



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 12/2/14
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department
Director(s) Mona Miyasato, County Executive Officer

Contact Info: Michael Allen, Chief deputy Clerk of the Board, (805) 568-2245

SUBJECT: Santa Barbara Bowl Foundation Annual Report for 2013;
First Supervisorial District

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

Recommended Actions:

That the Board of Supervisors:

Receive and file the Annual Report for 2013 for operations at the Santa Barbara Bowl.

Summary Text:

The current Management and Lease Agreement (Agreement) between the County and the Santa Barbara Bowl Foundation was approved by the Board of Supervisors on May 17, 2011. Section 22 (C) of the Agreement requires the Foundation to submit an annual report by October 15 of each year for the previous year. Attached is a copy of the Annual Report for 2013.

As one component of the Bowl Foundations' commitment to supporting the local arts community, starting in 2010 the Foundation contributes an annual payment to the Santa Barbara Arts Commission (SBAC). The Santa Barbara Bowl Foundation Arts Subsidy is intended to promote the public's appreciation and access to cultural arts in the Santa Barbara community. The payment is \$0.25 per ticket sale. For 2013, the Bowl Foundation made a payment to the SBAC in December of 2013 in the amount of \$25,185.50 based on ticket sales of 100,742 during the 2013 season. The total contribution to the Santa Barbara Arts Commission through the Arts Subsidy Program since 2011 is \$104,772.75

Background:

The Santa Barbara Bowl is a world-class 4,562 seat entertainment, culture and arts venue located at 1122 N. Milpas Street in Santa Barbara. Originally constructed in 1936 as a Works Progress Administration (WPA) project, the Santa Barbara Bowl is a County owned property, managed and operated under the direction of the Santa Barbara Bowl Foundation per the 2011 Management and Lease agreement between the County and the Foundation.

Fiscal and Facilities Impacts:

Budgeted: Yes

Special Instructions:

NA

Attachments:

Annual Report of the Santa Barbara Bowl Foundation – 2013

Authored by:

Michael Allen, Chief Deputy Clerk of the Board: (805) 568-2240



SANTA BARBARA BOWL

ANNUAL REPORT OF THE SANTA BARBARA BOWL FOUNDATION 2013

**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
2013**

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 2013 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 2013:

Officers

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

Board Members

Wendy Barels, Barrie Bergman, Scott Brittingham, Monte Brown, Brett Burkey, Ginni Dreier, Rod Hare, Jeff Jacobs, Lori Kari, Richard Keltz, 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, Paul Freeman, Nora Hurley, Jaimie Jenks, Karen Kerns, Casie Killgore, Patricia MacFarlane, Jodi Mitchell, Viviana Pouget, Carrie Poytress, Adam Rhodes, Mary Beth Riordan, Rebecca Riskin, Gary Saint Denis, Ken Slaughter, Ron Sorgman, Robert Szerwo, Jeff Theimer, Tracy Trotter, Jim Warren, Dody Waugh, Chris Wilkinson, Gregg Wilson

Financial Results of Operations

Overview

The 2013 Santa Barbara Bowl concert season was the nineteenth complete season managed by the non-profit Santa Barbara Bowl Foundation. This concert season encompassed 30 performances spanning over seven months with a total attendance of 103,324 patrons.

Total revenues for the Santa Barbara Bowl Foundation decreased from \$8,861,074 in 2012 to \$6,157,181 in 2013. This decrease was primarily a result of decreased contribution income. The total revenue amounts for 2013 include \$2,580,574 in fundraising revenue and \$332,102 in sponsorship revenue. Operating expenditures (excluding Capital Improvements) remained consistent: \$4,247,215 in 2012 and \$4,246,405 in 2013. This reflects consistency in the areas of show, management, fundraising and Education Outreach expense. The value of the Master Plan, Leasehold Improvements, Land and Equipment, (net of accumulated depreciation) increased from \$26,925,441 in 2012 to \$29,495,799 in 2013, 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 was for \$250,000 and bore interest at the Wall Street Journal Prime Rate (minimum 5%) per annum. Loan #2 and #3 were for \$250,000 and \$200,000 respectively. Both bore 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 of 2011 the Foundation paid off Loan #2 for \$250,000 in full. In June of 2013 the Foundation paid off Loan #3 for \$200,000 in full, and as of that date the Foundation 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 2013, 10 entities participated in the Sponsorship Program, which generated \$332,102 in gross revenues. In addition in 2013 the Premier Access Program had 34 participants controlling 90 seats which generated \$292,000 in gross revenues, and the Concert Club had 215 participants controlling 536 seats which generated \$601,800 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 2013 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
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 2013. 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 2013 Audited Financial Statements, as well as its supporting documents, are attached for your reference.

Fundraising

2013 marked the sixteenth full year of fundraising efforts for the Santa Barbara Bowl Foundation. In 2013 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 2013 provided the Santa Barbara Bowl Foundation with \$2,580,574 in donations and pledges. 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. In 2013 the SBBF Board of Directors evaluated this study in consideration of 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 2013, the Education Outreach program contributed \$142,307 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, the Bowl Foundation continued its investment in education outreach by committing \$1.00 per paid ticket to the program, totaling \$100,742 in 2013. The Education Outreach Committee strives to conduct symposiums 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. In 2013 the Foundation made its fourth contribution in the amount of \$25,185.50 based on ticket sales of 100,742 in 2013 (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 2013. The agreement with Nederlander was extended in 2013 for another nine years. Under the agreement Nederlander presented 28 performances. There were no subleases in effect in 2013.

Santa Barbara Bowl Condition Report

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 involved replacing the bench seating in sections A, B & C, was completed in early 2013.

The Dreier Box Office and Administration Building and 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 Box Office and Administration Building. Phase 1 of this project, the renovation of the north end of the Bowl parking lot, was completed just prior to the 2013 concert season. This phase created an expanded bus and truck parking area, and a new retaining wall. This improvement increased the number of tour vehicles that can be accommodated on show days and separated the bus and truck parking from pedestrian traffic. Phase 2, which includes the building of the new Administration Building and new pedestrian walkway, began in mid 2013. The new walkway opened at the start of the 2014 season, and the Administration Building is due to be completed in late 2014. This project separates the pedestrian traffic from the vehicle traffic and parking, and creates a dedicated walkway leading to the Bowl entrance at the Redding Gate. This separation is designed to increase safety for both pedestrians and vehicles as they enter and leave the venue.

The Dreier Box Office and Administration Building, when completed in late 2014, will include new office space, an increased number of ticket windows, and new public restrooms that will replace the portable toilets at the Bowl entrance. The plaza next to the new building will also include a new Memorial Begonia Garden, dedicated to the memory of the late Rudolf Ziesenhenné, a nationally recognized begonia expert who cultivated begonias on this site from 1934 to 2005.

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 2013 the Foundation began the initial steps to engage an outside consultant to undertake a comprehensive reserve study plan for future facility maintenance costs and repairs.

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 LED fixtures; 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 2013 the valet parked a total of 1117 bicycles, an average of 38 bicycles per concert.

2013 Schedule of Bowl Events

Date	Concert	Genre	Sold Tickets	Attendance
03/23/2013	Westmont Spring Sing	Community Event	896	1814
04/18/2013	New Order	Pop/Rock	3039	2954
04/19/2013	Sigur Ros	Indie Rock	4735	4402
05/26/2013	Kings of the Mic	Hip Hop	3644	3783
06/03/2013	Sting	Pop/Rock	4473	4378
06/09/2013	Cheap Trick & Pat Benatar	Pop/Rock	2412	2551
06/16/2013	Steve Miller Band	Classic Rock	2434	2900
06/22/2013	Barenaked Ladies/Ben Folds Five/Guster	Pop/Rock	2058	2281
06/28/2013	Robert Plant	Pop/Rock	2650	2809
06/29/2013	Damian & Stephen Marley	Reggae	3328	3546
07/14/2013	Slightly Stoopid	Indie Rock	4090	4181
07/17/2013	Belle & Sebastian	Alternative Rock	1751	1837
07/20/2013	The Postal Service	Electronic Pop/Rock	2960	2991
08/03/2013	SB Mariachi Festival	Traditional Latin	2492	2891
08/18/2013	Rebelution & Matisyahu	Reggae/Hip Hop	4608	4713
08/20/2013	Steely Dan	Classic Rock	4440	4365
08/27/2013	Heart	Classic Rock	3150	3322
09/02/2013	Jason Mraz	Alternative Pop/Rock	4793	4518
09/07/2013	Fun.	Indie Pop	4727	4594
09/10/2013	OneRepublic/Sara Bareilles	Alternative Pop/Rock	3072	3176
09/13/2013	Sheryl Crow & Gary Allan	Country/Pop	2518	3070
09/14/2013	The Weeknd	R&B	3049	3059
09/18/2013	KJEE Summer Roundup	Alternative Rock	4116	4096
09/21/2013	Marco Antonio Solis	Latin	4284	4448
09/24/2013	Depeche Mode	Alternative Pop/Rock	4779	4535
09/26/2013	The Lumineers	Indie Folk	4832	4689
10/10/2013	The Avett Brothers	Indie Folk	2588	2621
10/17/2013	Atoms For Peace	Alternative Rock	3758	3347
10/26/2013	Passion Pit	Indie Pop	2081	2463
11/01/2013	The Flaming Lips	Alternative Pop	2985	2990
TOTAL	30 Events		100,742	103,324

Average concert attendance remained consistent: 2013 averaged 3,444 for each performance compared to an average of 3,382 patrons per performance in 2012.

Westmont College again staged its annual student variety program "Spring Sing" at the Bowl in March 2013. Run almost entirely by students, it is the largest production that Westmont presents each year.

For the eighteenth 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 2013.

Public Concerns

Public Organizational Meetings of the Board were held in April and November of 2013 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 activity in the surrounding areas on the days and evenings of performances continue to be of concern to all parties. 2013 was the seventeenth consecutive year in which the Foundation has operated the Santa Barbara High School parking lots during performances. In November of 2013, the Santa Barbara High School principal notified the Foundation of his intention to terminate the parking Service Agreement and assume responsibility for the operation of the High School parking lots during Bowl events. Discussions between Supervisor Salud Carbajal, the Foundation and School District Administrators took place in 2014, and it was agreed that the Foundation will continue to operate the parking lots through the 2014 season. The School District has indicated that it intends to assume responsibility for the parking lots during Bowl events starting with the 2015 season. The Foundation has concerns for public safety and neighborhood impact during Bowl events should this transition occur.

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 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 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 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 August of 2013, and is available at the Foundation administrative office. This plan 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.