

Attachment 1



SANTA BARBARA BOWL

ANNUAL REPORT OF THE SANTA BARBARA BOWL FOUNDATION 2015

**Submitted to the County of Santa Barbara General Services Department
By Rick Boller & Andrew Gardner**

On behalf of the Santa Barbara Bowl Foundation Board of Directors

**Annual Report of the
Santa Barbara Bowl Foundation
2015**

The Management and Lease Agreement for the Santa Barbara Bowl provide that the Santa Barbara Bowl Foundation shall submit an Annual Report to the County of Santa Barbara which addresses six areas:

1. A list of the current Board of Directors and officers of the Foundation;
2. Financial results of operations including gross and net receipts and fundraising progress;
3. Subleases granted hereunder;
4. A report on the condition of the Bowl facility including planned and completed capital improvements and progress made toward meeting the goals set forth in the Master Plan;
5. A review of the schedule of events for the past year, including the number of events and the revenues thereby generated;
6. A summary of issues raised at Public hearings conducted by The Foundation pursuant hereto, and the resolution of said issues.

This report is organized to address these specific responsibilities, address other mandates related to the Management and Lease Agreement, and to provide the Board of Supervisors with a comprehensive update to the operations of the Santa Barbara Bowl Foundation for the 2015 calendar year.

**The Board of Directors and Officers
of the Santa Barbara Bowl Foundation**

Pursuant to the bylaws of the Foundation, the following officers, board members and committee members were active participants in 2015:

Officers

President: Paul Dore
Vice President: Greg Faulkner
Secretary: Graham Farrar
Treasurer: Patricia Stathis
Ex-Officio: Mike Allen, *S.B. County General Services Appointee*

Board Members

Wendy Barels, Barrie Bergman, Brett Burkey, Ginni Dreier, Rod Hare, Jeff Jacobs, Lori Kari, Richard Kelty, Eric Lassen, Mike Mendoza, Carola Nicholson (1st District Appointment), Chris Parker, Marianne Partridge, Tobe Plough, George Short, Tad Smyth, Sandy Stahl

Committee Members

Tom Brennan, Joe Campanelli, Yvonne Chin, Gerald Comati, Paul Freeman, Jaimie Jenks, Karen Kerns, Casie Killgore, Jodi Mitchell, Robyn Parker, Viviana Pouget, Carrie Poytress, Ron Sorgman, Robert Szerwo, Jeff Theimer, Tracy Trotter, Gregg Wilson

Financial Results of Operations

Overview

The 2015 Santa Barbara Bowl concert season was the 21st complete season managed by the non-profit Santa Barbara Bowl Foundation. This concert season included 36 commercial performances and 3 community events over eight months with a total attendance of 139,906 patrons.

Total revenues for the Santa Barbara Bowl Foundation increased from \$4,802,757 in 2014 to \$5,622,534 in 2015. This increase was primarily a result of increased contribution income and event revenue. The total revenue amounts for 2015 included \$1,048,737 in fundraising revenue and \$390,082 in sponsorship revenue. Operating expenditures (excluding capital improvements) increased from \$4,901,807 in 2014 to \$5,773,128 in 2015. This change is primarily a result of increased show expenditures due to an increased number of shows, increased Education Outreach expense, and includes depreciation expense of \$1,046,283. The value of the Master Plan, Leasehold Improvements, Land and Equipment, (net of accumulated depreciation) decreased from \$32,221,378 in 2014 to \$31,675,998 in 2015, the result of increased accumulated depreciation, and a decrease in new leasehold improvements and new capitalized fixed assets in 2015.

Debt and other Financial Commitments

In 2013 the Foundation paid off its final loan incurred to purchase real estate adjacent to the Bowl property, and as of that date the Foundation has carried no other long-term debt.

Specialized Income Initiatives

To supplement regular concert income, the Santa Barbara Bowl Foundation operates a Concert Club, Premier Access Program and Sponsorship Program.

The Concert Club and Premier Access Program are preferred seating reservation programs in which 80 percent of an individual's membership cost represents a tax-deductible contribution to the Foundation under current IRS guidelines. The Sponsorship Program provides preferred signage and access rights to sponsors while acting as a supplement to regular advertising. In 2015, 12 entities participated in the Sponsorship Program, which generated \$385,082 in gross revenues. In addition, in 2015 the Premier Access Program had 39 participants controlling 96 seats which generated \$340,000 in gross revenue, and the Concert Club had 209 participants controlling 506 seats which generated \$621,600 in gross revenue.

Fiscal Controls and Financial Management

Given the number of concerts during the season there is a large volume of cash transactions in both ticket and concessions sales. Food and beverage operations are supported by the management of a full-time Food & Beverage Manager and a part-time Plaza Controller. These positions oversee the operation of food and beverage services, allowing for peak operational and financial performance in each of those areas. To continue to assure adequate segregation of duties and appropriate internal checks and balances, the staffing structure remains the same as years previous in the areas of Box Office Operations and Business Management.

The Foundation Development Department staff was comprised of a Development Director and Development Associate. In addition to their normal duties, the Development staff provided support for a contracted fundraising consultant, the Kellogg Organization, Inc., throughout the year.

The 2015 Bowl staff configuration outlined above is as follows:

Executive Director:	Rick Boller
Business Manager:	Andrew Gardner
Event Operations Manager:	Tucker Papac
Facilities Maintenance Manager:	Eder Mejia
Box Office Manager:	Allison Fitton
Program Director:	Eric Shiflett
Development Director:	Beth Skidmore
Development Associate:	Greg Kirchmaier
Education Outreach Program Manager	Kai Tepper
Food & Beverage Manager:	Kori Soltz
Plaza Controller:	Derrick Duong

Fiscal Controls and Financial Management – Continued

The Foundation continued to handle financial management and reporting on an in-house basis with the assistance of a part time contracted bookkeeper. The Business Manager and the bookkeeper handle all transactions and report preparation under the supervision of the Executive Director and the review of the Treasurer of the Foundation Board of Directors. In addition, the independent accounting firm of McFarlane, Faletti & Co., LLP provided audit and tax preparation services for the Foundation in 2015. While required by the lease agreement with the County, it is also the feeling of the Board of Directors that an independent audit is an essential component to an effective set of financial controls. The 2015 Audited Financial Statements and supporting documents are attached for your reference.

Fundraising

2015 marked the 18th year of fundraising efforts for the Santa Barbara Bowl Foundation. The Foundation continued its relationship with an outside fundraising counsel, the Kellogg Organization, Inc., and had completed the majority of the Santa Barbara Bowl Master Plan to renovate and improve the facility in 2014. The successful cultivation of donors in 2015 provided the Santa Barbara Bowl Foundation with \$1,048,737 in donations and pledges.

Education Outreach

The Education Outreach program is a community outreach initiative dedicated to supporting arts education for students in Santa Barbara County. In 2014 the Foundation hired a full time staff member to administer the program. In 2015 the Education Outreach program contributed \$201,212 creating partnerships with schools and community organizations to serve over 20,000 local schoolchildren. In addition, the Bowl Foundation continued its investment in education outreach by committing \$1.00 per paid ticket to the program, totaling \$135,655 in 2015. Foundation board members and volunteers work with partners to fundraise and organize education outreach through school performances, artist-in-residencies, master classes, classroom rentals, afterschool programs and instrument purchases. Education Outreach endeavors to bring local schoolchildren to the Bowl whenever possible to attend special presentations by world-class artists. In April 2015 the Foundation presented two performances of the Chicano folk ensemble *Las Cafeteras* to approximately 5,000 local elementary schoolchildren.

Education Outreach continued to facilitate the annual Pianos on State event in downtown Santa Barbara. For 10 days each Fall, pianos are available along State Street for musical exploration, impromptu play, and group performances. This one-of-kind interactive musical experience encourages people of all ages to play, listen, and sing along. Local professional artists transform each piano into a unique piece of art.

Education Outreach, continued

Through generous support from community members, the Education Outreach program continued to expand two new initiatives in 2015. The Instrument Fund project, designed to lend, repair, and replace musical instruments for area youth music programs, was created with the goal to ensure that the lack of an instrument doesn't prevent a child from learning to play an instrument. This program contributed over \$45,000 to area schools and music programs in 2015. The Community Ticket Subsidy program provides subsidized tickets, at a cost to the student of \$5.00 per ticket, to Bowl performances for deserving students in the Santa Barbara area. Participants in this program include foster families, high school aged performers, social service organizations, and students enrolled in Bowl-supported Education Outreach programs. The Foundation distributed over 500 discounted tickets, along with concessions food vouchers, through this program in the 2015 concert season.

SBBF Arts Subsidy

Per the lease agreement of 2011, the Foundation agreed to contribute to the Santa Barbara Arts Commission's funding for community cultural arts programs. The amount payable to the S.B. Arts Commission by the Foundation is designated as the Santa Barbara Bowl Arts Subsidy and was assessed at \$.25 per paid ticket sold annually through the 2014 concert season. This contribution increased to \$.50 per paid ticket in 2015, with a cap of \$50,000 per season. The SBBF Arts Subsidy is paid to and used by the Santa Barbara Arts Commission as it deems appropriate for the direct funding of cultural arts events and programs in the Santa Barbara community. Since the inception of the annual Arts Subsidy, the Foundation has made a total of \$183,172.75 in contributions to the S.B. Arts Commission, including \$50,000.00 in 2015, based on ticket sales of 140,072 in the 2015 concert season. (See Schedule of Bowl Events on page 9 below).

Promotional Services Agreement

The Promotional Services Agreement with Nederlander Downtown Inc. was the sole concert promotion agreement in effect during the 2015 concert season. Under the agreement Nederlander presented 36 commercial performances. In December of 2015, the Foundation entered into a Promotional Services Agreement with a new promoter, Goldenvoice/AEG, to be effective with the 2016 concert season.

There were no subleases in effect in 2015.

Santa Barbara Bowl Condition Report

The Dreier Box Office and Administration Building and Lower Plaza project was completed in late 2014, and first utilized in the 2015 season. This project addressed renovations to the Lower Plaza walkway, parking lot, and the creation of the new Dreier Box Office and Administration Building. This final phase of the Bowl Master Plan created an expanded bus and truck parking area and a new retaining wall at the north end of the Bowl parking lot, allowing an increased number of tour vehicles that can be accommodated on show days. The new pedestrian walkway improvement separated the pedestrian traffic from the vehicle traffic and parking, and created a dedicated walkway leading to the Bowl entrance at the Redding Gate. This separation was designed to increase safety for both pedestrians and vehicles as they enter and leave the venue.

Other improvements in 2015 include a new lighted trellis fixture at the entrance of the venue at the security checkpoint, adjacent to the Accessible Shuttle entrance. This improvement provides shade, lighting and informational signage at the pedestrian entrance to the venue. In addition, the House Lighting Upgrade project also commenced in 2015, with expected completion in 2016. This improvement will complete the upgrade to state of the art LED lighting throughout the venue, including new improved stadium lighting with dimming capabilities.

The Bowl continued to maintain a high level of ongoing facility stewardship protecting the Foundation's construction investments. All systems are maintained regularly and repairs are conducted immediately. The Bowl Foundation believes that only by protecting the existing structures will the reputation of the facility as one of the finest in the world remain intact. In 2015 the Foundation continued to explore various patron transportation options from the Lower Plaza.

Greening the Bowl

The Foundation continued its Greening the Bowl program, with the goal of bringing the Bowl to as close to a zero-footprint as possible. Included in these practices are manual sorting of all trash for recyclables at every concert; using low toxicity eco-friendlier paints throughout the Bowl; careful water management; replacement of all lighting to low-energy LED fixtures; and implementing office practices to reduce waste. The reusable steel pint cup program, introduced in 2014, continues to be a success in reducing the amount of single use plastic beverage containers at all concerts. The Bowl continued its arrangement with the Santa Barbara Bicycle Coalition to offer free valet parking of bicycles for concert goers, helping to reduce neighborhood traffic and parking congestion on show nights. In 2015 the valet parked a total of 1,339 bicycles over 38 events, an average of over 35 bicycles per concert.

2015 Schedule of Bowl Events

<u>Date</u>	<u>Concert</u>	<u>Genre</u>	<u>Sold Tickets</u>	<u>Attendance</u>
03/21/2015	Westmont Spring Sing	Student Variety	1065	2160
04/14/2015	Alt-J	Alternative Rock	4789	4807
04/15/2015	Steely Dan	Classic Rock	4420	4201
05/17/2015	KJEE Summer Roundup	Alternative Rock	4688	4605
05/30/2015	Chromeo & The Glitch Mob	Electronic Pop	3869	4008
05/31/2015	Robert Plant	Classic Rock	3066	2910
06/07/2015	Tedeschi Trucks Band	Jam Rock	2522	2475
06/13/2015	Los Tigres Del Norte	Traditional Latin	1699	1960
07/07/2015	Aerosmith	Classic Rock	4542	4415
07/08/2015	David Gray & Amos Lee	Singer/Songwriter	2202	2243
07/22/2015	Willie Nelson & Family	Country	4327	4327
07/24/2015	Jim Gaffigan	Standup Comedy	4246	4235
08/03/2015	New York Philharmonic	Classical	4417	3855
08/06/2015	Aretha Franklin	Classic R&B	4339	4235
08/07/2015	Juanes	Popular Latin	2366	2683
08/08/2015	SB Mariachi Festival	Traditional Latin	3423	3877
08/09/2015	Wiz Khalifa	Hip Hop	3116	3247
08/11/2015	Jackson Browne	Singer/Songwriter	3857	3829
08/14/2015	Alabama Shakes	Pop/Rock	4788	4730
08/15/2015	Lindsey Stirling	Pop	2549	2648
08/16/2015	Slightly Stoopid	Indie Rock	3882	3886
08/25/2015	Joe Bonamassa	Blues Rock	2374	2498
08/30/2015	Diana Krall	Jazz	3080	2881
09/02/2015	Incubus	Alternative Rock	3264	3414
09/19/2015	Ben Harper	Pop/R&B/Rock	3876	3691
09/20/2015	Mark Knopfler	Classic Rock	4393	4088
09/25/2015	Catch A Fire Tour	Reggae	3181	3264
09/26/2015	Death Cab For Cutie	Alternative Rock	3870	3685
09/30/2015	Counting Crows	Indie Rock	3498	3414
10/06/2015	Scorpions	Classic Rock	3754	3634
10/07/2015	Don Henley	Classic Rock	3515	3414
10/10/2015	Neil Young	Singer/Songwriter	4738	4820
10/11/2015	My Morning Jacket	Alternative Rock	2495	2343
10/15/2015	Jimmy Buffett	Pop Rock	4411	4013
10/18/2015	Hozier	Alternative Rock	4848	4580
10/20/2015	Florence + The Machine	Indie Rock	4685	4546
10/21/2015	Janet Jackson	Pop R&B	4100	4001
10/22/2015	Janet Jackson	Pop R&B	4355	4277
10/30/2015	Dia de los Muertos	Traditional Latin	1463	2007
TOTAL			140,072	139,906

Average concert attendance in 2015 was 3,587 per performance, up from the 2014 average of 3,444 per performance.

In addition to the 36 commercial events presented by Nederlander in 2015, the Bowl hosted three community events. Westmont College staged its annual student variety program "Spring Sing" in March, and for the twentieth consecutive year the non-profit Santa Barbara Mariachi Festival raised funds for school programs and scholarships with their annual festival during the Old Spanish Days Fiesta. The Music Academy of the West, in collaboration with the Bowl Foundation, presented the New York Philharmonic at the Bowl offering over 4000 discounted tickets to the community as well as over 200 free youth tickets.

Public Concerns

Public Organizational Meetings of the Board were held in March and November of 2015 and were legally noticed in the Santa Barbara News Press as a means of encouraging input from neighbors. There were no public attendees for either meeting, however, staff continued to communicate with neighbors, City and County representatives throughout the year.

The Santa Barbara Bowl Foundation remains committed to enforcing the County Sound Ordinance. A Bowl staff member monitors the dB levels and curfew compliance at all concerts at the Santa Barbara Bowl. All sound monitoring data is public record and available for review at our administrative offices.

Traffic and parking activity in the surrounding areas on the days and evenings of performances continue to be of concern to all parties. 2015 was the nineteenth consecutive year in which the Foundation has operated the Santa Barbara High School parking lots during performances. A new agreement was reached early in the year between the Foundation and School District Administrators to allow the Foundation to continue to operate the parking lots during Bowl performances through the 2017 concert season.

The Foundation has continued the agreement with the Santa Barbara Police Department for expanded police coverage at all Bowl events. Due to the improvements to both security and traffic management, this cost was deemed necessary by the Foundation and has now been added as part of all public events that take place at the Santa Barbara Bowl.

The Foundation continues to be concerned with public safety at all Bowl events. The Foundation schedules and hires to be on site for all concerts one AMR standby ambulance with two EMT paramedics, and multiple shuttle buses for convenient access for those with disabilities. As with the above mentioned Police expense, the ambulance expense was also deemed necessary to help treat and solve any medical and safety concerns that arise the evening of an event in an efficient and timely manner.

In the area of concession beverage service, the Foundation requires all alcohol beverage servers and related security supervisors to complete the Santa Barbara Police Department's Responsible Beverage Service training prior to working any event. The primary focus of this training is to educate servers and staff regarding liability, safety and at risk situations related to the service of alcohol.

The Santa Barbara Bowl Emergency Plan was revised and updated in April of 2015, and is available at the Foundation administrative office. This plan is reviewed annually and is provided to the Santa Barbara Police and Fire Departments, and is discussed with Bowl employees, event contract employees, and event volunteers. In addition, the onsite emergency generator and emergency lighting system is tested regularly as legally specified.