



**ANNUAL REPORT OF THE
SANTA BARBARA BOWL FOUNDATION
2010**

**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
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The Management and Lease Agreement for the Santa Barbara Bowl provides 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 2010 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 2010:

Officers

President: Paul Dore
Vice President: Greg Faulkner
Secretary: Graham Farrar
Treasurer: Patricia Stathis
Ex-Officio: Bob Nisbet, *Director of S.B. County General Services*

Board Members

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

Committee Members

David H. Anderson, Tom Brennan, Darren Caesar, Joe Campanelli, Yvonne Chin, Joseph Cole, Gerald Comati, Geoff Crane, Adam Firestone, Rod Hare, Nora Hurley, Jaimie Jenks, Harriet Johnston, Karen Kerns, Patricia MacFarlane, Jodi Mitchell, Viviana Pouget, Carrie Poytress, Adam Rhodes, Mary Beth Riordan, Rebecca Riskin, Gary Saint Denis, Ken Slaught, Ron Sorgman, Robert Szerwo, Tracy Trotter, Jim Warren, Dody Waugh, Chris Wilkinson

Financial Results of Operations

Overview

The 2010 Santa Barbara Bowl concert season was the sixteenth complete season managed by the non-profit Santa Barbara Bowl Foundation. This concert season encompassed 25 performances spanning over seven months with a total attendance of 90,225 patrons.

Total revenues for the Santa Barbara Bowl Foundation increased from \$3,827,894 in 2009 to \$3,981,723 in 2010. This increase was primarily a result of increased contribution income. 2010 total revenue amounts include \$2,045,611 in fundraising revenues and \$250,750 in sponsorship revenues. Operating expenditures (excluding Capital Improvements) decreased from \$3,729,659 in 2009 to \$3,420,401 in 2010. This reflects decreases in the areas of show, management, fundraising and Education Outreach expense. The value of the Master Plan, Leasehold Improvements, Land and Equipment, increased from \$20,712,557 in 2009 to \$22,653,036 in 2010 continuing to reflect the Foundation's ongoing commitment to realizing the Master Plan for the Santa Barbara Bowl.

Debt and other Financial Commitments

In 2005, pursuant to extensive conversations with First District Supervisor Salud Carbajal and County Counsel Shane Stark, the Santa Barbara Bowl Foundation purchased real estate adjacent to its current property for \$1,100,000 and incurred certain related costs. The Foundation is developing plans to expand its current facility to include the new property. As a part of the transaction, the Foundation obtained three loans totaling \$700,000. Loan #1 is for \$250,000 and bears interest at the Wall Street Journal Prime Rate (minimum 5%) per annum. Loan #2 and #3 are for \$250,000 and \$200,000 respectively. Both bear interest at a rate of 4.5% per annum. All three loans required interest payments only, with the principal and any accrued interest due May 10, 2010. On August 17, 2009, the lender extended Loan #2 to August 31, 2011 without changing other terms. In May 2010 the Foundation paid Loan #1, and the lender extended Loan #3 to May 31, 2015 without changing the other terms.

The Foundation has an agreement with a local bank to secure a line of credit up to 99% of the balance on account at the bank, including securities, at interest rates ranging from 4% to 5%, depending upon the outstanding balance. At December 31, 2010, \$1,858,915 was available to the Foundation subject to the terms of the agreement. To date the Foundation has not drawn on the line of credit.

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 2010, 8 entities participated in the Sponsorship Program, which generated \$250,750 in gross revenues. In addition, in 2010 the Premier Access Program had 28 participants controlling 80 seats which generated \$228,000 in gross revenues, and the Concert Club had 219 participants controlling 552 seats which generated \$596,300 in gross revenues.

Fiscal Controls and Financial Management

Following the retirement of Sam Scranton in December 2009, the Foundation appointed long-time Assistant General Manager Rick Boller as the new Executive Director effective January 1st 2010. Having over 17 years experience at the Bowl and other venues, the appointment of Mr. Boller ensured institutional knowledge in Foundation leadership and continuity to Bowl operations, financial management, and fiscal controls.

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 part-time Plaza Manager, Plaza Controller and Food Manager. 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 2010 Bowl staff configuration outlined above is as follows:

Executive Director:	Rick Boller
Business Manager:	Andrew Gardner
Operations Manager:	Joe Palato
Box Office Manager:	Allison Fitton
Marketing Coordinator:	Eric Shiflett
Development Director:	Beth Dolinsek Skidmore
Development Associate:	Greg Kirchmaier
Plaza Manager:	Robert Mills
Plaza Controller:	Derrick Duong
Food Manager:	Peter Pereda

Fiscal Controls and Financial Management – Continued

Throughout 2010 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 2010. 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 2010 Audited Financial Statements, as well as its supporting documents, are attached for your reference.

Fundraising

2010 marked the thirteenth full year of fundraising efforts for the Santa Barbara Bowl Foundation. In 2010 the Foundation continued its relationship with an outside fundraising counsel, The Kellogg Organization, Inc., helping to continue to raise the remaining funds needed to complete each element of the American Classic Campaign and continue to make the Santa Barbara Bowl Master Plan a reality. With the fundraising counsel's assistance, cultivation of donors in 2010 provided the Santa Barbara Bowl Foundation with \$2,045,611 in donations. These donations were primarily directed at significant improvements contained in the Santa Barbara Bowl Master Plan, including The Overlook, Lower Plaza and Seating projects, as well as an Endowment for Education Outreach.

Education Outreach

The Foundation continued to grow its Education Outreach program. The program is a community outreach initiative dedicated to supporting arts education for students in Santa Barbara County. In 2010, the Education Outreach program contributed \$107,930 creating partnerships with schools and community organizations to serve over 20,000 local schoolchildren annually. 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 also endeavors to bring local schoolchildren to the Bowl whenever possible to attend special presentations by world-class artists, such as the Yamato Drummers of Japan and the Children of Uganda Dance Troupe. In addition, in 2010 the Bowl Foundation continued its investment in education outreach by committing \$1.00 per paid ticket to the program, totaling \$86,896. The Education Outreach Committee meets annually with local arts education groups and school officials to correctly identify needs and to analyze the best use of its resources.

Education Outreach, continued

The Education Outreach program strives to create need-based programming through its continued interaction with community action groups, educators and artists. All programming is vetted for quality and the highest impact on our community's youth possible. Other organizations, including the Santa Barbara Arts Collaborative, have begun modeling their organizational structure upon the Bowl's Education Outreach's inclusionary practices.

New County Lease Agreement and SBBF Arts Subsidy

In May 2011 the Santa Barbara Bowl Foundation and the County of Santa Barbara agreed to a new 45 year lease, effective June 1st 2011. Per the new lease agreement, and beginning retroactively with the 2010 season, 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 is calculated at \$.25 per paid ticket sold annually through the 2014 concert season, increasing to \$.50 per paid ticket thereafter. The SBBF Arts Subsidy will be paid to and used by the Santa Barbara Arts Commission as it determines appropriate for the direct funding of cultural arts events and programs in the Santa Barbara community. In June 2011 the Foundation made its first SBBF Arts Subsidy contribution to the Arts Commission in the amount of \$21,724, based on ticket sales of 86,896 in 2010.

Promotional Services Agreement

The Promotional Services Agreement with Nederlander Downtown Inc. was the only concert promotion agreement in effect in 2010. In 2010, the agreement with Nederlander was in year five of a nine year extension. Under the agreement Nederlander presented 23 performances, which is consistent with prior years. There were no subleases in effect in 2010.

Santa Barbara Bowl Condition Report

Renovation and improvement of the Overlook began in 2009 and Phase 1 of the project was completed in 2010. This phase included grading of the hillside above the upper seating area, installation of retaining walls and a permanent spotlight building, and grading and landscaping of a large wrap-around terrace with a spectacular view of the city. Phase 2 of the Overlook is planned to begin in the fall of 2011 and will include building a structure housing permanent public restrooms and storage for concession food and beverage carts.

The first phase of the Audience Seating renovations, which replaced the metal folding chairs in the Floor and Preferred sections of the auditorium, were completed in 2009. Phase 2 of the Seating renovations, which involves replacing the aluminum benches in sections G, H, I, D, E, & F was contracted in the fall of 2010, and scheduled for completion in the spring of 2011.

The Dreier Administration Building and Box Office/Lower Plaza project is currently in the design phase. This project is expected to be completed in multiple phases. These phases will address renovations to the Lower Plaza walkway, parking lot, and the creation of the new Dreier Administration Building and Box Office.

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.

The Santa Barbara Bowl 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; pursuing a study of water management; replacement of all lighting to low-energy models; and implementing office practices to reduce waste. In 2010 the Bowl entered into an 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 2010 the valet parked a total of 730 bicycles, thereby reducing neighborhood traffic.

Schedule of Events 2010

<u>Date</u>	<u>Concert</u>	<u>Type</u>	<u>Sold Tickets</u>	<u>Attendance</u>
3/27/2010	Westmont Spring Sing	Community Event	1214	2214
4/7/2010	Alicia Keys	Pop/R&B	3158	3264
4/17/2010	Atoms For Peace	Alternative Rock	4741	4721
4/25/2010	Sugarland	Pop Country	4291	4218
5/14/2010	Thirty Seconds to Mars	Alternative Rock	1831	2132
5/18/2010	Carole King & James Taylor	Singer/Songwriter	4492	4301
6/5/2010	A Prairie Home Companion	Live Public Radio	2054	2314
6/12/2010	KJEE Summer Roundup	Alternative Rock	3151	3305
7/10/2010	Steve Miller Band	Classic Rock	3173	3259
8/4/2010	Stevie Nicks	Classic Rock	3125	3384
8/7/2010	S.B. Mariachi Festival	Traditional Latin	3733	4223
8/15/2010	Primus	Alternative Rock	2930	3070
8/24/2010	Norah Jones	Adult Contemporary	3274	3299
9/5/2010	David Gray & Ray LaMontagne	Singer/Songwriter	4355	4296
9/19/2010	Phoenix	Alternative Rock	2642	2827
9/20/2010	Furthur	Jam Rock	4477	4249
9/23/2010	Willie Nelson & Family	Country	2084	2363
10/6/2010	Maroon 5	Pop Rock	3418	3663
10/8/2010	Jason Mraz	Pop Rock	4764	4571
10/9/2010	Van Morrison	Singer/Songwriter	4484	4458
10/13/2010	Jack Johnson	Alternative Rock	4336	4439
10/14/2010	Jack Johnson	Alternative Rock	4521	4623
10/20/2010	Shakira	Latin Pop	4504	4435
10/27/2010	Stone Temple Pilots	Alternative Rock	2114	2478
11/5/2010	Massive Attack & Thievery Corp.	Alternative/Trip-Hop	4030	4119
TOTAL	25 Events		86,896	90,225

In 2010 the number of performances at the Santa Barbara Bowl continued to be comparable with that of recent years. Average attendance also remained consistent: 2010 averaged 3,609 for each performance compared to an average of 3,564 patrons per performance in 2009.

Westmont College again staged its annual student variety program "Spring Sing" at the Bowl in March 2010. Run almost entirely by students, it is the largest production that Westmont presents each year.

For the fifteenth year in a row the non-profit Santa Barbara Mariachi Festival raised funds for school programs and scholarships through the presentation of their annual festival in August 2010.

Public Concerns

Public Organizational Meetings of the Board were held in April and November of 2010 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. An independent contractor continues to handle the sound monitoring function at the Santa Barbara Bowl and provides this data directly to the County Parks Department. All sound monitoring data is public record and available for review at our administrative offices.

Traffic and parking impacts in the surrounding areas on the days and evenings of performances continue to be of concern to all parties. 2010 is the fourteenth year in which the Foundation has assumed responsibility for operation of the Santa Barbara High School parking facilities during performances. Improved security in the parking areas of the high school before, during and after shows has helped increase utilization by Santa Barbara Bowl patrons. In addition, the Foundation has continued the agreement with the City of 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 events that take place at the Santa Barbara Bowl.

The Santa Barbara Bowl Foundation continues to be concerned with public safety at each and every performance. The Foundation schedules and hires to be on site for all concerts one AMR ambulance 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 successfully 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 May 2010, and is readily available and accessible at the Foundation administrative offices. The plan is provided to the Santa Barbara Police and Fire Departments, and is discussed with Bowl employees, event related contract employees and event volunteers. In addition, the onsite emergency generator and emergency lighting system is tested regularly and as legally specified.

The Santa Barbara Bowl continued to enhance its volunteer management in 2010 with the goal of improving our ability to communicate better with our volunteers and further enhancing the experience of patrons through better training and leadership.