



SANTA BARBARA BOWL

ANNUAL REPORT OF THE SANTA BARBARA BOWL FOUNDATION 2012

**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
2012**

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 2012 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 2012:

Officers

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

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, Karen Kerns, Patricia MacFarlane, Jodi Mitchell, Viviana Pouget, Carrie Poytress, Adam Rhodes, Mary Beth Riordan, Rebecca Riskin, Gary Saint Denis, Ken Slaughter, Ron Sorgman, Robert Szerwo, Tracy Trotter, Jim Warren, Dody Waugh, Chris Wilkinson, Gregg Wilson

Financial Results of Operations

Overview

The 2012 Santa Barbara Bowl concert season was the eighteenth complete season managed by the non-profit Santa Barbara Bowl Foundation. This concert season encompassed 34 performances spanning over seven months with a total attendance of 114,982 patrons.

Total revenues for the Santa Barbara Bowl Foundation increased from \$5,735,586 in 2011 to \$8,861,074 in 2012. This increase was primarily a result of increased contribution income as well as show related revenue. The total revenue amounts for 2012 include \$6,033,438 in fundraising revenue and \$442,671 in sponsorship revenue. Operating expenditures (excluding Capital Improvements) increased from \$4,114,255 in 2011 to \$4,247,215 in 2012. This reflects increases in the areas of show, management, fundraising and Education Outreach expense. The value of the Master Plan, Leasehold Improvements, Land and Equipment, increased from \$23,131,951 in 2011 to \$26,925,441 in 2012, continuing to reflect the Foundation's ongoing commitment to realizing the Master Plan improvements 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 expanding 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 initially 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. In May 2011 the Foundation paid off Loan #2 for \$250,000 in full. As of December 31, 2012 the only remaining commitment is Loan #3 for \$200,000 due May 31, 2015.

The Foundation had 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. The Foundation had not drawn on the line of credit, and in 2012 the Foundation transferred the funds securing the line of credit to another institution at which time the bank ended 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 2012, 13 entities participated in the Sponsorship Program, which generated \$437,671 in gross revenues. In addition in 2012 the Premier Access Program had 31 participants controlling 86 seats which generated \$260,100 in gross revenues, and the Concert Club had 216 participants controlling 542 seats which generated \$608,050 in gross revenues.

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 part-time Plaza Manager, Plaza Controller, Upper 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 2012 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 Dolinsek Skidmore
Development Associate:	Greg Kirchmaier
Plaza Manager:	Robert Mills
Plaza Controller:	Derrick Duong
Food Manager:	Peter Pereda
Upper Plaza Controller:	Kori Soltz

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 2012. 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 2012 Audited Financial Statements, as well as its supporting documents, are attached for your reference.

Fundraising

2012 marked the fifteenth full year of fundraising efforts for the Santa Barbara Bowl Foundation. In 2012 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 2012 provided the Santa Barbara Bowl Foundation with \$6,033,438 in donations and pledges. These donations enabled the Foundation to meet its fundraising goal for completion of the Santa Barbara Bowl Master Plan. At the close of 2012, the Foundation completed a Strategic Assessment Study to explore its future fundraising needs, including facility maintenance, capital improvements and Education Outreach. The SBBF Board of Directors will evaluate this study in 2013 in an effort to determine the Foundation's future fundraising goals.

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 2012, the Education Outreach program contributed \$119,880 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 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 2012 the Bowl Foundation continued its investment in education outreach by committing \$1.00 per paid ticket to the program, totaling \$111,318. The Education Outreach Committee strives to conduct a symposium 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.

SBBF Arts Subsidy

Per the new lease agreement in 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 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. In December 2011 the Foundation made its second contribution to the Arts Commission in the amount of \$30,033.75, based on ticket sales of 120,135 in 2011. In December 2012 the Foundation made its third Arts Subsidy contribution in the amount of \$27,829.50 based on ticket sales of 111,318 in 2012. (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 in 2012. In 2012, the agreement with Nederlander was in the seventh year of a nine year extension. Under the agreement Nederlander presented 32 performances, the same number as the prior year. There were no subleases in effect in 2012.

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 was completed in the fall of 2012 and includes a new structure with permanent public restrooms and storage for concession food and beverage carts, providing improved amenities to the patrons in the upper sections of the venue.

The first phase of the Audience Seating renovations, which replaced the metal folding chairs in the Floor and Preferred sections of the auditorium, was completed in 2009. Phase 2, which involved replacing the aluminum benches in sections G, H, I, D, E, & F with durable plastic stadium bench seating was completed in the spring of 2011. Phase 3, which involves replacing the bench seating in sections A, B & C, is slated for completion in early 2013.

The Dreier Administration Building and Box Office/Lower Plaza project is scheduled 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. Phase 1 of this project, which involved renovation of the north end of the Bowl parking lot, began at the end of the 2012 season and is scheduled to be completed prior to the commencement of the 2013 concert season. Phase 2, the building of the new Administration Building and pedestrian walkway, is scheduled to begin in mid 2013 and completed in mid 2014.

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 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. The Bowl's arrangement with the Santa Barbara Bicycle Coalition to offer free valet parking of bicycles for concert goers helps to reduce neighborhood traffic and parking congestion on show nights. In 2012 the valet parked a total of 1326 bicycles, an increase of 252 from the previous year.

2012 Schedule of Bowl Events

<u>Date</u>	<u>Concert</u>	<u>Genre</u>	<u>Sold Tickets</u>	<u>Attendance</u>
03/31/2012	Westmont Spring Sing	Community Event	1092	2096
04/12/2012	Radiohead	Alternative Rock	4804	4797
04/14/2012	Florence + The Machine	Indie Rock	4792	4694
04/22/2012	Bon Iver	Folk Rock	4399	4238
05/05/2012	Edward Sharpe and The Magnetic Zeros	Folk Rock	2580	2773
05/23/2012	Tenacious D	Comedy/Rock	2783	2935
05/24/2012	Beck	Alternative Rock	4262	4063
05/27/2012	Sugarland	Pop Country	3646	3821
05/28/2012	The Beach Boys	Classic Rock	4228	4235
06/01/2012	KJEE Summer Roundup	Alternative Rock	3525	3410
06/09/2012	Chickenfoot	Rock	1608	1831
06/30/2012	Ben Harper	Pop/R&B/Rock	4015	3989
07/03/2012	Dukes of September	Classic Rock/R&B	3519	3638
07/21/2012	Yanni	New Age	1747	2091
07/28/2012	Alan Jackson	Country	2913	3209
08/04/2012	SB Mariachi Festival	Traditional Latin	2320	3102
08/07/2012	Norah Jones	Jazz/Rock Vocals	3496	3569
08/17/2012	Colbie Caillat & Gavin DeGraw	Pop Rock	2655	2890
08/18/2012	Daniel Tosh	Standup Comedy	4485	4342
08/19/2012	Joe Cocker/Huey Lewis & The News	Classic Rock/Pop	3522	3602
08/26/2012	Diana Krall	Jazz Vocals	2028	2296
08/29/2012	311 & Slightly Stoopid	Indie Rock	2308	2591
09/08/2012	Gotye	Pop/Rock	1600	1967
09/12/2012	Fiona Apple	Alt Pop/Rock	1486	1611
09/15/2012	Def Leppard with Poison	Rock	4602	4638
09/23/2012	Bonnie Raitt	Singer Songwriter	3536	3516
09/28/2012	Crosby, Stills & Nash	Classic Rock	4268	4286
09/29/2012	Mac Miller	Rap/Hip Hop	1983	2088
10/02/2012	The Black Keys	Alternative Rock	4816	4648
10/07/2012	Furthur	Jam Rock	4763	4527
10/09/2012	Peter Gabriel	Pop/Rock	3774	3817
10/20/2012	Snow Patrol	Alt Pop/Rock	2445	2500
10/21/2012	Jane's Addiction	Alternative Rock	2883	2887
10/22/2012	Bob Dylan & Mark Knopfler	Singer Songwriter	4435	4285
TOTAL	34 Events		111,318	114,982

The number of performances in 2012 at the Bowl was the same as in 2011. Average attendance remained consistent: 2012 averaged 3,382 for each performance compared to an average of 3,586 patrons per performance in 2011.

Westmont College again staged its annual student variety program "Spring Sing" at the Bowl in March 2012. Run almost entirely by students, it is the largest production that Westmont presents each year.

For the seventeenth consecutive year the non-profit Santa Barbara Mariachi Festival raised funds for school programs and scholarships through the presentation of their annual festival during the Old Spanish Days Fiesta in August 2012.

Public Concerns

Public Organizational Meetings of the Board were held in April and November of 2012 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. 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. 2012 was the sixteenth year in which the Foundation 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 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 2012, 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 facilitate training of its volunteer management in 2012 with the goal of improving our ability to communicate better with our volunteers and to further enhance the experience of our patrons.