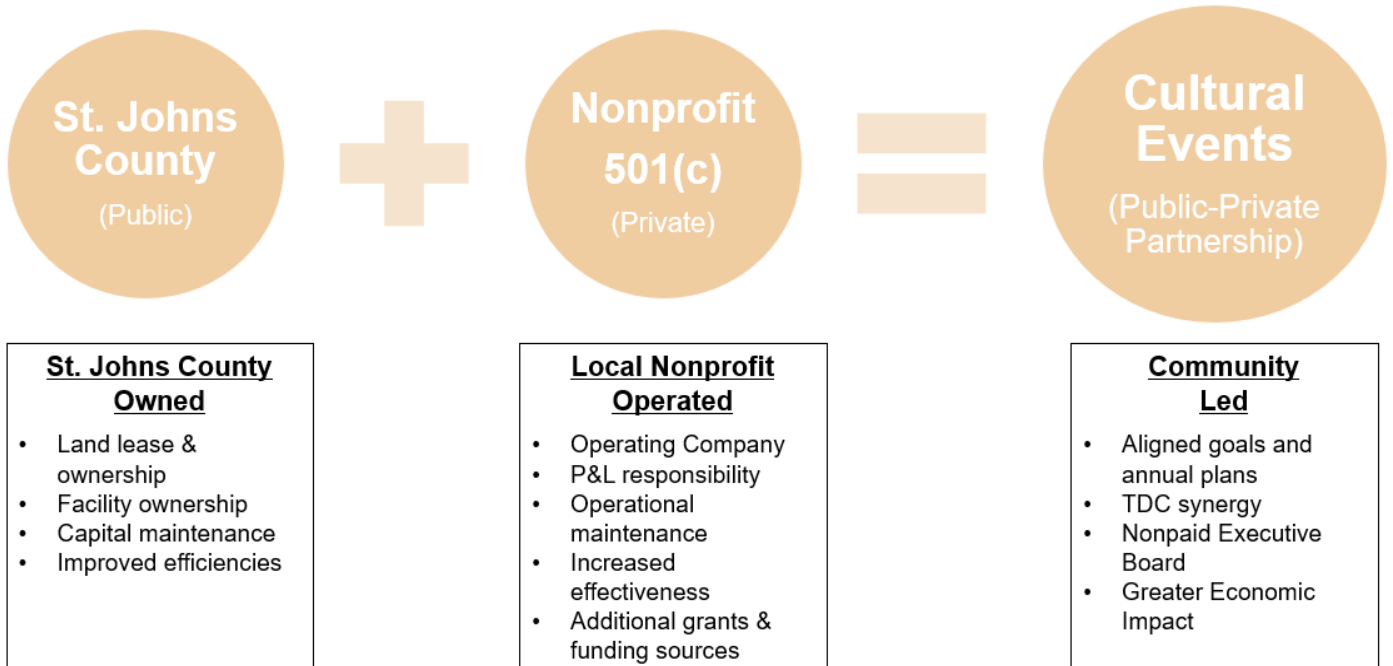
Transformational Model

The Advisory Committee believes it is time to adopt a transformational model to strengthen Cultural Events in St. Johns County. Instead of a tiny division within the \$1.4 Billion county governmental structure, imagine Cultural Events as a shared responsibility between St. Johns County and a separate nonprofit business. Distribution of responsibilities should be based on core competencies with clear accountabilities, therefore more effective and efficient for both parties. Friction would be eliminated, transforming the entire perspective from a division in government to a shared vision for the betterment of St. Johns County taxpayers, visitors, and the business.

Government will be in a better position to regulate and manage those areas that naturally fit within normal operations. A separate nonprofit organization will have the agility of a normal business while as much as \$569,976 of shared service expenses could be reallocated across other St. Johns County departments. The responsibilities associated with operating revenues and expenses will also move to the new nonprofit corporation.

Based on FY 2022, there could be other opportunities to remove expenses and revenues currently administered by St. Johns County.

Transformational Model that Positions CULTURAL EVENTS to be a BIGGER Concept with Centers of Excellence Distributed in a Private-Public Partnership



Management Assessment

Fortunately, the current team of professionals within Cultural Events has highly competent leadership in key positions. The General Manager, Gabriel Pellicer, has seventeen years of proven experience within St. Johns County. He and his management team are well respected within the local community, as well as amongst artists, promoters, and vendors. They are well prepared to manage the new business, so the transformation ensures continuity and stability of leadership. Over a reasonable period, other staff members who meet job criteria and choose to join the nonprofit would be transitioned into this new business.

This local St. Johns County team also delivers on the core guiding principle of “Community Led.”

Obviously, there are many details of this transition period that need to be agreed to between St. Johns County and the new nonprofit organization.

Benefits of this Transformational Model of Cultural Events in St Johns County

Government Benefit	Nonprofit Benefit
<ul style="list-style-type: none"> • Potential for greater economic impact • Additional liability coverage from nonprofit • As much as \$569,976 in shared services than could be reallocated to other County departments <ul style="list-style-type: none"> ○ Further savings to be identified • Remove burden across County departments, including Clerk of Court • Minimizes friction between departments 	<ul style="list-style-type: none"> • AGILITY to make decisions quickly • Talent retention and development • New revenue opportunities • Ability to pursue grants and non-general fund revenue sources • Greater efficiency to drive costs down <ul style="list-style-type: none"> ○ Procurement sourcing, etc • Nonprofit establishes checks and balances system

Supported by Other Similar Operations in Florida

The Advisory Committee was able to cast a wide net within the State of Florida to see if this Transformational Model was unique or already established elsewhere. Without much effort, the Committee learned that this model is already operating in Clearwater, Florida to great success.

Ruth Eckerd Hall, Inc. has been operating under the combination of City Government and Nonprofit partnership for nearly 40 years. Similar to Cultural Events, Ruth Eckerd Hall manages two separate venues, Ruth Eckerd Hall and The Capitol Theatre, where it presents a successful combination of world class concerts and events while still prioritizing community-sponsored programming in partnership with local community organizations. The collaboration between the government and the nonprofit has been so successful that in May of this year the City of Clearwater voted to award Ruth Eckerd Hall, Inc., the management contract for the forthcoming Coachman Park Amphitheatre.

This gives the Committee a high degree of confidence that this Transformational Model can work. Similar to Ruth Eckerd Hall Inc., Cultural Events has a track record of successfully operating multiple venues, special events, and festivals that provide a diversity of programming to our community as well as proven and substantial economic impacts.

Advisory Committee Conclusions

It is the finding of the Advisory Committee that Cultural Events is a business that is highly constrained by the governmental processes and should be allowed to operate as a separate nonprofit business. This is better for the St. Johns County government, residents, artists, promoters, employees, visitors, and the community.

The Advisory Committee has based this conclusion on broad-based County Staff input, fact-based dialogue, and a unified assessment that governmental statutory regulations will be unable to deliver the level of agility and decision-making rights to allow Cultural Events to be the BEST. This conclusion is the result of an open and inclusive process that engaged 46 participants, representing over 500 hours in collective work and dialogue, that provided facts, observations, and guidance.

Advisory Committee Recommendation

It is the recommendation of the Amphitheatre & Concert Hall Advisory Committee that the Board of County Commissioners approve the creation of a plan to transform Cultural Events of St. Johns County into local nonprofit organization, overseen by a nonpaid executive board.

The Committee recommends that The Board of County Commissioners task Staff to work in good faith, with no repercussions to Cultural Events Staff, with the assistance of a reconstituted Advisory Committee, to prioritize the creation of a transition plan that can be implemented as soon as practical.

This recommendation is based on an understanding that the current leadership and management team would transition into this new entity with those selected county employees who meet the job criteria and choose to join the nonprofit.

Additionally, the Committee recommends all currently identified deferred maintenance and capital replacement be budgeted and allocated from St. Johns County funds, preferably from outside the general fund, to bring the Amphitheatre up to conditional standards acceptable to the new nonprofit.

Summary of Proposed Transition of Cultural Events

Recitals

WHEREAS, the Board of County Commissioners created the Amphitheatre & Concert Hall Advisory Committee (hereafter “Committee”) by Resolution 2022-167 on May 17th 2022 to review the organization of the Cultural Events Division of Saint Johns County and to make a recommendation to the Board of County Commissioners; and

WHEREAS, Saint Johns County (hereafter “County”) has two primary locations, the Saint Augustine Amphitheatre and the Ponte Vedra Concert Hall, used by its Cultural Events Division to provide quality, consistent, and diverse entertainment events as well as diverse community events; and

WHEREAS, the State of Florida owns the land attached to the St. Augustine Amphitheatre, St. Johns County owns the building attached to the land at the St. Augustine Amphitheatre, St. Johns County owns both the building and the land for the Ponte Vedra Concert Hall; and

WHEREAS, many citizens of St. Johns County consume and enjoy the quality, consistent, and diverse entertainment events brought by the Cultural Events Division of the County; and

WHEREAS, St. Johns County seeks to maintain its status as a top tourist destination and wishes to supply quality, consistent, and diverse entertainment events to continue to bring tourists to St. Johns County; and

WHEREAS, the St. Augustine Amphitheatre has been ranked the number one amphitheatre in the United States and the number two amphitheatre in the World based on ticket sales; and

WHEREAS, St. Johns County Tourist Development Commission has performed studies and determined that the St. Augustine Amphitheatre produces an estimated \$39,513,081 in indirect economic impact for St. Johns County on an annual basis; and

WHEREAS, the Cultural Events Division has already been performing under a Special Fund for St. Johns County and attempting to run as a business while also following all Federal, State, and County rules for County operation; and

WHEREAS, the Committee believes it is reasonable to have commercial events pay for the Cultural Events Division’s total cost of operation; and

WHEREAS, the County has noticed higher than normal rates of turnover in the staff of the Cultural Events Division; and

WHEREAS, the Committee sees value in greater flexibility in the management rules for the Cultural Events Division of the County as they are essentially running a business for the County; and

WHEREAS, the Committee believes that the Cultural Events committee could be reconstituted as a private nonprofit entity that would be a collaborative contractor to both provide quality, consistent, and diverse entertainment events as well as diverse community events; and

WHEREAS, the State of Florida allows for Public-Private Partnerships under Florida Statute 255.065 and sole source procurement.

THEREFORE, the Committee Name recommends the following:

Recommendation Summary

The committee is recommending a transition of the functions of the Cultural Events Division of St. Johns County to a 501(c) non-profit entity (hereafter “501(c)”) for the management of the St. Augustine Amphitheatre, the Ponte Vedra Concert Hall, and potentially other entertainment events located within the confines of St. Johns County. The new 501(c) would serve as an independent contractor and “management company” to operate both locations for the County as well as putting on events for the County in locations outside those two primary locations should those opportunities arise. The 501(c) would be required to meet the minimum standards contained in the responsible public entity’s guidelines for qualifying professional services and contracts for traditional procurement projects. The County would still be the owner of both of the locations.

Amphitheatre & Concert Hall Advisory Committee

REPORT AND RECOMMENDATION

A REVIEW OF CULTURAL EVENTS IN ST. JOHNS COUNTY

DISCUSSION POINTS

1. COMMITTEE OVERVIEW
2. METHODOICAL PROCESS
3. BARRIERS TO BEING THE BEST
4. QUESTIONS & PERCEPTIONS
5. PUBLIC-PRIVATE PARTNERSHIP
6. CONCLUSIONS & RECOMMENDATION



MAY 17, 2022

The Amphitheatre & Concert Hall Advisory Committee was created by the Board of County Commissioners through Resolution No. 2022-167 with a unanimous 5-0 vote.



COMMITTEE PURPOSE

Provide new ideas, suggest changes, explore alternative organizational options, and assist in ensuring adequate operation of the facilities, while also achieving maximum economic advantages to St. Johns County.

CORE GUIDING PRINCIPLE

The **St. Johns County Cultural Events** experience is authentic & special because it is, & will remain:

- Community Owned
- Community Operated
- Community Led



PARTICIPATION: BROAD & INCLUSIVE

Advisory Committee Members

1. Bo Bozard
2. Bethany Hilbert
3. Irving Kass
4. Dylan Rumrell, Vice Chair
5. Jerry Wilson, Chair

Community Input

1. Philip McDaniel, CEO Co-Founder, St. Augustine Distillery & Cultural Events historical expert

Cultural Events

1. Cari Baker, Program Manager
2. Lauren Carpenter, Administrative Manager
3. Chris Culpepper, Assistant General Manager
4. Elizabeth Glasgow, Business Manager
5. Ryan Hall, Public Relations Manager
6. Carl Liberatore, Production Manager
7. Gabe Pellicer, General Manager
8. Katie Root, Marketing Manager
9. 17 other Staff Members

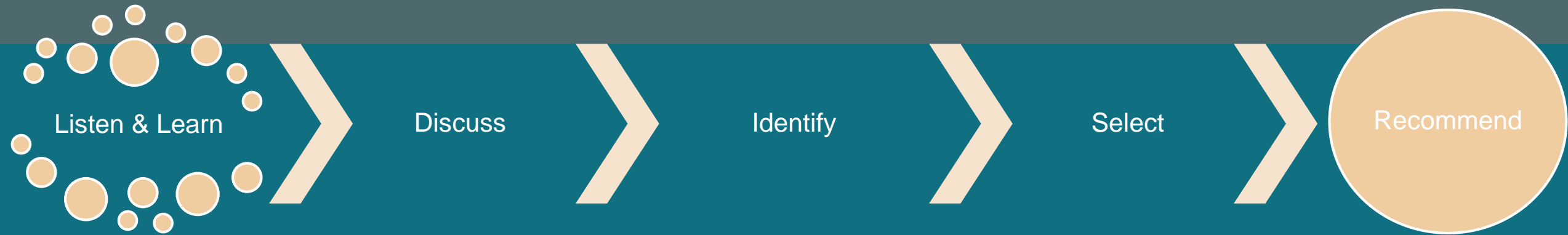
County Staff

1. Greg Caldwell, Director, Public Works
2. Mike Dalton, Administrative Manager, Facilities Management
3. Jesse Dunn, Director, Office of Management and Budget
4. Lillian Hutchinson, Director, Human Resources
5. Tera Meeks, Director, Tourism & Cultural Development
6. David Migut, County Attorney
7. Mark Miner, Chief Deputy Clerk of Court & Comptroller
8. Brandon Patty, Clerk of Circuit Court & Comptroller
9. Lex Taylor, Deputy County Attorney
10. Sarah Taylor, Assistant County Administrator

County Commissioners

1. Christian Whitehurst, Vice Chair, Commissioner District 1
2. Sarah Arnold, Commissioner, District 2
3. Paul Waldron, Commissioner, District 3
4. Jeremiah Blocker, Commissioner, District 4
5. Henry Dean, Chair, Commissioner, District 5

PROCESS OPEN & TRANSPARENT



Subject Matter Experts

Dialogue for Greater Context

Opportunities for Greater Effectiveness & Efficiency

Choose the optimum path to being the BEST

Articulate a recommendation to the BoCC

46 Participants
11 Committee Meetings & 2 Staff Work Sessions

Over 500 Cumulative Hours of Work Since June 21

Collaborative Input & Work Sessions with Staff

Benchmarking with Similar Organizations

Collective Thinking with Mutual Agreement

BARRIERS

Irving Kass

BARRIERS TO BEING THE BEST

CULTURAL EVENTS

- Lack of **Agility** and limited **Decision-Making Authority**
- Inability to attract and retain **Top Talent**
- **Shared services** that are ineffective, slow and expensive

GOVERNMENT

- Statutory and regulatory **Compliance** limits flexibility
- Standardized **Services** do not meet specialized needs
- Multiple levels of **Approvals** that lead to great inefficiencies

CULTURAL EVENTS REALITIES

St. Johns County Cultural Events Division operates this business in a highly competitive and specialized entertainment industry. Governmental statutory regulations restrict the ability to meet the needs in many areas:

- *FINANCE*
- *HUMAN RESOURCES*
- *PROCUREMENT*
- *BUDGETING*
- *CAPITAL MAINTENANCE*
- *INFORMATION SYSTEMS*
- *LEGAL COUNSEL*

Cultural Events requires specialized, on demand, cross functional support that can act quickly with working knowledge of this industry.

QUESTIONS & PERCEPTIONS

Dylan Rumrell | Bo Bozard | Bethany Hilbert

QUESTION ONE:

**WHAT IS THE REAL PURPOSE OR ROLE OF
CULTURAL EVENTS?**

ST. JOHNS COUNTY ECONOMIC DRIVER

Destination business that attracts thousands of tourists annually.

Quality of life for residents and visitors, diversity of performances, jobs, and entertainment.

SJC Direct Economic Impact - FY 2022

Tickets Sold (to date)	→ 290,368	
90% Attendance	→ 261,331	
26% Stay Overnight	→ 67,946	
87% Overnights Pay for Lodging (1.7 nights)	→ 100,492	
\$177/Night Average Rate		\$ 17,800,201
Visitor Ancillary Spending		\$ 11,347,001
Resident Ancillary Spending		\$ 9,475,869
<i>Plus: TDT Bed Tax Revenues</i>		<u>\$ 890,010</u>
TOTAL ST. JOHNS COUNTY ECONOMIC IMPACT		\$ 39,513,081

QUESTION TWO:

**ARE CULTURAL EVENTS A SUCCESSFUL &
PROFITABLE OPERATION?**

SUCCESSFUL OPERATION? YES

ST. AUGUSTINE AMPHITHEATRE

- **#1 in United States & #2 Worldwide in Mid-Year Sales**
(2022 Pollstar)
- **“Best Outdoor Venue” Nominee**
(2022, Academy of Country Music)
- **“Best Local Music Venue”**
(2019, Jacksonville Rainbow Awards)
- **“Best Concert Venue”**
(2012-2019, Folio Weekly’s)
- **“Amphitheatre of the Year” Nominee**
(2018-2019, International Entertainment Buyers Association (IEBA))
- **“All At Once Sustainability Award”**
(2018, Jack Johnson)
- **And many more...**

PONTE VEDRA CONCERT HALL

- **“Best Event Entertainment”**
(2022, Ponte Vedra Recorder)
- **“Best Event Venue”**
(2019, Ponte Vedra Beaches Leader)
- **Top 200 Theatre Venues Ticket Sales Mid-Year Sales**
(2019, Pollstar)
- **Over 100 Ticketed Events Each Year**
- **Recent Expansion Approval**

SING OUT LOUD

- **“Best Music Festival”**
(2019, Folio Weekly’s)
- **“Award for Quality of Life”** (2018, Northeast Florida Regional Council)

FORT MOSE JAZZ & BLUES SERIES

- **\$51,972.42** was raised in support of Fort Mose Historical Society
- Welcomed **3,000 people** from across the country to Fort Mose Historic State Park
- **80+ notable editorial mentions** including: Forbes, Ebony Magazine, Black News Channel, Miami Herald, Newsbreak, Yahoo & more.

FINANCIALLY PROFITABLE?

DEPENDS WHO'S ANSWERING...







FISCAL YEARS
2016-2021

ITEMIZATION Shown in Dollar amounts over 6 fiscal years (Including COVID-19)	GOVERNMENT “This is a failing operation”	BUSINESS “This is a profitable business”
Event Revenue	64,124,600	64,124,600
Event Expenses	(55,481,191)	(55,481,191)
<i>Facility Fees (\$3/ticket)</i>	<i>0</i>	<i>3,922,508</i>
TDT Funding	900,000	900,000
Salaries	(7,662,916)	(7,662,916)
Other Operating Expenses	(4,397,176)	(4,397,176)
Interest Earning	343,889	43,889
Net Operating “Profit / Loss”	(2,172,794)	1,749,714

QUESTION THREE:

**WHAT IS THE OPTIMAL ORGANIZATIONAL
STRUCTURE?**

ORGANIZATIONAL SCENARIOS

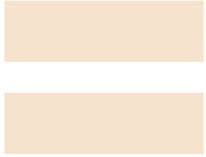
A	B	C	D	E	F
<p>Stay in SJC 100% Status Quo</p> <ul style="list-style-type: none">• Must overcome multiple current issues• Nimbleness flexibility concerns• Salary scales compared to govt. employees	<p>Enterprise Fund <i>(like Utilities)</i></p> <ul style="list-style-type: none">• Would still need to overcome current issues• Good for Utilities but an awkward model for Cultural Events	<p>Hybrid 501(c) & SJC <i>(prior discussion on 7/21)</i></p> <ul style="list-style-type: none">• NOT LEGAL• Conflict of interests and management confusion• No analogues found to compare	<p>Completely Outsource</p> <ul style="list-style-type: none">• No community will• Loss of status and character• Focus on PROFIT, not community• Less grants and endowments	<p>Executives In Nonprofit</p> <ul style="list-style-type: none">• Business allows greater flexibility• Organization issues could surface while managing County Staff AND Nonprofit• Must set up all aspects of an operation company	<p>All Staff In Nonprofit</p> <ul style="list-style-type: none">• Nonprofit will have to financially stand alone• People transitional considerations• How to keep SJC partners fully engaged & supportive?
					

TRANSFORMATIONAL MODEL

Dylan Rumrell

PUBLIC-PRIVATE PARTNERSHIP

Elevate Cultural Events to a shared responsibility between St. Johns County and a local nonprofit business.



- St. Johns County Owned**
- Land lease & ownership
 - Facility ownership
 - Capital maintenance
 - Improved efficiencies

- Local Nonprofit Operated**
- Operating Company
 - P&L responsibility
 - Operational maintenance
 - Increased effectiveness
 - Additional grants & funding sources

- Community Led**
- Aligned goals and annual plans
 - TDC synergy
 - Nonpaid Executive Board
 - Greater Economic Impact

BENEFITS OF TRANSFORMATIONAL MODEL

GOVERNMENT BENEFIT

- Potential for Greater Economic Impact
- Additional Liability Coverage from the Nonprofit
- As much as \$569,976 in Shared Services could be reallocated to other County Departments
 - Further Savings to be identified
- Remove burden across County Departments, including Clerk of Court
- Minimizes Friction between Departments

NONPROFIT BENEFIT

- AGILITY to Make Decisions Quickly
- Talent Retention and Development
- New Revenue Opportunities
- Ability to Pursue Grants and Non-general Fund Revenue Sources
- Greater Efficiency to Drive Costs Down
 - Procurement sourcing, etc.
- Nonprofit takes over the Checks and Balances System

SIMILAR SUCCESSFUL OPERATION IN FLORIDA

RUTH ECKERD HALL CLEARWATER, FL



Ruth Eckerd Hall, Inc., which manages Ruth Eckerd Hall and The Capitol Theatre, has been operating under a combination of City Government and Nonprofit operations for 40 years.

In May 2022, citing their proven track record of running multiple venues with a community focus, the City of Clearwater granted Ruth Eckerd Hall, Inc. the management contract for the forthcoming Coachman Park Amphitheatre.

CONCLUSION & RECOMMENDATION

COMMITTEE PURPOSE

Provide new ideas, suggest changes, explore alternative organizational options, and assist in ensuring adequate operation of the facilities, while also achieving maximum economic advantages to St. Johns County.

AMPHITHEATRE CONCERT HALL ADVISORY COMMITTEE CONCLUSION

The business of Cultural Events requires greater flexibility
than what government will allow

Government requires greater conformity than what the business will allow

OUR CHOICES:

HOPE
Things get better in the
current state

CHANGE
Things to create a better
future state

AMPHITHEATRE CONCERT HALL ADVISORY COMMITTEE **RECOMMENDATION**

CHANGE

It is the recommendation of the Amphitheatre & Concert Hall Advisory Committee that the Board of County Commissioners approve the creation of a plan to transform the Cultural Events Division of St. Johns County into a local nonprofit organization, overseen by a nonpaid executive board.

The Advisory Committee is prepared to execute the following action items with the Board of County Commissioners approval of the ACHAC Recommendation:

- Business Plan
- Transition Plan

QUESTIONS?

