

### Office of the City Auditor



City and County of Honolulu
State of Hawai`i

Report to the Mayor and the City Council of Honolulu

# Audit of Neal S. Blaisdell Ticket Sales Operations, Resolution 19-264

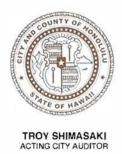
## Audit of Neal S. Blaisdell Ticket Sales Operations, Resolution 19-264

A Report to the Mayor and the City Council of Honolulu

Submitted by

THE CITY AUDITOR
CITY AND COUNTY
OF HONOLULU
STATE OF HAWAI'I

Report No. 20-06 November 2020



## OFFICE OF THE CITY AUDITOR CITY AND COUNTY OF HONOLULU

1001 KAMOKILA BOULEVARD, SUITE 216, KAPOLEI. HAWAII 96707 / PHONE: (808) 768-3134 / FAX: (808) 768-3135

November 5, 2020

The Honorable Ann Kobayashi, Chair and Members Honolulu City Council 530 South King Street, Room 202 Honolulu, Hawai`i 96813

Dear Chair Kobayashi and Councilmembers:

A copy of our report, *Audit of Neal S. Blaisdell Ticket Sales Operations, Resolution 19-264*, is attached. This audit was conducted pursuant to Resolution 19-264, requesting the city auditor to conduct a performance audit of the ticket sales operations of the Department of Enterprise Services' for events held at the Neal S. Blaisdell Center, and the City Auditor's Annual Work Plan for FY 2020-21. In adopting Resolution 19-264, the city council expressed concerns about ticket availability and distribution for popular events held at the Blaisdell Center.

The audit objectives were to:

- 1. Evaluate the Department of Enterprise Services' process for ticket sales for all admission events held at the Neal S. Blaisdell Center;
- 2. Assess the city's contract with Ticketmaster to determine if the services provided meet local, state and federal guidelines, laws, and regulations as it pertains to ticket sale accessibility to admission events held at the Neal S. Blaisdell Center: and
- 3. Provide recommendations for improving local residents' access to high demand events held at the Neal S. Blaisdell Center.

#### **Background**

The Department of Enterprise Services (DES) operates and maintains the Neal S. Blaisdell, the Tom Moffatt Waikiki Shell, the Honolulu Zoo and six municipal golf courses. Neal S. Blaisdell has been in operation since 1964. The Blaisdell complex includes a multi-purpose arena, exhibition hall, galleria, concert hall, meeting rooms, and parking structure. These facilities are affordable, adaptable and ideal for cultural attractions, meetings, community shows, trade shows, family shows, sporting events and superstar entertainment. From July 1, 2014 through January 30, 2020, DES has overseen 628 concerts and shows at the Neal S. Blaisdell and Waikiki Shell. In 2009, DES entered into an exclusive contract with Ticketmaster Entertainment, Inc. (Ticketmaster) to provide computerized ticket services, including exclusive rights for all retail outlets, telephone and internet sales for the Neal S. Blaisdell Center and Waikiki Shell.

Honolulu City Council November 5, 2020 Page 2 of 2

#### **Audit Results**

We found that DES does not have effective policies and procedures in place to actively track and monitor ticket sales to ensure local residents have priority access to ticket sales. Specifically, we found that:

- Insider holds and presales reduced the number of tickets available to the general public and restricts accessibility for local residents;
- Robot sales and bulk online sales do not have a significant impact on local ticket sales and availability;
- The ticket event industry is not federally regulated and currently there are no state or local guidelines that address ticket sales and accessibility to local residents; and
- DES management does not exercise its authority to promote local accessibility through copromotional agreements and the proper use and implementation of geo limiting ticket sales.

The audit report made eight recommendations to improve DES's ticket sales and distribution, and to ensure local residents have equitable access to popular Blaisdell Center Events.

The Director of the Department of Enterprise Services and Managing Director expressed general agreement with the audit findings and recommendations.

We would like to express our sincere appreciation for the cooperation and assistance provided us by the managers and staff of the Department of Enterprise Services. We are available to meet with you and your staff to discuss this report and to provide more information. If you have any questions, please call me at 768-3134.

Sincerely, Jury Chimarahi

Troy Shimasaki Acting City Auditor

c: Kirk Caldwell, Mayor

Roy Amemiya, Jr., Managing Director Tracy Kubota, Acting Director, Department of Enterprise Services

Nelson Koyanagi, Jr., Director, Department of Budget and Fiscal Services

## **Table of Contents**

Chapter 1	Introduction and Background	
	Introduction	1
	Background - DES Manages the City's Commercial Venues	
	Audit Results	
Chapter 2	Holds and Presales Reduce the Number of Tickets Available to the General Public and Restricts Accessibility for Local Residents; Ro and Bulk On-Line Sales Do Not Have a Significant Impact	
	The Majority of Tickets to the Highest Revenue Producing Shows Were Not Available to the General Public	15
Chapter 3	DES Missed Opportunities to Manage Ticket Sales and Maximize L Access to Popular Blaisdell Center Events	ocal
	Conclusion	38
	Recommendations	40
	Management Response	41
Appendices	5	
Appendix A	The 1990 Revised Ordinances of Honolulu (ROH)	
Appendix B	Resolution 19-264	
Appendix C		
Appendix D	Ticketmaster Contract Amendment 7	59
List of Exhi	bits	
Exhibit 1.1	Organizational Chart – Department of Enterprise Services	
Exhibit 1.2	Department of Enterprise Services' Appropriations FY2015 to FY2019	3
Exhibit 1.3	Organizational Chart – DES Customer Services Division	
Exhibit 1.4	DES Customer Services Division, Box Office Section Staff	
Exhibit 1.5	Top 10 Events With 9000+ Attendees by Type and Venue, FY 2015-FY2019	
Exhibit 1.6	Blaisdell Center's Role and Responsibilities in the Ticket Industry	
Exhibit 2.1	Artist <i>Presales</i> and <i>Holds</i>	
Exhibit 2.2	Artist Complimentary Ticket Holds	18
Exhibit 2.3	Shows Where Presales Accounted for Over 50 Percent of Total Available	20
	Tickets	∠∪

Exhibit 2.4	Artist Promotional Sales	22
Exhibit 2.5	2019 Top Revenue Producing Shows and Hawai'i Sales Percentages	26
Exhibit 3.1	Sample Radio Promotion Schedule	32
Exhibit 3.2	Performance Geo Limiting and Hawai'i Sales Percentages	34
Exhibit 3.3	Luke Bryan Hawai'i Sales and Percentages	36
Exhibit 3.4	Janet Jackson-Unbreakable World Tour Multiple Presales	

# Chapter 1

## Introduction and Background

#### Introduction

On November 06, 2019, the City Council adopted Resolution 19-264, requesting the City Auditor to conduct a performance audit of the ticket sale operations of the Department of Enterprise Services for events held at the Neal S. Blaisdell Center (Blaisdell). The resolution noted that tickets for several high demand events held at the Blaisdell sold out almost immediately, resulting in frustrated city residents complaining that online ticket sales were only available for purchase through secondary resale websites for sometimes double (or more) the face value of the event ticket price. In response to the resolution, the City Auditor conducted an audit to: evaluate the department's ticket sales process for admission events held at the Neal S. Blaisdell; assess the city's contract with Ticketmaster to determine if the services provided to the city meets all local, state and federal guidelines, laws and regulations as it pertains to ticket sale accessibility; and provide recommendations to improve local residents' access to high demand events held at the Blaisdell.

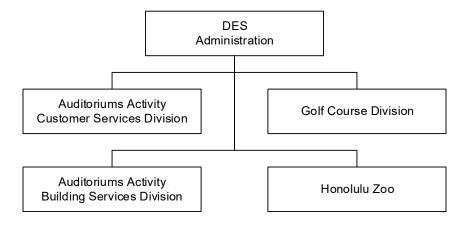
#### Background – DES Manages the City's Commercial Venues

The Department of Enterprise Services (DES) operates and maintains the Neal S. Blaisdell, the Tom Moffatt Waikiki Shell, the Honolulu Zoo and six municipal golf courses. DES also coordinates the preparation, administration and enforcement of City and County of Honolulu concession contracts. DES is the only city department with an operating budget primarily funded by revenues generated from public events and activities. DES Administration directs and coordinates programs and operations through its four divisions and manages concession contracts. Section 6-702(a), Revised Charter of the City and County of Honolulu, requires the Director of Enterprise Services to operate, direct and perform program planning and maintenance of the Neal S. Blaisdell and any other auditorium or cultural or entertainment facilities assigned to the department. DES Administration also provides staff and clerical support services related to personnel, budget and organizational management.

The department's mission is to manage and market a diversity of community oriented facilities and services for the use and benefit of the public; supporting cultural, recreational and educational opportunities and events toward a self-supporting basis.

The department's organizational structure is shown in the exhibit below.

Exhibit 1.1
Organizational Chart – Department of Enterprise Services



Source: Department of Enterprise Services

#### Resources

The Department of Enterprise Services' operating budget is primarily funded from revenues collected from five special funds (Golf Fund, Hanauma Bay Nature Preserve Fund, Special Events Fund, Special Projects Fund and Honolulu Zoo Fund). As shown in Exhibit 1.2, the department's primary funding comes from the Golf and Special Events Funds. The Blaisdell's funding is part of the Auditoriums budget that is primarily derived from the Special Events Fund. The Auditoriums program manages and operates the Neal S. Blaisdell Concert Hall, Exhibition Hall, Arena, meeting rooms, and the Waikiki Shell. Additionally, the program provides overall maintenance and operation of the systems needed for the efficient use of buildings, equipment, and grounds at the Blaisdell and the Waikiki Shell.

Exhibit 1.2

Department of Enterprise Services' Appropriations FY2015 to FY2019

Fiscal Year	Special Events Fund	Golf Fund	Honolulu Zoo Fund <sup>1</sup>	Hanauma Bay Nature Preserve Fund	Special Projects Fund	Total Appropriations
FY 2015	\$11,950,595	\$9,814,993		\$5,000	\$11,722	\$21,782,310
FY 2016	\$12,304,350	\$10,044,216		\$2,793	\$6,421	\$22,357,780
FY 2017	\$14,424,899	\$9,684,445		\$2,645	\$85,885	\$24,197,874
FY 2018	\$6,770,672	\$9,986,793	\$7,851,161	\$1,200	\$174,487	\$24,784,313
FY 2019	\$6,781,215	\$10,340,977	\$7,192,293	\$0	\$12,712	\$24,327,197

<sup>&</sup>lt;sup>1</sup> Prior to FY 2018 Honolulu Zoo revenues were deposited into the Special Events Fund

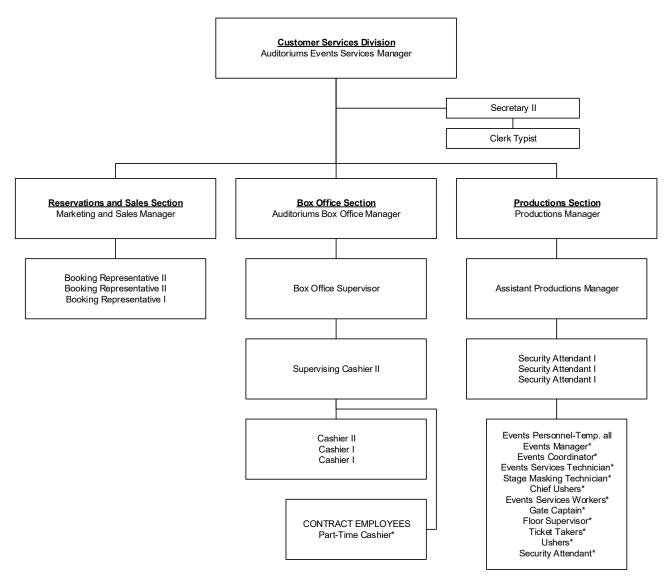
Source: Department of Enterprise Services

In FY 2019, DES's appropriations totaled \$24.3 million, revenues totaled \$27.3 million, and authorized staffing totaled 276.9 fulltime equivalents, with 39.3 vacancies. In FY 2019, the DES Customer Services Division's operating expenditures totaled \$1.6 million. The DES Customer Services Division is subdivided into three sections (Reservations and Sales, Box Office and Productions) as depicted in Exhibit 1.3.

#### Special Events Fund (360)

The Special Events Fund receives all revenues generated from the Blaisdell Center, Waikiki Shell, and Honolulu Zoo operations. Revenues are derived from room rentals, fees, and ticket surcharges for events held at the Blaisdell Center, Waikiki Shell, and Honolulu Zoo. In addition, all department concession revenues, except for golf, tennis and Hanauma Bay concession revenues, are deposited into the Special Events Fund. In FY2019, \$6,781,215 was appropriated from the Special Events Fund to support the operating expenses of the three venues including the department's administrative operations.

Exhibit 1.3
Organizational Chart – DES Customer Services Division



Source: Department of Enterprise Services

The Auditoriums Program consists of two divisions: the Customer Services Division and the Building Services Division. The Customer Services Division plans, develops, markets, and rents Blaisdell venues (Concert Hall, Exhibition Hall, and the Arena) and Tom Moffatt Waikiki Shell facilities. In an effort to bring a diversity of entertainment, sports, expositions, cultural, and education events to the local community, the Customer Services Division encourages extensive and varied entertainment choices and community events for local patrons while maximizing

revenues to support operations. The facilities are rented to individuals and groups at user fee rates set by city ordinance to cover operating costs. The Building Services Division provides the overall maintenance support and systems operation for the efficient use of buildings, equipment, and grounds at the Blaisdell Center, Waikiki Shell, the Honolulu Zoo, some city concessions, the six municipal golf courses, and Thomas Square.

The Customer Services Division consists of three sections: Reservations and Sales, Productions, and the Box Office. Reservations and Sales is responsible for contracting bookings and preparing work orders for all events. Productions is responsible for overseeing the various events, working with event management teams from around the world, and providing residents and visitors with top-level performances in a comfortable and safe environment. Productions staff manage the day-to-day operations of the event staff, food and beverage, parking, valet service and novelty merchandise concessions. The Box Office oversees computerized ticketing services, creates ticketing maps in conjunction with promoters, and manages event ticket sales.

The Customer Services Division, including the Box Office Section, is authorized 18 full time equivalents (FTEs) and has filled10 FTEs. The unfilled FTEs represent a vacancy rate of 55 percent.

**Box Office Section** manages the sale of all tickets sold to admission events held at the Blaisdell and Waikiki Shell. It also provides technical assistance for ticket marketing, and works with department production managers and promoter/tenant to establish seating charts based on the technical, financial, and marketing framework for each event, including ticket pricing. Box Office staff coordinate opening day and subsequent sales for tenants hosting paid admission events at the Blaisdell and the Waikiki Shell.

The five filled box office staffing positions is summarized in Exhibit 1.4.

Exhibit 1.4

DES Customer Services Division, Box Office Section Staff

Box Office Section	Staffing
Upper Management	1 Auditoriums Box Office Manager
Box Supervisor	1 Box Office Operations Supervisor
Supervising Cashier	1 Supervising Cashier II
Cashier	1 Cashier II, 1 Cashier I

Source: Department of Enterprise Services

## Blaisdell Center's History

Neal S. Blaisdell has been in operation since 1964. The Blaisdell complex includes a multi-purpose Arena, Exhibition Hall, Galleria, Concert Hall, and meeting rooms. Additionally, the Blaisdell offers a two-deck parking structure with 1,184 stalls accessible from both King and Victoria Streets and the Kapi'olani Boulevard entrances. These facilities are affordable, adaptable and ideal for cultural attractions, meetings, community shows, trade shows, family shows, sporting events and superstar entertainment. The facilities are rented to individuals and groups at user fee rates set by ordinance to cover the cost of operations. The general guidelines for the Blaisdell lease and rental contract are outlined in city ordinance. See Appendix A.

From July 1, 2014 through January 30, 2020, DES' Customer Services Division oversaw 628 concerts and shows at the Neal S. Blaisdell and Waikiki Shell.

DES manages and operates five event venues at the Blaisdell:

The Blaisdell Arena is a multi-purpose facility. It is a circular, indoor, public assembly and entertainment performance facility used for concerts and major sporting events. The upper level has permanent upholstered theater chairs. The lower level has portable padded seats and seating risers that can be reconfigured or removed to accommodate the needs of a variety of events. The arena can accommodate 8,800 seats for sports events, and up to 7,700 seats for stage events with seats set up on the arena floor.

The Blaisdell Concert Hall is the performing arts theater for the Honolulu Symphony and Hawai'i Opera Theatre. The concert hall can accommodate up to 2,159 seats and features continental seating, a proscenium stage, and modern lighting and sound systems.

**The Exhibition Hall,** located between the concert hall and the arena, provides 65,000 square feet of air conditioned exhibition space on the main floor that is expandable to 85,000 square feet when combined with adjoining spaces. The exhibition hall is ideal for community trade shows, consumer shows, large parties and fundraising events.

**Blaisdell Meeting Rooms** provide classroom style seating in three event spaces: the O`ahu Room holds up to 72 seats, the Maui Room holds 64 seats and the Kaua`i Room seats 48. The Blaisdell also offers banquet/ballroom facilities, including the Hawai`i Suite that seat up to 1,000 guests. In addition, the Pikake Room can accommodate up to 600 guests, and the Carla Corey Galleria can hold up to 350 guests.

The Blaisdell and Waikiki Shell hosts hundreds of events annually with thousands of attendees. There are four major types of events held at the facilities: concerts, arts and theater, expos and sports. In FY 2019, the Blaisdell and Waikiki Shell held 693 performances and a total of 696,002 attendees. Those venues also hosted 61 expos, trade shows and job fairs, which generated \$6.38 million in revenue. Exhibit 1.5 shows the distribution of the top 10 events

Exhibit 1.5
Top 10 Events With 9000+ Attendees by Type and Venue, FY 2015-FY2019

		FY 2015	FY2016	FY 2017	FY 2018	FY 2019	Total
Event	Concerts	2	1	4	2	2	11
of Ev	Arts and Theater	1	4	1	3	3	12
) e o	Expo	7	5	5	5	5	27
Type	Sports						0
<u>o</u>	Arena	3	3	4	3	5	18
of Venue	Concert Hall		2		1		3
	Exhibition Hall	4	2	2	1	2	11
Туре	Exhibition Hall Cluster	3	3	3	4	3	16
-	Waikiki Shell			1	1		2

Source: Office of the City Auditor

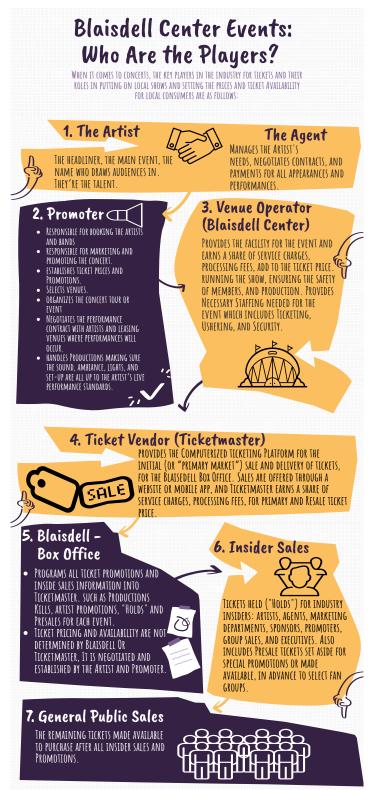
with 9,000+ attendees from FY 2015 to FY 2019. Other event highlights from the five-year period FY 2015 – FY 2019:

- Of the top 50 attended events held at the Blaisdell and Waikiki Shell over the last five years, 54 percent were expos and trade shows, 24 percent were arts and theater events and 22 percent were concerts.
- Expos and trade shows yield the highest attendance numbers averaging 21,945 attendees per event. In 2019 the Made in Hawai'i Festival (trade show) had a record high 48,599 attendees.
- Over the last five years the highest ticketed arts and theater event was the Broadway production of The Book of Mormon. The show, which ran in 2016 for three weeks and had 23 performances, boasted 44,789 attendees.
- The highest ticketed arts and theater event was a comedy show headlined by Joy Koy in 2019. He held 11 shows over 7 days and attracted 23,540 attendees.
- The highest ticketed concert was the Mariah Carey: The Sweet Sweet Fantasy Tour with Jussie Smollett in 2017. The tour featured three shows over three days and attended by 20,762 concertgoers.

#### **Blaisdell Events and Ticketing**

The Blaisdell hosts a diversity of entertainment, sports expositions, cultural, and education events for the citizens of Hawai`i. However, when it comes to concerts and the availability of ticket sales and promotions the Blaisdell's role and responsibilities are limited. The live entertainment and ticketing industry consists of several major production players who dictate and determine ticketing and sales distribution for major concerts and events. Exhibit 1.6 depicts the various production players and their roles and responsibilities as it relates to concert ticket sales and availability.

Exhibit 1.6
Blaisdell Center's Role and Responsibilities in the Ticket Industry



Source: Office of the City Auditor

Ticketmaster Entertainment, Inc. is an American ticket sales and distribution company based in West Hollywood, California with operations in many countries around the world. In 2010 it merged with Live Nation under the name Live Nation Entertainment. Ticketmaster provides exclusive ticketing services for all contracted events held at the Neal S. Blaisdell Center and Waikiki Shell, and sells tickets that DES makes available to them. The face value of Ticketmaster tickets is determined by the artist or client. In addition to the face value price, Ticketmaster adds fees to pay for its services. Typically, fees added to a ticket's face value have included:

- Service charge Ticketmaster's charge for its service.
- Facility charge Charge added by the venue.
- Delivery, convenience and processing charges Charges added dependent on the ticket delivery method and credit card processing fees.

Fee amounts vary between events and are dependent on the venue, available delivery methods, and artist preference.

In 2009, DES entered into an exclusive contract with Ticketmaster Entertainment, Inc. (Ticketmaster) to provide computerized ticket services, including exclusive rights for all retail outlets, telephone, and internet sales for the Neal S. Blaisdell Center and Waikiki Shell. The contract specifies that Ticketmaster provide a computerized ticketing platform for the Neal S. Blaisdell Center and Waikiki Shell box offices. The current contract runs from December 1, 2019 through November 30, 2020. The city does not pay Ticketmaster a standard or negotiated fee. Rather, Ticketmaster is paid based on an agreed upon fee schedule. See Appendix C Ticketmaster Contract Ticketing Fee Schedule and Appendix D Ticketmaster Contract Amendment 7. In addition, Ticketmaster provides service and support for sales made via telephone, on-line, and remote ticket outlet locations. In conjunction with the services and support provided by Ticketmaster, DES receives an annual advertising allowance of \$25,000 which the department uses to support marketing activities such as website development, maintenance and other related costs.

#### Audit Objectives, Scope and Methodology

This audit was conducted pursuant to Resolution 19-264, requesting the City Auditor to conduct a performance audit of the Operations of the Ticket Sales Operations of the Department of Enterprise Services' For Events Held at the Neal S. Blaisdell Center.

The Audit Objectives were to (1) evaluate the Department of Enterprise Services' process for ticket sales for all admission events held at the Neal S. Blaisdell Center; (2) assess the city's contract with Ticketmaster to determine if the services provided to the city meets all local, state and federal guidelines, laws and regulations as it pertains to ticket sale accessibility to admission events held at the Neal S.Blaisdell Center; and (3) provide recommendations for improving local residents' access to high demand events held at the Neal S. Blaisdell Center.

The audit team performed a variety of tasks to address the audit objectives. We assessed internal controls related to applicable federal and city laws, rules and guidelines related to ticketing and sales. We examined DES's policies, procedures, rules, and guidelines as part of the internal control assessment. The audit team also interviewed DES administrators and staff, and analyzed performance and sales data for the period FY 2015 to FY 2019. For purposes of our analysis, we examined FY 2015 to FY 2019 performance data to select the highest revenue-producing performances. The sample included 31 performances. We excluded shows whose total gross ticket sales were less than \$500,000, as well as those that offered more than three performances as ticket availability would be less of an issue. We then aggregated the data to review ticket sales by zip code and promotion type to determine local accessibility.

For zip code analysis DES provided the Customer Sales list and audit reports for each performance. We aggregated the data and looked at four main categories: Geo Limiting (performances that offer presales or promotions that restricted ticket sales to Hawai'i zip codes), Hawai'i Sales (tickets purchased with Hawai'i zip codes), Out of State Sales (tickets purchased with Non-Hawai'i zip codes) and Unknown Sales (Tickets purchased that had no Zip codes).

To test ticket sales availability we reviewed audited ticket sales data to determine premium tickets, comp tickets, packages, general rate, promotions and overall availability. For purposes of this audit report, ticket sales were then grouped into five different sales categories.

- 1. Production Holds: The number of tickets held back from sale due to production elements that create obstructed views or eliminate physical seating. It also includes *limited view* seating which may be released later.
- 2. Total Holds: The total number of tickets placed on hold for an event. Calculated by aggregating the following categories: artist buys, comps, promoter buys, and artist/promoter consignment (buys paid at settlement). Tickets in the Production Holds group were not included.
- 3. Total Presale: The total number of tickets made available through presales events. Calculated by aggregating the following categories: Presale, Fan Club, Local (Geo limit to Hawai'i Zip Codes only) and NCEN (Ticketmaster CEN-Client Email Notification at request or cost to promoter to send email blast to customer lists).
- 4. Total Other On-Sale: The total number of tickets made available through the following ticket groups: ADA, ASL, W-4PAK (discount tickets in groups of 4) VIP Packages / Platinum (tickets that allow artists to market selected tickets based on event demand; ticket prices can be increased or decreased in real time, based on market demand for the event).
- 5. Total General On-Sale: The total number of tickets made available to the general public. Calculated by subtracting Total Holds, Total Presale, and Total Other On-Sale from Total Tickets Sold. Total Tickets Sold include Day of Event Sales and Adult General Sales.

We compared and contrasted Blaisdell box-office sales practices with best practices provided by the United States Government Accountability Office (GAO) *Event Ticket Sales* Market Characteristics and Consumer Protection Issues Report and other jurisdictions. We also examined requirements under Chapter 28, Revised Ordinances of Honolulu, and assessed the Blaisdell's ticketing services provided by Ticketmaster.

This review covered the five-year period FY 2015 to FY 2019. In some instances we referenced performance activity that occurred outside this time period for comparison or clarification purposes.

This audit was performed in accordance with generally accepted government auditing standards from December 2019 to September 2020. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

#### **Audit Results**

Insider *holds* and *presales* reduce the number of tickets available to the general public and restricts accessibility for local residents. Before a member of the general public can buy a single ticket for a high profile performance, over half of the available tickets are either put on hold and reserved for industry insiders such as artists or promoters, or are sold through *presale* events and made available to non-public groups, such as fan clubs and preferred credit card holders. In some of the top shows reviewed, we found that less than 25 percent of tickets were available to the general public in an initial public sale. Our findings show that many of these *holds* and *presales* are kept as inside information and, more often than not, the general public is unaware of the limited availability of tickets. Additionally, we found that several high profile performances did not comply with the city's contract with Ticketmaster which limits promotional ticket sales to no more than eight percent of the total ticket sales inventory. By exceeding the promotional ticket sales limit, DES failed to monitor and enforce the contract provisions with Ticketmaster contributing to the limited amount of tickets available for sale to the general public.

Robot sales or bulk on-line sales do not have a significant impact on local sales or availability. We found that online resales, robot and bulk ticket purchases do not appear to pose a high risk to local ticket sales and availability. We also found that unlike other major cities, Honolulu does not have an established local secondary resale ticket market and there are no known local ticket brokers. In our review we found that Ticketmaster software diminishes the risk of bots purchasing tickets in bulk. By analyzing the sales data we were able to confirm that the majority of ticket sales at the Blaisdell are from local zip codes. Through this analysis, we determined that outside bots do not pose a significant threat to ticket sales. Additionally, we found that the event ticketing industry is not federally regulated and currently there are no state or local guidelines that regulate ticket sales and local accessibility. As a result, we found that with no federal laws

in place prohibiting the use of ticket bots and resales, states are left to self-regulate.

DES management practices fail to utilize the resources that it has to promote local accessibility for high profile performances such as co-promotional agreements and the proper use and implementation of geo limiting. We found that the city does not utilize its ability to advertise and promote sales to local residents. City charter authorizes DES to enter into co-promotional agreements with promoters, but DES has not exercised this option. We also found that DES does not track, monitor, or prioritize local ticket sales and promotions. According to the department, tracking and monitoring of sales and promotion restrictions are handled by the promoter. Although city ordinance and department policies and procedures do not require DES to prioritize ticket access or sales to Honolulu residents. We found the lack of ticket access, sales, and distribution data fails to provide suitable transparency and accountability for the activities of the taxpayer-supported Blaisdell Center. Additionally, we found that DES does not effectively enforce geo limiting or other controls designed to prioritize local ticket access. As a result, the department has not effectively managed ticket sales and promotions that provide local ticket buyers with priority access to ticket sales.

# Chapter 2

## Holds and Presales Reduce the Number of Tickets Available to the General Public and Restricts Accessibility for Local Residents; Robot and Bulk On-Line Sales Do Not Have a Significant Impact

The industry practice of setting aside tickets not available for general sale to the public, called *hold* and *presale* initiatives, reduce the total number of tickets available to the general public. We found that *holds* and *presales* restricted public ticket availability by 7 to 93 percent for some events held at the Blaisdell. We also found that 5 of 17 performances we reviewed violated the city's policy limiting complimentary tickets to 5 percent and 2 of 17 performances did not comply with the city's contract with Ticketmaster that limits promotional ticket sales to 8 percent. These violations occurred because DES does not effectively monitor ticket sales and enforce policy or contract requirements. Although we found that robot sales or bulk on-line sales do not have a significant impact on local sales or availability, DES lacks formal policies and procedures to minimize or prevent future impacts.

The Majority of Tickets to the Highest Revenue Producing Shows Were Not Available to the General Public

Studies have found that the general public is often at a disadvantage when accessing tickets to high profile concerts and performances. A 2016 study by the New York State Office of the Attorney General found that the majority of tickets for popular concerts are sometimes diverted away from the general public. Such ticket restrictions are the result of *hold* and *presale* programs implemented by event promoters or artists. We found that the practice of *holds* and *presales* are commonly used for events at the Blaisdell Center and have restricted ticket sales to the general public.

Ticket holds and presales restricted public ticket availability by 7 to 93 percent

Our analysis of the 17 highest revenue-producing acts between 2015 and 2019 found that the majority of tickets sold were not initially available to the general public. Instead over half of the show's available tickets were either put on *hold* and reserved for industry insiders, artists and promoters, productions, or were released early for presale events that exclusively offered first access to non-public groups such as those who carry particular credit cards or fan club members. We note that tickets placed on *hold*, which are not sold or distributed to its restricted group, can

be released for general sale at a later date. Specifically, our sample review of 17 high revenue-producing acts found that:

- By the time tickets went on sale to the general public approximately 48 percent of the event's ticket inventory had already been sold or accounted for through *holds* and *presales*;
- The proportion of tickets purchased through presale and holds ranged from 7 percent to 93 percent;
- Seven of the 17 acts in our sample had more than 50 percent of first day ticket sales issued under presale and holds; and
- The 2017 Mariah Carey concert had the highest proportion of tickets acquired through presale and holds (93 percent), which represented 19,350 of the 20,762 total tickets available for the event.

Exhibit 2.1 shows the top revenue producing acts and their total *presale* and *hold* percentages.

Exhibit 2.1
Artist *Presales* and *Holds* 

	Artist	Presales	Presales %	Holds	Holds %	Total %
	Def Leppard	3,753	32%	1,168	10%	42%
2040	Kevin Hart	461	4%	217	2%	7%
2019	Lionel Richie	4,943	36%	616	4%	40%
	Thomas Rhett	3,469	43%	1,051	13%	56%
	Diana Ross	4,242	64%	260	4%	68%
2018	Luke Bryan	5,926	49%	382	3%	52%
	ASAP	0	0%	3,469	48%	48%
	The Cure	4,001	43%	806	9%	51%
	Earth, Wind and Fire	5,158	74%	555	8%	82%
2017	Mariah Carey	17,740	85%	1,610	8%	93%
	Journey	4,784	28%	1,006	6%	34%
	Adam Sandler	2,162	35%	193	3%	38%
	Daryl Hall and Oates	2,295	33%	151	2%	35%
2016	Janet Jackson	15,371	77%	3,033	15%	92%
	Kevin Hart	5,015	26%	1,092	6%	32%
2015	Elton John	196	2%	205	3%	5%
Diana Ross	Diana Ross	5,363	41%	531	4%	46%
1	Total Averages	4,993	40%	961	9%	48%

Source: Office of the City Auditor

Ticket *holds* are a common industry practice that allows promoters and artists to distribute tickets at their discretion. Both DES policy and its contract with Ticketmaster impose limits on the number of ticket *holds* because, left unchecked, it can adversely restrict public ticket sales and circumvent Ticketmaster's exclusive right to sell and distribute tickets on the city's behalf. DES should actively monitor ticket hold allocations, enforce applicable restrictions, and ensure maximum availability of tickets available for public sale. If exceptions are made to exceed ticket *hold* allocations, DES should properly document exception decisions.

## Five of 17 acts potentially violated the city's policy limiting complimentary ticket holds to 5 percent

DES has a policy that limits the amount of complimentary tickets that an artist or promoter may distribute to 5 percent of sellable ticket capacity. We found that 5 of 17 performances between 2015 and 2019 exceeded the 5 percent threshold. The excess complimentary tickets distributed ranged from 6 to 13 percent. The policy allows a promoter or artists to distribute complimentary tickets beyond the 5 percent threshold upon written request and approval from DES. We found that promoters and artists exceeded the 5 percent threshold because DES does not effectively monitor or enforce the 5 percent limit. As a result, promoters and artists are able to distribute more complimentary tickets, which reduces the number of tickets available to the general public.

During our review we requested documentation for the initial sellable capacity limits for each performance in order to assess the department's monitoring and enforcement of the 5 percent limit for complimentary ticket distribution. The department was unable to provide such data and explained that staff does not document initial capacity limits because ticket inventory fluctuates throughout the sales period leading up to a performance. We found that by not documenting and recording initial capacity limits, DES does not actively monitor complimentary ticket holds in real time or enforce the 5 percent limit.

Absent initial capacity limits, we sought to establish a different methodology to test DES' compliance with the 5 percent complimentary ticket hold and distribution limit. For purposes of our review, we examined the top 17 revenue-producing shows from 2015 through 2019 and calculated the total number of complimentary tickets distributed, based on total tickets sold. We found that 5 of 17 performances exceeded the 5 percent complimentary ticket distribution threshold, with a range of 6 to

13 percent. Exhibit 2.2 shows the ratio of complimentary tickets distributed for the top revenue-producing acts between 2015 and 2019.

Exhibit 2.2
Artist Complimentary Ticket Holds

	Artist	Complimentary Tickets	Complimentary Ticket Hold %	Total Tickets Sold
	Def Leppard	690	6%	11,733
	Kevin Hart	217	2%	10,320
2019	Lionel Richie	401	3%	13,882
	Thomas Rhett	1,051	13%	8,090
	Diana Ross	260	4%	6,749
2018	Luke Bryan	382	3%	12,038
	ASAP	419	6%	7,235
	The Cure	806	9%	9,379
	Earth, Wind and Fire	235	3%	6,995
2017	Mariah Carey	412	2%	20,762
	Journey	1,006	6%	17,202
	Adam Sandler	193	3%	6,222
	Hall and Oates	151	1%	7,056
2016	Janet Jackson	881	4%	20,064
	Kevin Hart	962	5%	19,035
2045	Elton John	141	2%	7,926
2015	Diana Ross	450	3%	12,951

Source: Office of the City Auditor

Although we were able to calculate the ratio of complimentary tickets distributed, we note that this methodology does not allow for monitoring of tickets distributed in real time. In other words, the department would not realize it had exceeded the 5 percent limit until after the show ended and final attendance figures are calculated, because it does not establish a baseline before tickets are sold to effectively monitor sales as they are occurring.

The department disagreed with our methodology of calculating the 5 percent complimentary threshold based on total ticket sold. According to DES the 5 percent cap is calculated based on the net capacity, which is the total maximum tickets available for sale; we used the total number of tickets sold as the basis for our calculation. By using the department's methodology of net capacity, only 2 of the 17 performances exceeded the 5 percent threshold. We note that the department's policy does not specify the basis for calculating the ratio—net ticket sales available or total tickets sold. In either methodology, the ratio is determined after the close of sales. As a result, the 5 percent complimentary ticket capacity limit is ineffective as a control to help ensure that local residents have fair and equitable accesses to performance held at the Blasdell.

## Presales account for 40 percent of tickets to the highest revenue producing shows held at the Blaisdell Center

Presales make tickets available to specific groups or demographics before they go on sale to the general public. The most common presale events are for members of artists' fan clubs, and various presale promotions that require a special password that people often get through social media, print/radio spots, or direct mail. Promoters often offer multiple, consecutive and congruent presale events at the same time. Oftentimes, over 50 percent of the total available tickets for an event are sold or distributed prior to general public sales. These presale tickets differ from promotional sales in that presales are sold via the city's contractor, Ticketmaster, and promotional sales are distributed by the promoter, artist, or other third-party distributor.

In some instances the number of tickets purchased during presale events results in a show being sold out and restricts access for the general public. For example, for 14 of Blaisdell's highest revenue-producing shows, at least half of the tickets were sold during presale events. Exhibit 2.3 identifies 14 shows that sold more than half of its ticket inventory through presale events.

Exhibit 2.3
Shows Where Presales Accounted for Over 50 Percent of Total Available Tickets

**Lionel Richie** Janet Jackson **The Cure** 69% 57% 59% 3,361 Presale Tickets 4,731 Presale Tickets 3,947 Presale Tickets of of of 6,855 Total Tickets 6,727 Total Tickets 5,852 Total Tickets **Diana Ross Kevin Hart** Luke Bryan Janet Jackson 73% 70% 85% 5,363 Presale Tickets 5,698 Presale Tickets 4,871 Presale Tickets റf of 5,830 Total Tickets 7,053 Total Tickets 6.694 Total Tickets 6,658 Total Tickets Earth, Wind and Fire **Janet Jackson Mariah Carey Mariah Carey** 84% 80% 74% 85% 5,329 Presale Tickets 5,185 Presale Tickets 5,974 Presale Tickets 5,828 Presale Tickets of 6.643 Total Tickets 6,995 Total Tickets 6,923 Total Tickets 6,988 Total Tickets **Diana Ross Journey** 59% 4,242 Presale Tickets 3,711 Presale Tickets of 6,246 Total Tickets

Source: Office of the City Auditor

In FY 2016, the Janet Jackson- Unbreakable World Tour performed three shows at the Blaisdell Arena. The promoter offered five different presale promotions over the course of seven days, resulting in an average of 87 percent of total available tickets to all four shows being sold during presales promotions and before tickets were made available to the general public.

There are no restrictions on the amount of tickets allocated to presale promotions. Ticketing sales and distribution, including promotions, are business decisions determined by the promoter or artists. However, *holds* and *presales* can restrict the general public's access to high demand performances held at the Blaisdell Center. For many of the top shows reviewed, we found that less than 25 percent of tickets were actually available to the general public in an initial public sale. For example, just over 1,600 tickets (8 percent of all tickets) were available to the public during the initial public sale for the Janet Jackson-Unbreakable Tour; 15,371

of tickets were already sold through presale promotion. For three of Mariah Carey's concerts held on November 23, 25, and 26, 2016 fewer than 1,500 tickets (7 percent of all tickets) to each show were released to the public during the initial public sale.

In the instances cited above, we found that DES did not sufficiently monitor ticket sales in real time to ensure that policy and contract guidelines were enforced. Data are reported after-the-fact, which is ineffective for real-time enforcement. Exceptions to policies and guidelines, which are permissible, were not properly documented or justified. The department should implement real-time monitoring so that it can properly enforce policy and contract requirements. If exceptions are necessary, those exceptions should be properly disclosed and documented in event files to ensure transparency.

## Two of 17 acts reviewed did not comply with the city's contract with Ticketmaster limiting promotional ticket sales to 8 percent

According to the city's contract with Ticketmaster, an event tenant or promoter is allowed to allocate no more than 8 percent of total tickets for promotional programs, which include presales to fan club members, specific credit card holders, or other limited groups. The United States Government Accountability Office (GAO) recommends that event venues have their ticketing company limit the number of tickets allocated to fan clubs because the artist and manager can sell them through a separate ticketing platform circumventing the primary ticket sales platform and violate the ticket platforms exclusivity clause.

We found that 2 of 17 performances exceeded the 8 percent threshold and allocated 9 percent of its tickets to promotions, with 1 performance distributing as much as 37 percent of its tickets for promotions. The department provided documentation to justify, explain, or authorize only 1 of the 2 performances identified as exceeding the 8 percent threshold. By allowing the promotional ticket threshold to be exceeded, DES permitted ticket availability for sale to the public to be diminished for these performances.

Exhibit 2.4 shows the top revenue producing acts and their total promotional sales and percentages.

Exhibit 2.4
Artist Promotional Sales

	Artist	Promotional Sales	Promotional Sales %	Total Tickets Sold
	Def Leppard	0 0%		11,733
2040	Kevin Hart	23	0%	10,320
2019	Lionel Richie	215	2%	13,882
	Thomas Rhett	0	0%	8,090
	Diana Ross	0	0%	6,749
2018	Luke Bryan	175	1%	12,038
	ASAP	2,646	37%	7,235
	The Cure	0	0%	9,379
	Earth, Wind and Fire	0	0%	6,995
2017	Mariah Carey	251	1%	20,762
	Journey	0	0%	17,202
	Adam Sandler	529	9%	6,222
	Hall and Oates	82	1%	7,056
2016	Janet Jackson	539	3%	20,064
	Kevin Hart	0	0%	19,035
2015	Elton John	96	1%	7,926
2015	Diana Ross	0	0%	12,951

Source: Office of the City Auditor

In addition to the 8 percent cap on promotional ticket sales, the Ticketmaster contract prohibits direct sales to businesses and individuals involved in the presentation or promotion of the event from advertising a promotion in general public media. For example, in FY 2018, the Blaisdell Arena hosted a one-day performance by ASAP, which is the largest touring Filipino live concert variety show. We found that 37 percent of the 7,000 tickets available for the show were allocated as *promoter buys*. We asked to review the terms of the ASAP ticket and sales promotions but DES was unable to provide applicable documents justifying the excessive promoter buys. As a result, we were unable to determine the justification for such a large proportion of promotional tickets or who authorized this deviation from the city's contract with Ticketmaster. The high percentage of promotional tickets not available for general sale not only restricts public access, but adversely impacts the city's contractor, Ticketmaster, ability to manage ticket sales. We provided the department with an advance report copy and they disagreed with our methodology of calculating the 8 percent promotion sales cap based on total ticket sold. According to DES the 8 percent cap is calculated on net capacity, which is the total maximum tickets available for sale. By using it's net capacity calculation only 1 of the 17 performances exceeded the 8 percent threshold. However the net capacity is only determined after the close of sales. By using this number to establish the 8 percent cap, the department is only able to determine capacity violations after-the-fact. As a result, this renders the 8 percent promotional sales ticket capacity ineffective as a control to help ensure that local residents have fair and equitable access to performances held at the Blaisdell.

The event ticketing industry is not federally regulated and currently there are no state or local guidelines that address ticket sales and local accessibility

Currently, there are no federal, state, or local guidelines that regulate ticket sales and accessibility. Ticket sales, promotions, and distribution are generally administered by contracts between host venues, the artist, and promoter. However, government jurisdictions have raised concerns about the practice of *holds* and *presales*, and their impact on the community.

In April 2018, the U.S. Government Accountability Office (GAO) issued a report on *Event Ticket Sales, Market Characteristics and Consumer Protection Issues*. In the report it discusses the role of *holds* and *presales*, noting that *holds* and *presales* may limit the number of tickets available to consumers at face value. The National Consumers League testified that events with many *holds* and *presales* sell out more quickly during general public sale because fewer seats are available. The GAO highlighted five select proposed legislative or regulatory actions related to ticket resale.

One of the actions highlighted in the report would require the disclosure of ticket availability. This action would require primary ticket sellers to disclose how many tickets are available when an event first goes on sale to the general public. For example, Blaisdell or Ticketmaster could be required to disclose total capacity limits for each ticketed event and the number of tickets available for sale after accounting for presales and holds. According to GAO disclosure would provide consumers with a clearer picture of ticket availability and help the public manage expectations and make informed decisions.

Additionally, the National Consumers League and New York State Office of the Attorney General affirmed that the use of *holds* and *presales* raise concerns about equity and fairness. They explained that most *holds* go to industry insiders who have a connection to the promoter or venue, while credit card *presales* are available only to cardholders, who typically have higher incomes.

As a key player in the event ticket sales industry DES should actively seek greater transparency into the allocation of tickets to increase accountability, and enable the public to make more informed choices. Because the Blaisdell Center is partially supported by taxpayer dollars, DES should prioritize promoting equal and fair access to events held at the Blaisdell facilities. The Box Office operations should provide local residents with a capacity disclosure detailing the total number of available tickets and a list of all the associated presales and promotions offered.

Online resales, robot and bulk ticket purchases do not appear to pose a high risk to local ticket sales and availability

According to Resolution 19-264, local residents report being frustrated by their inability to purchase tickets to concerts and other events that appear to sell out within moments of the tickets' release. Residents complained that online tickets were only available for purchase through secondary resale websites for sometimes double (or more) the face value of the event ticket price. This is attributed to robotic or bot ticket practices. However, we found that Ticketmaster software diminishes the risk of bots purchasing tickets in bulk.

## Ticketmaster software diminishes the risk of bots purchasing tickets in bulk

A ticket *bot* is a software that automates ticket-buying on platforms such as Ticketmaster. Automation lets bots simultaneously perform hundreds or thousands of transactions at high speed. As a result, within seconds after tickets to a high profile performance goes on sale, bots crowd out individual purchasers and snap up hundreds if not thousands of seats.

DES stated that in the past bots were a concern and posed a threat to local ticket sales. In an effort to combat bot purchases DES reported that in late 2018 Ticketmaster tested and ramped up their Smart Queue system. This system created a holding space for ticket buyers when there is a high volume of sales, creating a virtual line-up for individual ticket buyers that limits the amount of time they have to make a purchase. Due to COVID-19 restrictions, we were unable to test the Smart Queue system. However, Ticketmaster reported that end-to-end checkout in 2019 (and historically) averaged 15 minutes to complete an order after seats are placed into the buyer's virtual cart and the checkout process begins. For select high demand shows in 2020, Ticketmaster reported allowing 5-7 minutes to complete an order after seats are carted and the checkout process began. Ticketmaster credits this reduction to live monitoring of events for high demand shows and sales periods. The system sets and enforces shorter preset

checkout times to serve all customers in a timelier manner by managing the demand for services on its system.

Additionally, Ticketmaster reported having another waiting room system, *Queue-It*, which handles all online sales not made with Smart Queue. Waiting rooms are beneficial because fewer people are allowed in at one time but always enough to handle demand. Ticketmaster stated that the queuing system helps reduce the bots and bad actors up front. Subsequently, Queue-It typically comes off an event within 30 minutes of initial public sale based on demand for the event.

## The majority of ticket sales at the Blaisdell are from local zip codes

In order to assess the potential impact of outside bots on ticket sales at Blaisdell events, we examined the distribution of credit card ticket purchases of the seven highest revenue producing shows in 2019. For purposes of this review, we determined that an out-of-state credit card purchase would represent a higher risk that the purchase was made by a bot. We found that the majority of tickets sold for each event was purchased with credit cards associated with local zip codes. Through this analysis, we concluded that bots presently do not pose a significant threat to ticket sales. Exhibit 2.5 shows the top revenue producing shows in 2019 and their total Hawai'i sales percentages.

Exhibit 2.5
2019 Top Revenue Producing Shows and Hawai'i Sales Percentages

	Performance	Date	Hawai`i Sales	Out of State Sales	Unknown Sales
1	Def Leppard	10/19/2018	80%	14%	6%
2	Def Leppard	10/20/2018	87%	8%	5%
3	Kevin Hart	11/29/2018	87%	12%	1%
4	Kevin Hart	11/30/2018	74%	23%	3%
5	Lionel Richie	1/25/2019	93%	6%	1%
6	Lionel Richie	1/26/2019	90%	8%	1%
7	Thomas Rhett	3/23/2019	79%	18%	3%

Source: Office of the City Auditor

While we determined that bots do not appear to be a current threat, that could change in the future as technology evolves. DES reported that they do not have any formal policies or procedures for ticket bot monitoring or reporting. A department administrator explained that in an effort to combat bot purchases locally, the department has worked with promoters and ticket providers to eliminate multiple purchases by a single address. According to DES, this was accomplished by establishing a delay in fulfilling ticket purchase requests and reported manually checking ticket sales for shows that were projected to sell out on the first day of sale. However, when we requested documentation to verify manual data checks, DES was unable to provide the information and staff reported that they do not track or monitor ticket sales data. Absent formal policies and procedures, and its enforcement, DES does not have effective internal controls to address the risk of bot sales.

## With no federal laws in place prohibiting the use of ticket bots, states are left to self-regulate

We reviewed industry best practices as it relates to *bots* but were unable to establish a common standard for state comparison. Currently there is no federal law prohibiting the use of bots but the *Better Online Ticket Sales Act of 2016 (BOTS Act)* does restrict the use of bots and gives the Federal Trade Commission (FTC) and state attorney generals the authority to pursue violators and impose civil actions. The BOTS Act prohibits, among other things,

circumventing security measures or other systems intended to enforce ticket purchasing limits or order rules. The act also makes it illegal to sell or offer to sell any event ticket obtained through these methods and grants enforcement authority to the FTC and state attorney generals.

Ticketmaster provided the following statement related to ticket bot monitoring:

As for bot monitoring, it is an on-going battle with those intending to disrupt the sales system. As we develop methods to limit bot activity they find ways to get around the monitoring and then we develop more and they adjust. It's a circle that keeps spinning. We are able to increase settings to try and catch the bad actors but in doing so, sometimes legitimate fans can be impacted. The most effective method so far has been to remove the sale selection option of best available and force the buyer to select actual seats from the interactive map. Since bots rely on best available for their selection this can be effective.

#### There are no provisions in Hawai'i to prevent scalping

Currently there are no local laws or regulations prohibiting an individual from reselling event tickets. During the 2019 Regular Legislative Session, the Hawai'i State House of Representatives introduced House Bill 1166, H. D. 1, titled the *Bruno Mars Act*. The bill intended to regulate online ticket sales and mitigate the purchasing dominance of automated bots and speculative ticket purchasers who quickly scoop up tickets in bulk through the vendor's online ticketing platform for resale purposes. Specifically, the bill would:

- (1) Cap the service charges a primary and secondary ticket seller may place on top of the price of an event ticket;
- (2) Require primary and secondary ticket sellers to guarantee a full refund in certain situations;
- (3) Require website operators to disclose that the website and seller are not the primary ticket seller; and
- (4) Prohibit the practice of selling tickets that are not in the seller's possession and the practice of using or selling software to circumvent a primary ticket seller's security measures.

However, the Legislature failed to enact the bill and Hawai'i remains one of the few states in the U.S. where ticket scalping is legal. When asked if resale ticketing is a concern for the department DES replied, only when it is done fraudulently. The department's position is, as with any commodity, a person has the right to sell or give away their property. House Bill 1166, H.D. 1, noted that some states explicitly allow the practice of ticket scalping and curb any attempt to limit the practice while other states prohibit the practice in its entirety. Still, other states take an intermediate approach by placing limitations such as capping the profit a ticket scalper may make; restricting the time or place of ticket scalping; requiring ticket scalpers to be licensed or registered; or mandating certain business practices to ensure a certain level of consumer protection. House Bill 1166, H.D. 1, would have taken an intermediate approach to regulate, rather than prohibit, ticket resales.

We note that field work for this audit was conducted during the 2020 COVID-19 pandemic which canceled all events at the Blaisdell Center. As a result of the cancelations and closures we were unable to track or monitor live ticket sales, verify any secondary resale market, or identify any fraudulent resale ticket transactions. Thus, we rely on DES' anecdotal comments regarding secondary market ticket sales.

## Chapter 3

# DES Missed Opportunities to Manage Ticket Sales and Maximize Local Access to Popular Blaisdell Center Events

Department of Enterprise Services (DES) does not track, monitor, or prioritize local ticket sales and promotions. Ticket pricing, promotion, and distribution are decided by the artist and promoter; not DES. City ordinance and department policies and procedures do not require DES to prioritize ticket access or sales to Honolulu residents. We also found that DES does not effectively enforce geo limiting or other controls designed to prioritize local ticket access. Out of the 31 performances reviewed, DES implemented geo limiting protocols for only 10 shows, but did not enforce or monitor tickets sold under those restrictions. We also found that DES does not utilize its authority to advertise or co-promote events as authorized in city ordinance, which would allow DES greater input on event ticketing, sales, and distribution. As a result, DES has missed opportunities to maximize local access to popular performances held at the taxpayer-supported Blaisdell Center.

DES does not effectively track or monitor ticket sales and promotions

We found that DES does not effectively track, monitor, report, or prioritize local ticket sales and promotions. Capturing and analyzing such data was not deemed a priority because ticket pricing, promotion, and distribution are decided by the artist and promoter, not DES. According to the department, tracking and monitoring of sales and promotion restrictions are handled by the promoter and it is the department's priority to make sure promoters return to do business with the Blaisdell. Furthermore, city ordinance does not require DES to track, report, or prioritize ticket access or sales to Honolulu residents and the department has no formal policies and procedures for collecting such data. As a result, DES does not collect ticket sales and distribution data that is important to stakeholders and effective management of the Blaisdell Center. The lack of ticket access, sales, and distribution data does not provide suitable transparency and accountability for the activities of the partially taxpayer-supported Blaisdell Center.

The city does not utilize its ability to advertise and promote sales to local residents. City charter authorizes DES to enter into copromotional agreements with promoters, but has not exercised this option.

Chapter 28, Article 6, Section 13, Revised Ordinances of Honolulu (ROH) states that the enterprise services director may waive the percentage rental charges and enter into a co-promotion relationship with a tenant in order to bring a major commercial event which would be popular with the community. An agreement provides an incentive for promoters to book events whose initial cost of presentation creates a financial risk which would prohibit the tenant from booking the event without a shared risk arrangement. Although the city would share in the financial risk, it would provide DES an opportunity to provide input on marketing strategies and promotions that benefit the local community. Furthermore, Sec. 28-6.13, ROH, requires all expenses from the co-promotion event for both the city and the tenant to be netted from gross receipts. The net proceeds from the event would then be split equally between the tenant and the city. Co-promotion would help to evenly distribute authority and management between the promoter and DES, and increase transparency and accountability for activities held at the tax-payer supported Blaisdell Center. DES is also required to submit an annual report to the City Council for all co-promotion events.

According to DES, to date, the department has not exercised its authority to negotiate an agreement to market or co-promote a Blaisdell Center event. While entering into such an agreement may not be beneficial to the city in all instances, the department should consider this option for appropriate events, particularly those that may have high local interest.

#### City ordinance and department policies and procedures do not require DES to prioritize ticket access or sales to Honolulu residents

Resolution 19-264 cited public frustration at the lack of ticket inventory for high-demand events held at the Blaisdell Center and that tickets are subsequently available only through secondary resale websites at inflated prices. We found that neither city ordinance nor the department's policies or procedures require DES to prioritize ticket access or sales to Honolulu residents. Chapter 28, Articles 6-9, ROH, outlines the uniform policy for the lease and rental of facilities at the Neal S. Blaisdell Center and the Waikiki Shell. The guidelines are general and do not include any provisions or guidance related to ticket sales, resales and promotions. According to the department, tracking and monitoring of sales and promotion restrictions are handled by the promoter not DES. Department management confirmed that it does not interfere with the promoters' decisions and believes that it is better for the city if the responsibility of monitoring and

tracking ticket sales and promotions remain with the promoter. Although DES is not directly responsible for sales activities, as the venue operator, it has a responsibility to collect pertinent data related to its operations so that it can ensure fair access to events at its venues. In our view, this should include tickets sold, distribution, ticket resales, and promotions. This information, while not directly related to its operations, is important for transparency and accountability. Additionally, such data may show an unbalanced ticket distribution, or skewed access at the partially publicly-funded Blaisdell Center. This data may be used to negotiate with promoters and artists for improved local ticket access.

### DES' role is to rent out the venue, support the event, and maximize revenue

Ticket pricing, promotion, and distribution are decided primarily by the artist and promoter. The number of tickets for sale, pricing, who gets priority access, and the number of tickets available for promotions are all decided by the artist and promoter; DES does not have significant input on this matter. This is standard practice in the industry. According to a report issued by the GAO the main parties involved in price setting are the artist and her or his management team, promoter, and booking agent. A DES administrator confirmed that the department's primary role is to rent the facility, provide sufficient support for events and performances, and maximize revenue generation.

Although ticket sales, pricing, promotions and distribution are decided primarily by the artist and promoter, it does not prevent DES, as the venue manager, to advocate for local access priority during contract negotiations or promotion discussion. We reviewed the department's standard rental contract form and found that the contract has no provisions that feature local promotion or prioritize first access to local residents. A DES administrator explained that the department instead promotes local access first by working with the promoters and encouraging them to design a marketing and advertising plan that gives local residents priority access to tickets. Exhibit 3.1 lists examples of a targeted advertising schedule that was designed to focus on local residents via local radio station promotions and releasing presale promotion codes on air.

## Exhibit 3.1 Sample Radio Promotion Schedule

#### Radio Promotion Schedule is as follows:

- Announce on Monday 6am
- Presale on Thurs Local TV 6am Online
- Presale on Thurs Local Radio 6am Online
- Hawai'i zips, Promoter, Venue Thurs 10am
- General Friday 10am

Source: Office of the City Auditor

While we acknowledge that DES has advocated for local promotions, it is done informally and inconsistently. The department does not have any policies or procedures for advocating local promotions when negotiating a contract with a promoter or artist. The department should document its requests to negotiate for enhanced local access for all events held at the Blaisdell. While a promoter or artist may not always agree to such terms, DES should put a good faith effort to promote local access and document that effort. We believe this will improve transparency and accountability for activities that occur at the tax-payer supported Blaisdell Center.

DES does not effectively enforce geo limiting or other controls designed to prioritize local ticket access Geo limiting is a control that restricts ticket sales to specified geographical criteria for a designated period of time. We found that DES implemented geo limiting protocols for 10 of the 31 highest grossing performances between FY 2015 and FY 2019, but failed to enforce or monitor tickets sold in accordance with the geo limiting protocols. Ticketmaster also has the capability to provide DES with a variety of ticket sales and distribution reports, but DES has not requested or used such data to monitor special sales to local ticket buyers. As a result, the department has not effectively managed ticket sales and promotions designed to provide local ticket buyers with priority access to ticket sales.

#### DES implemented geo limiting protocols for 10 of the 31 events we reviewed, but did not enforce or monitor ticket sold under those restrictions

We reviewed 31 of the highest grossing performances between FY 2015-FY 2019 and identified 10 performances where DES implemented geo limiting controls to restrict ticket sales to local zip codes. A DES administrator claimed that the department

monitors sales during geo limit time periods and will *kick out* non-local zip codes during restricted sales periods. We found that DES did not enforce or monitor geo limiting controls. As a result, local residents may not have had priority access to tickets.

To assess ticket accessibility we aggregated the data and looked at four main categories: geo limiting (performances that offer presales or promotions that restricted ticket sales to Hawai'i zip codes), Hawai'i sales (tickets purchased with Hawai'i zip codes), out-of-state sales (tickets purchased with Non-Hawai'i zip codes) and unknown sales (tickets purchased that had no zip codes). Exhibit 3.2 highlights the shows that had geo limiting and events whose out-of-state ticket sales accounted for more than 10 percent of the total tickets sold.

Exhibit 3.2 Performance Geo Limiting and Hawai'i Sales Percentages

	Performance	Date	Geo Limit	Hawai`i Sales	Out of State Sales	Unknown Sales
1	Def Leppard	10/19/2018	No	80%	14%	6%
2	Def Leppard	10/20/2018	No	87%	8%	5%
3	Kevin Hart	11/29/2018	No	87%	12%	1%
4	Kevin Hart	11/30/2018	No	74%	23%	3%
5	Lionel Richie	1/25/2019	Yes	93%	6%	1%
6	Lionel Richie	1/26/2019	Yes	90%	8%	1%
7	Thomas Rhett	3/23/2019	No	79%	18%	3%
8	Diana Ross	1/12/2018	Yes	92%	8%	0%
9	Luke Bryan	3/23/2018	No	61%	36%	3%
10	Luke Bryan	3/24/2018	No	77%	20%	2%
11	ASAP	6/30/2018	No	91%	8%	0%
12	The Cure	7/16/2016	No	65%	33%	2%
13	The Cure	7/17/2016	No	69%	23%	8%
14	Earth Wind and Fire	9/27/2016	Yes	92%	3%	4%
15	Mariah Carey	11/23/2016	Yes	93%	3%	4%
16	Mariah Carey	11/25/2016	Yes	90%	3%	7%
17	Mariah Carey	11/26/2016	Yes	92%	3%	5%
18	Journey	2/23/2017	No	88%	8%	4%
19	Journey	2/24/2017	No	85%	11%	4%
20	Journey	2/26/2017	No	83%	11%	6%
21	Adam Sandler	3/26/2017	No	88%	9%	3%
22	Hall and Oates	10/24/2015	No	87%	10%	3%
23	Janet Jackson	11/12/2015	Yes	88%	11%	1%
24	Janet Jackson	11/13/2015	Yes	81%	18%	1%
25	Janet Jackson	11/15/2015	No	74%	24%	2%
26	Kevin Hart	4/30/2016	No	82%	17%	1%
27	Kevin Hart	4/30/2016	No	86%	13%	1%
28	Kevin Hart	5/1/2016	No	88%	9%	2%
29	Elton John	1/10/2015	No	75%	22%	3%
30	Diana Ross	6/12/2015	No	90%	7%	2%
31	Diana Ross	6/13/2015	Yes	95%	3%	2%

Source: Office of the City Auditor

According to our analysis, events with geo limiting protocols generally had lower out-of-state zip codes purchasing tickets. While the ratio of ticket purchases from out-of-state zip codes are relatively smaller for geo-limited events compared with sales from events that did not impose geo limiting protocols, we were unable to determine the effectiveness because DES did not establish benchmarks or thresholds for an allowable amount of out-ofstate zip codes. For example, the Diana Ross concert on June 13, 2015, which was geo-limited, recorded 3 percent out-of-state zip code ticket sales. Comparatively, the Janet Jackson concert on November 13, 2015, which was also geo-limited, recorded 18 percent of ticket sales from out-of-state zip codes. If 1 percent of out-of-state ticket sales was an acceptable threshold, then geolimiting was not effective for either event; a threshold of 5 percent would have made the Diana Ross concert geo-limiting effort a success, but the Janet Jackson concert a failure. The department should establish reasonable performance goals for its geo-limiting controls so that it can properly evaluate its effectiveness.

Despite the lack of performance goals for an acceptable amount of out-of-state ticket purchases, we found that geo limiting generally results in fewer out-of-state ticket purchasers. Specifically, we found that performances that had geo limiting often had a lower percentage of out of state ticket sales, accounting for 8 percent or less of total tickets' sold. Comparatively, performances that did not offer geo limiting had out-of-state ticket sales account for as much as 36 percent of total tickets sold. Additionally, we found that of the 31 performances reviewed over 50 percent had out-of-state ticket sales accounting for 10 percent or more of total tickets sold. By not enforcing and promoting geo limiting, DES allows out-of-state sales to account for a larger proportion of ticket sales thus limiting local accessibility and reducing the amount of available tickets for local residents. For example, Exhibit 3.3 shows the customer count and sales percentage for the Luke Bryan performance where 36 percent of tickets purchased were from outof-state residents. According to the department, certain shows attract a higher number of military who may have addresses outside of Hawai'i, but are living here at the time of tickets sales. This may account for some of the non-local zip codes.

Exhibit 3.3
Luke Bryan Hawai'i Sales and Percentages

	Customer Total	Total %	Presale Total	Total %
Hawai`i Zip Code	1,472	61%	774	52%
Out of State Zip Code	859	36%	700	47%
Unknown Zip Code	73	3%	4	<1%
Total	2,404		1,478	

Source: Office of the City Auditor

We requested to review documentation and reports that DES used to actively track and monitor geo limited ticket sales. A Blaisdell box office staff person confirmed that the department does not have any documentation or policies and procedures for monitoring or enforcing geo limiting controls. More importantly, the staff person affirmed that DES does not track geo limited sales in *real time* and therefor does not take action to reverse non-qualifying sales such as out-of-state ticket purchases. The data reported represents the total in-state and out-of-state ticket purchases during the geo limiting period, and is reported after-the-fact. As a result, DES does not use geo limiting controls as an effective *real-time* tool to prioritize local ticket access as intended.

### Multiple presales and a lack of monitoring render geo limiting ineffective and unmeasurable

We found that promoters often offer multiple presales events, many of which run simultaneously and have varying restrictions. A DES administrator explained that during a geo limiting presale, Ticketmaster is programmed so that only Hawai'i zip codes will be allowed to purchase a ticket during the allocated time and that there are no other ticket sales while geo limiting is in place. However, we were unable to verify that the Ticketmaster system was able to discern between the simultaneous sales events rendering geo limiting efforts ineffective.

Of the 10 geo limited shows reviewed we found that 9 offered multiple presales during the same time period. For example the Janet Jackson-Unbreakable World Tour offered 5 different presale promotions with various restrictions. Exhibit 3.4 shows the various presales and their corresponding time frames.

## Exhibit 3.4 Janet Jackson-Unbreakable World Tour Multiple Presales

### JANET JACKSON – UNBREAKABLE WORLD TOUR (EHB1112)

Thursday, November 12, 2015 @ 8pm/ Doors @ 7pm

Promoter: Live Nation Worldwide, Inc.

#### Presales:

Starting Monday, June 15, 2015 @ 10am - Friday, June 19 @ 10pm

- 1. Janet Album Order Offer (Limit 6)
- 2. Card Member Preferred Presale (Limit 8)

Starting Friday, June 19, 2015 @ 10am - Sunday, June 21 @ 10pm (Limit 8)

- 3. Promoter Presale with password
- 4. Ticketmaster Presale with password

Starting Friday, June 19, 2015 @ 10am – Sunday, June 21 @ 10pm – Mon thru Sat 9am-5pm

5. Locals only presale with Hawai'i zip codes (Limit 8)

\*\*\*\*(Tickets for Presales starting from Friday, June 19 are subject to availability)

**Public sale: Subject to availability after the presales.** Monday, June 22, 2015 @ 10am HI time

Source: Office of the City Auditor

We found that all 5 presales promotions were simultaneously running while geo limiting was in place. Exhibit 3.4 shows all 5 presale promotions running Friday, June 19 from 10:00 a.m. to 10:00 p.m. According to this event's geo limited parameters, a special promotion was offered to local ticket buyers on Friday, June 19, 2015 beginning at 10:00 a.m. through Sunday, June 21, 2015 and concluding at 10:00 p.m. In order to qualify for this promotion, only credit cards associated with a local zip code could make a purchase. We asked to review ticket sales for this time period to determine how many tickets were purchased with local zip codes, how many buyers with non-Hawai'i zip codes attempted to purchase tickets, and how effective the controls were to deny sales to unqualified buyers. DES could not provide such data. A DES administrator explained that sales are monitored in real-time, but total sales data by the hour is not tracked or reported. However, we were able to assess total tickets sales by date for the geo limited promotion period. We found that 89 percent of the tickets purchased were associated with local zip codes and 10 percent were purchased by out-of-state zip codes. Additionally, we found no record of ticket purchases that were denied. As a result, we could not definitively determine the effectiveness of geo limiting controls implemented by DES to give local buyers priority.

In reviewing the city's contract with Ticketmaster, we found that Ticketmaster has the capability to provide a multitude of ticket sales data in both real-time and in total. However, DES has not requested such information because it did not incorporate monitoring ticket sales, particularly geo limited sales, into its operations. Geo limiting can be a powerful tool that, if properly implemented and enforced, can help to ensure that local residents, or other identified groups, have fair and equal access to high profile performances. DES should review Ticketmaster capabilities, request pertinent data, and enforce controls designed to give local ticket buyers priority during special promotions.

According to Ticketmaster, if the system discovers that someone was able to purchase a ticket without a local zip during the designated geo limited time frame, the transaction can be canceled and customer notified. However, the review is not an automatic system function; that action must be requested by the venue and/or promoter. Ticketmaster verified that upon the request they will run the review and report the findings. It is then up to the venue or promoter to decide whether to keep or cancel the transaction. DES' current box office policy is to defer the responsibility of ticket sales tracking and monitoring to the promoter.

DES has the authority to implement, monitor, and enforce local access priority for popular Blaisdell Center events. Geo limiting can be an effective tool to promote local priority. However, DES has not made full use and capability of geo limiting controls. The lack of policies and procedures resulted in inconsistent application and enforcement of geo limiting protocols. DES's contract with Ticketmaster allows the department to utilize the ticketing platform's advanced technology and capability to better manage ticket sales, but the department has not taken full advantage of the available management tools. By establishing formal policies and procedures for geo limiting and other ticket sales and distribution controls, the department will improve its ticket management capabilities, improve local access to events, and be more accountable to the taxpayers that support Blaisdell operations.

#### Conclusion

The Department of Enterprise Services hosts a diversity of entertainment, concerts, sports expositions, cultural, and education events for the citizens of Hawai'i at its Blaisdell Facilities. However, when it comes to concerts and the availability of tickets sales and promotions, the Blaisdell's role and responsibilities as the venue operator are limited. The main parties involved in price-setting, ticket availability and sales distribution are the artist and her or his management team, promoter, and booking agent. The Blaisdell sometimes provides input and advice based on their knowledge of prevailing prices and promotions

in the local market. But it is the artists and their management teams that ultimately decide how the shows ticket pricing and promotional sales will run.

Ticket practices for major concerts include presales and pricing that varies based on factors like location and the popularity of the performer. The use of presales is a common industry practice used to promote performances by offering select groups access to the first round of ticket sales held before sales to the general public. Presales also offer the artist's promotional team the opportunity to evaluate and gauge the popularity and interest of a performance. This information can be valuable in Hawai'i's market because it allows the promoter to utilize the presale information to determine the appropriate amount of performances needed to meet local demand.

Although presales and promotions are powerful tools, if they are not properly implemented and managed they can become a barrier to local ticket sales accessibility. Despite DES's limited role in influencing ticket pricing and promotional sales, we found that the Blaisdell does not fully utilize its leverage to influence artists and promoters to offer local presale promotions ensuring locals have exclusive first access to ticket sales. DES relies on the promoter to consider local residents needs as it relates to ticket sales and availability. However, it is not the promoter's responsibility to offer exclusive local presale promotions. The promoter's main objective is to maximize performance profits and sell-out shows both locally and abroad. As a result, DES does not prioritize local ticket sales accessibility and should advocate more for exclusive local presales and promotional sales to high profile performance.

DES does not collect, track, monitor, and report quantitative data to ensure local residents have fair and equitable access to ticket. Because the department does not utilize the resources that it has to promote local accessibility to high profile performances, they neglect the needs of local tax payers who help support Blaisdell's facilities. The absence of sufficient data reduces transparency in how the Blaisdell ticket operations are handled and undermines the effectiveness of current ticket sales controls such as the number of complimentary tickets sold, promotional tickets sold, and ticket geo limit enforcement. As a result, DES cannot accurately calculate and report on real time sales data and are unable to ensure ticket sales controls are effectively managed.

DES should establish policies and procedures for tracking, monitoring, and deterring bot ticket purchases. Although there are no federal laws in place prohibiting the use of ticket bots and we determined that bots do not appear to be a current threat to our local market, DES should take a proactive approach to ensure the safety and integrity of local ticket sales safeguards. It is DES's responsibility to preemptively enforce ticket limits, analyze purchase data and notify Ticketmaster of any suspicious bulk sales transactions.

The Department of Enterprise Services has the tools and controls necessary to more effectively manage box office ticket sales and promotions. However, it lacks an effective system to monitor and track ticket sales in real time and provide data reports to take corrective action. DES should establish a quality management system to ensure ticket controls are properly implemented and enforced. Additionally DES should collect pertinent ticket sales and distribution allocation data such as promotions, holds, presales, in-state purchases, out-of-state purchases, first-day ticket sales data and other data that they can use to improve ticket sales and distribution and promote local ticket sales accessibility.

#### Recommendations

The Department of Enterprise Services should:

- Establish a policy or procedure to monitor ticket sales in real time so that it can enforce ticket sale controls such as the number of complimentary tickets sold, promotional tickets sold, geo limiting limits;
- Enforce ticket sale and distribution controls for complimentary tickets (5 percent) and promotional tickets (8 percent), and geo limiting parameters;
- 3. Consider co-promoting or marketing agreements with promoters or artists as allowed under Chapter 28, Article 6, Section 13, Revised Ordinance of Honolulu;
- 4. Document any exceptions to ticket control limits;
- 5. Coordinate with Ticketmaster to maximize ticket sales monitoring, enforcement, and reporting capabilities;
- Collect pertinent ticket sales and distribution allocation data such as promotions, holds, presales, in-state purchases, out-of-state purchases, first-day ticket sales data and other data that the department can use to improve ticket sales and distribution management;

- 7. Establish policies and procedures for tracking, monitoring, and deterring bot ticket purchases for Blaisdell Center events; and
- 8. Establish a policy or procedure to request local ticket enhancement programs or events when negotiating contracts with promoters and artists.

## Management Response

In response to a draft of this audit report, the Department of Enterprise Services and Managing Director expressed general agreement with the report's findings and recommendations. The department indicated that in light of our findings, they have set goals to implement initiatives that will address the challenges identified in the audit report. We are encouraged by the department's initiatives and hope they will result in meaningful improvements in ensuring local residents have equitable access to popular Blaisdell Center events. We did not make any significant amendments to the audit report as a result of management's response, but we made technical, non-substantive changes for purposes of accuracy, clarity, and style. A copy of management's full response can be found on page 42.

#### DEPARTMENT OF ENTERPRISE SERVICES

GOLF COURSE DIVISION \* HONOLULU ZOO \* NEAL S. BLAISDELL CENTER \* WAIKIKI SHELL

#### CITY AND COUNTY OF HONOLULU

777 WARD AVENUE · HONOLULU, HAWAII 96814-2166 PHONE: (808) 768-5400 \* FAX: (808) 768-5433 \* INTERNET: <u>www.honolulu.gov/des</u>

KIRK CALDWELL MAYOR



TRACY S. KUBOTA ACTING DIRECTOR GARRICK K. IWAMURO ACTING DEPUTY DIRECTOR

November 2, 2020

Mr. Troy Shimasaki Acting City Auditor Office of the City Auditor 1001 Kamokila Blvd., Ste. 216 Kapolei, Hawaii 96707

Dear Mr. Shimasaki:

SUBJECT: Response to Audit of the Department of Enterprise Services

Operations – Neal S. Blaisdell Ticket Sales Operations, Resolution

19-264

Thank you for the Office of the City Auditor's October 2020 draft report "Audit of Neal S. Blaisdell Ticket Sales Operations."

We appreciate the time and effort spent on the evaluation and assessment of the Neal S. Blaisdell's (Blaisdell Center) ticketing sales and contract initiated by City Council Resolution 12-264. As an integral function of the Department of Enterprise Services' (DES) operations, the ticket sales operations supports the Blaisdell Center's mission of bringing diverse, community oriented, cultural and nationally popular events to Hawaii.

We are pleased that the overall findings of the audit confirm that the ticket sales operation is performing successfully, with the vast majority of Hawaii's residents being provided the opportunity to purchase tickets to the most popular shows. Although allowing for tickets to be sold to Hawaii residents first is not something DES can require or regulate, we have been fortunate to have event promoters embrace this practice. As a rental facility, Blaisdell Center's primary responsibility is to provide a safe, clean, well-managed facility and appropriate venues for as many users as possible in order to meet revenue goals and continue to compete in a global market. In order to continuously bring events to the islands, support local productions, and fulfill a unique set of criteria necessary for the success of each event, Blaisdell Center must remain collaborative. Blaisdell Center is tasked with balancing the needs of its tenants and their customers. Being flexible and working with promoters to support their events while not interfering with their business model (including ticketing, promotions, marketing, etc.) is a critical function of Blaisdell Center. The business practices of each event promoter is

proprietary to their plan for success, and as such, DES must guarantee their plans (i.e. marketing strategy, ticket sales plan, pricing, etc.) are kept confidential.

We appreciate and concur with the findings of this audit, in general, and provide the following responses to the eight recommendations to explain and clarify the feasibility of corrective action:

#### Recommendation:

1. "Establish a policy or procedure to monitor ticket sales in real time so that it can enforce ticket sale controls such as the number of complementary [sic] tickets sold, promotional tickets sold, geo limiting limits;"

#### Response:

DES is currently working on a future ticketing contract to include a more robust monitoring procedure for ticket sales which may include real time monitoring, where feasible.

As part of the existing controls, DES has a procedure in place to authorize an event promoter to issue complimentary and promotional tickets to use as a mechanism to successfully market their event (i.e. filling seats, fulfilling their contractual obligation with the artist).

Based on Blaisdell Center's contracts with its promoters, the issuance of complimentary tickets are guided by a limit of 5% of initial net capacity (which Blaisdell Center reviews daily as part of the sales report). Promoters are alerted when approaching the complimentary ticket threshold.

Based on the current ticketing service contract, DES allows the promoter to distribute up to an 8% limit for promotional tickets, which provides the promoter a good return on their investment and the ability to reach out to demographics who may not otherwise purchase a ticket.

Real time monitoring will not have any positive impact on complimentary and promotional tickets.

#### Recommendation:

"Enforce ticket sale and distribution controls for complementary [sic] tickets (5
percent) and promotional tickets (8 percent), and geo limiting parameters;"

#### Response:

Based on the charts and information provided in this audit, the distribution of complimentary tickets was found to not be an issue. Focusing on the most well attended shows over the last five years, the audit findings demonstrated that the 5% complimentary ticket limit was adhered to. Any exception to exceed this limit guideline was governed by a collaborative analysis with the promoter on how to best create a successful event. As all business decisions (including distribution of tickets) are made by the promoter, Blaisdell Center will continue to work with its promoters to improve documentation of requests for complimentary tickets.

For promotional ticket sales, Blaisdell Center will confer with the ticketing service contractor, in writing. Any exceptions made to the current 8% limit will be agreed to by the ticketing service company and documented before implementation.

Blaisdell Center does not enforce geo-limiting parameters as it is offered and promoted as an option, and not a requirement of doing business. Based on industry practices, geolimiting parameters are rarely applied in other venues. This audit shows that events in Hawaii which used geo limiting during ticket presales had a very high rate of tickets purchased by residents (see Exhibit 3.2). Blaisdell Center will continue to advocate this option to promoters to sell their shows. As such, Blaisdell Center will continue to work with the ticket service company to implement this option for the promoter.

#### Recommendation:

3. "Consider co-promoting or marketing agreements with promoters or artists as allowed under Chapter 28, Article 6, Section 13, Revised Ordinance of Honolulu;"

#### Response:

Under ROH Section 28-6.13, DES may waive the percentage rental charges and enter into a co-promotion relationship with a tenant in order to bring in a major commercial event "which will be popular with the community and whose initial cost of presentation creates a financial risk which would prohibit the tenant from booking the event without a shared risk arrangement."

However, in order to attract an expensive show that would not otherwise consider Hawaii, the promoter would expect a co-promotion from the City in which the City would share in the up-front financial investment to pay the artist guarantee, lodging, travel and other initial expenses. This would require the City to give up a guaranteed rental revenue in exchange for the speculation of profits from an event, and increase risk.

The co-promotion clause does not provide the City with any rights to an event or any benefit other than waiving percentage rent, splitting expenses and <u>potential</u> profits. The promoter would still control the marketing, sales, ticket prices, and promotions as a function of the live event industry business. This would not afford Blaisdell Center the ability to have any more input into a co-promoted event than any other event. As such, Blaisdell Center has not participated in any co-promotions.

The Blaisdell Center is not set up to be the promoter of any event or to negotiate with artists. It is a venue. Being a promoter of an event would significantly increase the City's risk which could result in catastrophic consequences (similar to the University of Hawaii's Stevie Wonder incident).

Based on aforementioned, DES will continue to give very careful consideration to any co-promotion opportunities.

#### Recommendation:

4. "Document any exceptions to ticket control limits;"

#### Response:

DES will improve documentation for exceptions to the guidelines of ticket limits.

#### Recommendation:

5. "Coordinate with Ticketmaster to maximize ticket sales monitoring, enforcement, and reporting capabilities;"

#### Response:

DES will work with Ticketmaster and any future ticketing service on ways to monitor sales and overall company procedures and reporting.

#### Recommendation:

 "Collect pertinent ticket sales and distribution allocation data such as promotions, holds, presales, in-state purchases, out-of-state purchases, first-day ticket sales data and other data that the department can use to improve ticket sales and distribution management;"

#### Response:

Data collected from shows are proprietary to the promoters. Currently the collection of data is used by the promoter to make decisions that affect current and future business, such as targeted marketing. The audit shows that the vast proportion of tickets to popular events are purchased by Hawaii residents (Exhibit 2.6 shows an average of 85% of tickets were sold to Hawaii residents). DES will continue to work closely with promoters to support their event needs based on their interpretation of data and to ensure data confidentiality.

#### Recommendation:

7. "Establish policies and procedures for tracking, monitoring, and deterring bot ticket purchases for Blaisdell Center events;"

#### Response:

DES will continue to include language to require deterring bot purchases and scalping as part of the future ticketing services contract. As these issues are the responsibility of the ticketing service contractor, the City contract requires a company who has the resources and ability to track, monitor and deter the latest attempt by bots and secondary markets from disrupting the sales system.

"Establish a policy or procedure to request local ticket enhancement programs or events when negotiating contracts with promoters and artists."

#### Response:

DES will continue to work with promoters to clarify programs and mechanisms to enhance local sales during the planning stage of the ticket sales.

As the audit summarizes, high demand shows had a small percentage of tickets available on the first day of general public sale (which includes Hawaii and the worldwide market), due to the implementation of extensive presales for Hawaii residents through zip code restrictions, advertising on popular radio and television stations, as well as using local companies to promote the events. Data shows that Hawaii residents were the majority buyers during the presale periods. We understand that the public is left frustrated when the ticket supply does not meet the demand due to the popularity of the artist or the capacity of the venue.

Blaisdell Center will work with promoters to continue to find ways to limit the number of tickets that can be purchased at one time so that more customers have access to tickets, adding online queuing procedures to discourage bots,

Managing Director

and increase the number of shows when the artist is available. Although there is no way to satisfy all ticket buyers, we are pleased to find that the current ticketing service and contract requirements have successfully provided the greatest number of Hawaii residents with the ability to purchase tickets first.

Based on the audit recommendations, DES will continue to work with its ticketing service contractor and event promoters to ensure Hawaii residents are the priority.

Thank you for the opportunity to respond.

	Sincerely,
	Kubota, Tracy Digitally signed by Kubota, Tracy Date: 2020.11.02 13:04:18-1000
	Tracy S. Kubota Acting Director
APPROVED:	
Roff Commy J. Amemiya, Roy K. Jr. Date: 2020.11.02 18:16:33 -10'00'	
Roy K. Amemiya, Jr.	Date

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## Appendix A The 1990 Revised Ordinances of Honolulu (ROH)

The 1990 Revised Ordinances of Honolulu (ROH) is a code, or set of laws, for the City and County of Honolulu. The ROH includes all ordinances of a general and permanent nature for the City. Statewide, national, and international codes are incorporated into the ROH by reference.

#### **Chapter 28**

• The purpose of chapter 28 was to establish a uniform procedure for the lease or rental of real property owned by the city, with the exception of the city hall building and the Honolulu municipal building. Any and all office spaces located within the subject two buildings shall be reserved for the exclusive use by agencies of the City and County of Honolulu.

#### Article 6

• The purpose of Article 6 through 9 of chapter 28 is to establish a uniform policy for the lease and rental of facilities at the Neal S. Blaisdell Center and the Waikiki Shell including awarding of concessions therein.

#### **Definitions**

- "Admission event" means an event at which a fee is charged to or other consideration is exacted from an exhibitor, organization or member of the public for use of facilities or attendance at the event.
- "Exhibit show" means any event where the primary performance is a group of individual displays of products or services.
- "Nonadmission event" means an event at which members of the public and exhibitors are
  admitted without charge or other obligation to pay for attendance at the event or use of the
  facilities except for an event where the facilities are rented to a nonprofit organization which
  rents the facilities pursuant to the terms and conditions set forth in Article 9.
- "Nonprofit organization" means an association, corporation or other entity actively pursuing its primary purpose in the State of Hawaii, organized and operated exclusively for religious, charitable, scientific, literary, cultural, educational, recreational or other nonprofit purposes, no part of the assets, income or earnings of which insures to the benefit of any individual or member thereof, and whose charter or other enabling act contains a provision that, in the event of dissolution, the assets owned by such association, corporation or other entity shall be distributed to another association, corporation or other entity organized and operated exclusively for nonprofit purposes, and which further qualifies for exemption from the general excise tax provisions of HRS Chapter 237, as amended, and under Section 501 of the Internal Revenue Code of 1954, as amended. Such nonprofit organization must not merely be a sponsor of the event, production, attraction or activity being given, but must actively promote, produce, stage or conduct such event, production, attraction or activity.

#### Section 28-6.8 Bookings and cancellation --- Appeal.

No discrimination - race, color, creed or belief

- Cancellation director of enterprise services may cancel or refuse a booking if the director finds that the event or attraction booked or being booked will involve activities which are contrary to law, inconsistent with the public interest or threaten public safety
- Preference the director may give preference to events which promote Hawaii-based artists, whenever practicable
- Scheduling the director of enterprise services shall have full authority in scheduling events or attractions

#### Considerations: All according to the best interest of the city

- possible financial return to the city
- the overall economic benefits to the people of the city
- public appeal
- diversity of events and attractions to the people of the city
- avoidance of oversaturation of bookings of events or attractions of a similar nature
- possible conflict of interests between the event or attraction of a prospective tenant and a tenant already booked
- maximum and full-time utilization of the facilities
- the need to make available and to preserve opportunities
  for the residents of the city to experience, on a continuing
  basis, performances of symphonic music, opera, and ballet
  in an appropriate concert hall setting, and the director, in
  accordance with this consideration, may give preference
  in concert hall scheduling to performances of symphonic
  music, opera, and ballet by Hawaii-based nonprofit
  organizations dedicated to these performing arts.

## Sec. 28-6.13 Co-promotion of events by the department of enterprise services.

The director of enterprise services may waive the percentage rental charges set forth in Section 28-7.1 and enter into a copromotion relationship with a tenant in order to bring to the Neal S. Blaisdell Center Arena, the Neal S. Blaisdell Center Exhibition Hall, the Neal S. Blaisdell Center Concert Hall or the Waikiki Shell a major commercial event which will be popular with the community and whose initial cost of presentation creates a financial risk which would prohibit the tenant from booking the event without a shared risk arrangement. The director of enterprise services may then co-promote the event with the tenant. All expenses from the event for both the city and the tenant will be netted from gross receipts. The net proceeds from the event would then be split equally between the tenant and the city.

The director of enterprise services shall report to the council no later than 30 days after June 30 of each year detailing, for the

fiscal year just ended, the events co-promoted by the department and the increased revenues and bookings resulting therefrom compared to the previous year. (Added by Ord. 06-35)



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## Appendix B Resolution 19-264



Ma	19-264	
No.	10 204	

#### RESOLUTION

DIRECTING THE CITY AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE OPERATIONS OF THE TICKET SALES OPERATIONS OF THE DEPARTMENT OF ENTERPRISE SERVICES' FOR EVENTS HELD AT THE NEAL S. BLAISDELL CENTER.

WHEREAS, since 1964, the City and County of Honolulu ("City") has owned and operated the 22.4-acre Neal S. Blaisdell Center ("Blaisdell") located in urban Honolulu and which includes a multi-purpose arena, an exhibition hall, a concert hall, meeting rooms, and structured parking; and

WHEREAS, the Blaisdell is the island's premiere event host site due to its variety of individual venues, convenient central location, and available parking inventory; and

WHEREAS, Section 6-702(a), Revised Charter of the City and County of Honolulu 1973 (2017 Edition), specifies that one of the Director of Enterprise Services' powers, duties, and functions is to operate and maintain the Blaisdell; and

WHEREAS, in the course of its operations and maintenance of the Blaisdell, the Department of Enterprise Services ("Department") currently contracts with a third party vendor ("vendor") to facilitate and execute all ticket purchases for events held at the Blaisdell through the vendor's proprietary ticket selling platform; and

WHEREAS, several high demand events held at the Blaisdell have sold out almost immediately resulting in frustrated City residents complaining that online tickets were only available for purchase through secondary resale websites for sometimes double (or more) the face value of the event ticket price; and

WHEREAS, to address residents' frustration, the Hawaii State House of Representatives discussed, but did not enact, House Bill 1166, H. D. 1, styled the "Bruno Mars Act," during the 2019 Regular Legislative Session, which attempted to regulate online ticket sales and mitigate the purchasing dominance of automated bots that and speculative ticket purchasers who quickly scoop up tickets in bulk through the vendor's online ticket selling platform for resale purposes; and

WHEREAS, the vendor has been accused of colluding with professional resellers (commonly known as scalpers) which drives up ticket prices for local consumers and enables the vendor to collect transaction fees twice: first from the initial ticket purchase by the scalper through its proprietary online ticket selling platform and then from the subsequent purchase by the local consumer through a secondary online resale platform that is allegedly affiliated with the vendor; and



	19-264	
No.	19-204	

#### RESOLUTION

WHEREAS, the Department has imminent plans to significantly redevelop the Blaisdell, including demolishing and replacing the arena and exhibition hall, increasing total parking stalls (both covered and open), possibly adding three new individual venues, and identifying new commercial space, and therefore will not be accepting any event bookings for the Blaisdell beyond December 2020; and

WHEREAS, through Departmental Communication 653 (2019), dated September 24, 2019, the Department estimates that the envisioned redevelopment of the Blaisdell will have a total cost of \$772,863,011 and states that the first key redevelopment submittal deadline is November 30, 2019, by which any private entities wishing to partner with the City must submit their Request for Proposals Part 1 (Qualifications) submission, closely followed by June 1, 2020, which is the deadline by which all Request for Proposals Part 2 (Technical Specifications and Pricing) submissions must be received by the City; and

WHEREAS, the Council finds that given the Department's impending plans and looming deadlines for the redevelopment of the Blaisdell and the controversies connected to its current vendor's ticket selling platform, it is imperative that a performance audit be conducted so that any future Blaisdell complex does not suffer from past mistakes in regards to ticket sales operations; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu, in accordance with Section 3-114.2, Revised Charter of the City and County of Honolulu 1973 (2017 Edition), that it directs the City Auditor to conduct a performance audit of the ticket sales operations of the Department of Enterprise Services' for events held at the Neal S. Blaisdell Center; and

BE IT FURTHER RESOLVED that the City Auditor is requested to complete the performance audit no later than one calendar year after the adoption of this resolution; and

BE IT FURTHER RESOLVED that a copy of the completed audit report be filed with the City Clerk as a public record; and



No. 19-264

#### RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Director of Budget and Fiscal Services, the Director of Enterprise Services, and the City Auditor.

	INTRODUCED BY:
	Can Kotayardi
	Carol John age
	-
DATE OF INTRODUCTION:	
OCT 1 4 2019	
Honolulu, Hawaii	Councilmembers

OCS2019-1053/10/3/2019 10:29 AM

#### CITY COUNCIL CITY AND COUNTY OF HONOLULU HONOLULU, HAWAII STATUS

RESOLUTION 19-264

Introduced:

10/14/19

Ву:

ANN KOBAYASHI

CAROL FUKUNAGA

Committee:

BUDGET

Title:

RESOLUTION DIRECTING THE CITY AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE OPERATIONS OF THE

TICKET SALES OPERATIONS OF THE DEPARTMENT OF ENTERPRISE SERVICES FOR EVENTS HELD AT THE NEAL S.

BLAISDELL CENTER,

Voting Legend: \*= Aye w/Reservations

10/21/19 BUDGET		CR-303 - RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION. 4 AYES: ELEFANTE, MANAHAN, MENOR, WATERS. 1 EXCUSED: PINE.	
11/06/19	COUNCIL	CR-303 AND RESOLUTION 19-264 WERE ADOPTED. 7 AYES: ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MENOR, PINE, WATERS	
		2 ABSENT: ANDERSON, TSUNEYOSHI.	

I hereby certify that the above is a true record of action by the Council of the City and County of Honolytu on this RESOLUTION.

GLEN LAAK HASHI, CITY CLERK

IKAIKA ANDERSON, CHAIR AND PRESIDING OFFICER

## Appendix C Ticketmaster Contract Fee Schedule

Term: Five (5) year agreement granting to

Ticketmaster exclusive rights for all retail outlet (ticket centers), telephone and internet sales

for Blaisdell Center and Waikiki Shell.

Offeror's Payment by the City and County of Honolulu

We would like to suggest the fee be twenty-five cents (\$0.25) for any ticket sold regardless of

the face value.

**Advertising Allowance:** Blaisdell Center will receive \$25,000 annually

for an advertising allowance.

#### Proposed Convenience Fees and Rebates - 25% of the base Convenience Fee:

		Convenience		Rebates
Face Value of	Convenience	Fees for	Rebates	Phones/
Tickets	Fees for Outlets	Phones/Internet	Outlets	Internet
\$0.00 to \$9.99	\$2.00	\$2.00	\$0.50	\$0.50
\$10.00 to \$14.99	\$3.75	\$4.25	\$0.94	\$1.06
\$15.00 to \$19.99	\$4.75	\$5.00	\$1.19	\$1.25
\$20.00 to \$49.99	\$5.75	\$6.00	\$1.44	\$1.50
\$50.00 to \$74.99	\$6.25	\$6.50	\$1.56	\$1.63
\$75.00 to \$99.99	\$6.75	\$7.00	\$1.69	\$1.75
\$100.00 to \$149.99	\$7.75	\$8.00	\$1.94	\$2.00
\$150.00 to \$199.99	\$8.75	\$9.00	\$2.19	\$2.25
\$200.00 to \$249.99	\$10.75	\$10.75	\$2.69	\$2.69

#### **Current Convenience Fees and Rebates:**

		Convenience		Rebates
Face Value of	Convenience	Fees for	Rebates	Phones/
Tickets	Fees for Outlets	Phones/Internet	Outlets	Internet
\$0.00 to \$9.99	\$2.00	\$2.00	\$0.25	\$0.25
\$10.00 to \$14.99	\$3.75	\$4.25	\$0.60	\$0.60
\$15.00 to \$19.99	\$4.75	\$5.00	\$0.60	\$0.60
\$20.00 to \$49.99	\$5.75	\$6.00	\$0.63	\$0.66
\$50.00 to \$74.99	\$6.25	\$6.50	\$0.69	\$0.72
\$75.00 to \$99.99	\$6.75	\$7.00	\$0.74	\$0.77
\$100.00 to \$149.99	\$7.75	\$8.00	\$0.85	\$0.88
\$150.00 to \$199.99	\$8.75	\$9.00	\$0.96	\$0.99
\$200.00 to \$249.99	\$10.75	\$10.75	\$1.18	\$1.18
\$250.00 and above	As Mutually Agreed Upon			

Convenience Charge Increase: The above Customer Convenience Charges

are subject to a \$0.25 annual increase starting in year two through five of the contract term. Blaisdell Center and Waikiki Shell will receive an additional rebate of \$0.06 per annual

increase.

Order Processing Fee: \$2.70 per order on all phone and internet

orders. Blaisdell Center will receive a rebate of \$0.68 per order for all Ticketmaster phone and internet orders processed for Will Call. Order Processing Fee is subject to an annual increase of \$0.05 based on increasing mail

costs.

**Credit Card Rate:** For ticket sold by Phone or Internet, 2.75% of

the face value of each ticket will be added to the convenience charges and paid by the

customer.

**TicketExchange Fees and Rebates:** Ticketmaster will provide the TicketExchange

software which allows consumers to post tickets purchased from Ticketmaster for sale to third parties on the TM.com Website. Blaisdell will share in revenue generated from

secondary market sales as follows:

Type of TicketExchange Fee	TicketExchange Consumer Fee	
Seller Fee	10% of Posting Price per Ticket	30% of Seller Fee
Posting Fee	\$3.00 per order	30% of Posting Fee
Buyer Fee	10% of Posting Price per Ticket	30% of Buyer Fee
Processing Fee	\$5.00 per Ticket	

Source: Department of Enterprise Services

## Appendix D

#### **Ticketmaster Contract Amendment 7**

UCT-1/1/13

# AMENDMENT NO. 7 TO CONTRACT NO. CS-10-6917 BETWEEN THE CITY AND COUNTY OF HONOLULU AND TICKETMASTER L.L.C.

This AMENDMENT NO. 7, dated No. CS-10-6917, is entered into by and between the CITY AND COUNTY OF HONOLULU, a municipal corporation existing under and by virtue of the laws of the State of Hawaii, with offices at Honolulu Hale, 530 South King Street, Honolulu, Hawaii 96813, hereinafter called the "CITY," and TICKETMASTER L.L.C., whose principal place of business is 7060 Hollywood Boulevard, Los Angeles, California, 90028, hereinafter called the "CONTRACTOR."

#### WITNESSETH THAT:

WHEREAS, the CITY and the CONTRACTOR hereto have entered into a Contract identified as Contract No. CS-10-6917, dated August 11, 2009, as amended by Amendment No. 1 dated March 13, 2015, Amendment No. 2 dated September 1, 2015, Amendment No. 3 dated September 1, 2016, Amendment No. 4 dated September 27, 2017, Amendment No. 5 dated December 19, 2017, and Amendment No. 6 dated April 2, 2019 (collectively, the "AGREEMENT"), to provide Computerized Ticket Services, for the Department of Enterprises Services, City and County of Honolulu;

WHEREAS, the parties desire to extend the AGREEMENT for a twelve (12) month period beginning on December 1, 2019 and ending on November 30, 2020; and update the fees and rebates listed in Addendum I – Financial Proposal;

WHEREAS, Section 1.A of Amendment No. 6 to the Contract authorizes the AGREEMENT to be extended on a term basis, not to exceed a twelve (12) month extension at a time; and WHEREAS, Section 16, Modifications, of the General Terms and Conditions (Rev. 1/9/07) allows for the adjustments of price or time for performance; and

NOW, THEREFORE, the parties, in consideration of the mutual agreement set forth herein, agree to amend the AGREEMENT as follows:

#### 1. MODIFICATION OF TERMS

- A. This AGREEMENT is extended for an additional twelve (12) month period beginning on December 1, 2019 and ending November 30, 2020.
- B. Attachment B Proposal Forms, Addendum I Financial Proposal
  - 1) Delete the following sections in their entirety:
    - a) Term
    - b) Current Convenience Fees and Rebates

2) Delete Section entitled *Proposed Convenience Fees and Rebates – 25% of the base Convenience Fee*, as amended in Amendment No. 6, in its entirety and replace with the following:

"Convenience Fees and Rebates – 30% of the base Convenience Fee:

Convenience Fees and Rebates - 30% of the Base Fee			
Face Value of Permits	Convenience Fee for Phone/ Internet (per ticket)	Rebate to CITY Phone/ Internet (per ticket)	
\$0.00 to \$9.99	\$2.75	\$0.83	
\$10.00 to \$19.99	\$6.75	\$2.03	
\$20.00 to \$49.99	\$8.75	\$2.63	
\$50.00 to \$74.99	\$9.50	\$2.85	
\$75.00 to \$99.99	\$10.00	\$3.00	
\$100.00 to \$149.99	\$11.00	\$3.30	
\$150.00 to \$199.99	\$12.00	\$3.60	
\$200.00 to \$249.99	\$13.75	\$4.13	
\$250.00 to \$299.99	\$15.75	\$4.73	
\$300.00 to \$ 349.99	\$17.75	\$5.33	
\$350.00 to \$399.99	\$22.75	\$6.83	
\$400.00 & above	Mutually Agreed Upon	30%	

3) Delete Section entitled *Order Processing Fee* in its entirety and replace with the following:

"Order Processing Fee:

\$3.00 per order on all phone and internet orders. CITY will receive a rebate of \$0.90 per order for all CONTRACTOR phone and internet orders. Order Processing Fee may be increased \$0.05 annually if mutually agreed upon. Any increase shall be accomplished by issuance of an amendment to the AGREEMENT."

#### 2. ALL OTHER TERMS

All terms and conditions of the AGREEMENT, not inconsistent with the terms and conditions of this AMENDMENT NO. 7, are herein incorporated and shall remain in full force and effect.

In the event of any conflict or inconsistency between the provisions of this AMENDMENT NO. 7 and any provisions of the AGREEMENT, the provisions of this AMENDMENT NO. 7 shall govern in all aspects.

[End of page, signatures on following page]

IN WITNESS WHEREOF, this AMENDMENT NO. 7 is executed herein by the duly authorized officers or agents of the CITY and the CONTRACTOR.

	CITY AND COUNTY OF HONOLULU	TICKETMASTER L.L.C.
	BY:	BY:
	Malmina	Conflux
more	PRINTED NAME:	PRINTED NAME:
FOR	NELSON H. KOYANAGI, JR.	GOOF Carns
	TITLE: Director,	TITLE:
	Department of Budget and Fiscal Services	$\leq \mathcal{N}$
	DATE:	DATE:
	NOV 2 6 2019	(( • 22 • 19
	NOV 2 6 2019	(1.22.19

APPROVED AS TO FORM AND LEGALITY

Deputy Corporation Counsel Moana A. Yost City and County of Honolulu

APPROVED AS TO CONTENT

SEE NEXT PAGE

Director, Department of Enterprise Services City and County of Honolulu IN WITNESS WHEREOF, this AMENDMENT NO. 7 is executed herein by the duly authorized officers or agents of the CITY and the CONTRACTOR.

CITY AND COUNTY OF HONOLULU	TICKETMASTER L.L.C.
BY:	BY:
SEE PRIOR PAGE	SEE PRIOR PAGE
PRINTED NAME:	PRINTED NAME:
TITLE: Director,	TITLE:
Department of Budget and Fiscal Services	
DATE:	DATE:
	×

APPROVED AS TO FORM AND LEGALITY

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**Deputy Corporation Counsel** City and County of Honolulu

APPROVED AS TO CONTENT

Director, Department of Enterprise Services

City and County of Honolulu



#### STATE OF HAWAII

#### CONTRACTOR'S ACKNOWLEDGMENT

STATE OF California	
COUNTY OF Los Angeles )	S.
On this 22nd day of	November , 2019 before me appeared
Geoff Carns and	N/A , to me
known, to be the person(x) described in and, who, being	
Geoff Carns an	d N/A of
Ticketmaster L.L.C.	, the
CONTRACTOR named in the foregoing instrument, a instrument on behalf of the CONTRACTOR, and instrument as the free act and deed of the CONTRACTOR.	acknowledges that he/she/they executed said
(Notary Stamp or Seal)	Signature)  Alaria D. Hernandez  (Print Name)
Los Angeles County	Notary Public, State of California  My commission expires: November 25, 2020
Doc. Date: November 22, 2019 # Pages: 3	
Notary Name: Maria D. Hernandez C	ircuit
Doc. Description: State of Hawaii - Contractor's Acknowledgme	ent
Amendment No. 7 to Contract No. CS-10-69	(Notary Stamp or Seal)
Between The City and County of Honolulu and Ticketmast	er L.L.C.
Notary Signature  NOTARY CERTIFICATION	MARIA D. HERNANDEZ Notary Public - California Los Angeles County Commission # 2173213 My Comm. Expires Nov 25, 2020

AG-009 Rev 7/25/08

Source: Department of Enterprise Services

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