



Sacramento Public Library Authority

September 24, 2009

Agenda Item 15.0: Tsakopoulos Library Galleria Annual Report

TO: Sacramento Public Library Authority Board Members

FROM: Don Tucker, Director of Facilities

RE: Tsakopoulos Library Galleria Annual Report

RECOMMENDED ACTIONS:

1. **Accept** the Annual Report for the Tsakopoulos Library Galleria as presented in Exhibit A.

BACKGROUND

The Tsakopoulos Library Galleria Complex operates as an event venue within the Central Library. Room rental fees, catering fees and café lease payments generate revenue to help support Library operations. Net revenues after expenses are added to the Library's general operating budget.

The net revenues are down this year from previous years due to three major factors:

1. The economic downturn has impacted the bookings and overall revenue to the Galleria. Staff has taken steps to control growth in overall operating costs. Staff is not recommending any fee increases as a result of the soft economy. Staff will continue to market and book as many events as possible, and remains in a good position to take advantage of bookings as the economy recovers.
2. The Galleria has made a one-time adjustment to the revenue totals by moving deferred revenue of \$106,837 to FY 2009/10. Deferred revenues are monies received in the current year for events that will occur in the next year. This action corrects an accounting deficiency noted by the auditors in the previous annual financial audit and brings the Library in line with accepted accounting standards.
3. A number of important improvements were made to the Galleria this year, resulting in a one-time furniture and equipment expense of \$72,490. Improvements were made to the sound systems, projection screens and restroom amenities to better position the Galleria to host daytime events. Staff anticipates that these improvements will help to increase event revenue and the quality of event details for many years to come.

ATTACHMENT

Exhibit A: Tsakopoulos Library Galleria Annual Report

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The Tsakopoulos Library Galleria at the Central Library continues to be a preferred location for private rental, corporate, government, community and civic events, as well as providing a dramatic backdrop for cultural and educational programs hosted by the Sacramento Public Library. The Galleria main hall and its two adjacent East and West meeting rooms comprise one of the most prestigious event spaces in Northern California. It provides a unique way of generating public relations, visibility and income for the Library, while exposing an average of 600 people per week to the Central Library complex.

The threefold mission of the Tsakopoulos Library Galleria is to: 1) provide an environment for cultural and educational programming to enhance the continuing revitalization of the downtown district; 2) generate the maximum potential revenue from its 12,000 square feet of rental space to help support the Sacramento Public Library; and 3) provide a dramatic and welcoming grand entrance to the Central Library. During non-booked hours, the Galleria main floor is open to the public as an entrance to the Central Library and as a seating area for the LaBou 9th Street Café, as stipulated in their lease with the Sacramento Public Library and the City of Sacramento.

Revenue

Revenue from the Library Galleria complex is derived from three sources: 1) revenue from the Tsakopoulos Library Galleria authorized caterers and bar services; 2) lease revenue from World of Good Tastes, Inc., the parent company for the on-site LaBou Café; and 3) Tsakopoulos Library Galleria rental activities. Deferred revenue is revenue received for future events that have not yet occurred. At the end of each fiscal year it is accrued to the next year. This year's report includes a one-time adjustment to show the deferred revenue of \$106,837 in the 09/10 fiscal year (see page 2).

Catering & Café Services

Catering Revenue

Catering contracts are determined and awarded for a three-year period by a formal Request for Proposal (RFP), with the latest new contracts to go into effect September 1, 2009. There are usually 8 to 10 caterers. As part of the catering contract terms, each caterer pays a food percentage of 14% and an alcohol percentage of 16%. Food, beverage and corkage revenues received in FY 08/09 amounted to \$86,485.

Café Lease

LaBou Café is the only authorized Galleria caterer with an on-premise kitchen. The café has interior seating for 60, al fresco seating for an additional 70, and designated seating on the Galleria main floor when not reserved for rental clients. Café lease revenues received in FY 08/09 totaled \$49,782.

Tsakopoulos Library Galleria Rentals

Total Galleria rentals, including all rooms, equipment, and security for FY 08/09 totaled \$347,942 with additional deferred revenue of \$106,837 received for events that will occur in Fiscal Year 09/10.



Usage Statistics

	East/West Meeting Rooms	Library Galleria	Balcony
Rental Events (paid)	279	110	18
Library Events (unpaid)	<u>123</u>	<u>24</u>	<u>6</u>
Total Room Usage	402	134	24

Fiscal Year	Rental Revenue	Catering Revenue	Lease Income Labou Café	Deferred Revenue (est.)	Total Revenue	Expenses
FY 06/07	\$ (402,796)	\$ (94,785)	\$ (49,656)	\$(168,002)	\$ (547,237)	
	Less Expenses	Payroll and Benefits				\$ 229,430
		Supplies/Services				\$ 109,674
		Furniture/Equipment				\$ 21,966
		Total Expenses				\$ 361,070
			Net Revenue	FY 06/07	\$ (186,167)	
FY 07/08	\$ (427,578)	\$ (100,733)	\$ (49,656)	\$(168,002)	\$ (568,534)	
	Less Expenses	Payroll and Benefits				\$ 258,371
		Supplies/Services				\$ 90,660
		Furniture/Equipment				\$ 28,973
		Total Expenses				\$ 378,004
			Net Revenue	FY 07/08	\$ (190,530)	
FY 08/09	\$ (211,675)	\$ (86,485)	\$ (49,782)	\$(177,435)	\$ (418,540)	
	Less Expenses	Payroll and Benefits				\$ 269,744
		Supplies/Services				\$ 85,599
		Furniture/Equipment				\$ 72,490
		Total Expenses				\$ 427,833
			Net Revenue	FY 08/09	\$ 9,293	
FY 09/10				\$(106,837)		

*Deferred Revenue had been reported as part of total income in past years.

Conclusion

It is evident that the downturn in the economy has affected the Galleria complex with total revenue being down by approximately \$150,000 from FY 07/08 (deferred income included). Bookings were down by approximately 16%. Clients spent substantially less per event on room usage and on food and beverage.

The Tsakopoulos Library Galleria continues to strive to market and promote profit-generating events, thereby producing revenue for the Sacramento Public Library. For the past two years efforts have been going forward to upgrade the facility, in order to better accommodate corporate business and tap into another lucrative source of income. During the past year, those efforts have come to fruition and have resulted in an exciting revitalization of the 16-year-old complex.

1. Automated room darkening screens for the 9th Street windows have been installed in order to accommodate day-time events.
2. Installation of state of the art sound systems in the East and West meeting rooms and in the Galleria main hall have been completed.
3. The installation of an automated drop-down wide-screen for LCD projection is nearing completion.
4. New events management software is installed, making room management and billing more efficient.
5. The Galleria offices and storage areas have been re-configured and revitalized.

In order to realize maximum utilization of these upgrades and to justify these expenditures, the focus in the coming year will be on developing new and different marketing and income producing strategies.

1. Continue to develop and utilize internet service for advertising and marketing. As compared to print advertising cost and readership demographics, websites are far superior for reaching unlimited numbers of prospective clients at minimal cost.
2. Utilize the main hall of the Galleria on week days for business, corporate and civic events, thereby increasing exposure, public relations and revenue for the entire library complex through rentals, food and beverage sales.
3. Complete the Galleria Comparable Venue cost comparison. The Galleria complex is well below the Northern California industry standard in rental cost and should institute a rate increase as soon as is fiscally and feasibly possible.
4. Institute a food and beverage minimum for the protection of the 13 contracted caterers and in order to bring the Galleria in line with the standard set by the Northern California events industry.

It is hoped and expected that as the economy stabilizes and recovers, the Tsakopoulos Library Galleria complex will be in a good position going forward to continue to be an outstanding addition to the revitalized downtown community, and that it will continue to be a unique identity and a source of pride for the Sacramento Public Library system.

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