



CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

Staff Report

SR 2016-1185
September 19, 2016
Orders

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Chip Rerig, City Administrator

SUBJECT: Workshop: Receive a report from the Sunset Cultural Center, discuss the relationship between the City and SCC and provide direction to staff.

RECOMMENDATION

Receive a report from Sunset Cultural Center Board and staff; discuss the relationship between SCC and the City and provide direction to staff.

BACKGROUND / SUMMARY

Sunset Center is an integral element of the City's community and cultural heritage, and serves as a catalyst for our economic health and well-being. The City has a long and healthy relationship with Sunset Center; from the time it was working as a City department to our current operational connection with the nonprofit, that manages the facility on behalf of the City - Sunset Community and Culture Center of Carmel (SCC).

The purpose of the workshop is to educate the Council about the facility and its operation by SCC, as we restart the dialog regarding future relations. To that end, the Council will tour the facility on Saturday, September 17, 2016 at 9:00 am prior to the workshop from 1:00 to 4:00 pm on Monday, September 19, 2016.

The attachments to this report include information pertaining to SCC's leadership and staff; mission; programs and operations; utilization of the facility; budget and financial overview. In particular, Attachment 1 includes the agenda for the September 19, 2016 meeting of the City Council and the SCC Board of Trustees.

FISCAL IMPACT

There is no fiscal impact associated with this workshop.

PRIOR CITY COUNCIL ACTION

City Council extended the operating agreement with Sunset Cultural Center for a 12 month term on June 30, 2016, with the goal of restarting the negotiated relationship.

ATTACHMENTS

1. Workshop Meeting Agenda produced by SCC
2. SCC Leadership, List of the Executive Director, Board of Trustees and Committees, produced by SCC
3. Sunset Community and Cultural Center Narrative produced by SCC
4. Key Takeaways handout produced by SCC
5. Questions the Community May Ask handout produced by SCC
6. SCC Board of Trustees' Biographies produced by SCC
7. 2016-2017 Budget Summary produced by SCC

ATTACHMENT #1

CITY COUNCIL – SUNSET CENTER WORKSHOP
September 19, 2016 / 1:00 pm – 4:00 pm
Sunset Center Main Stage

MEETING AGENDA

A. INTRODUCTIONS

- SCC Leadership (See Bios)
- Mission & Operating Principles

B. SCC NARRATIVE

- History & Contribution to Village Character
- Financial Overview
 - Facility Utilization
 - Community Support
 - City Operating Grant Usage
 - Economic Impact
- Operations & Staffing
- Strategic Vision

C. -- BREAK --

D. KEY TAKEAWAYS

- Sunset Center's Vital Role in our Village Character
- Experienced Leadership and Effective Management
- Increasing Community Support
- Economic Impact
- Future Vision

E. ADDITIONAL QUESTIONS/COMMENTS/CONCERNS

ATTACHMENT #2

SUNSET CENTER LEADERSHIP

Christine Sandin – Executive Director

BOARD OF TRUSTEES

Stan Meresman (a,b,d,h): Chair of the Board, Chair of the Executive Committee, and Chair of the Audit Committee

Steve Pearson (a,b,c,e): Secretary and
Chair of Governance & Nominating Committee

Rich Fineberg (a,c): Treasurer and Chair of Finance Committee

Elece Leverone (a,d,e): Chair of Personnel & Compensation Committee and
Former Chair of the Board

Leslie Snorf (c,e,f): Chair of Development Committee

Mary Gifford (f,g): Co-Chair Gala Committee

Ken White (f,g): Co-Chair Gala Committee (represents Friends of Sunset)

Sue McCloud (i): Chair of the IATSE Negotiation Committee

Mary Ruberry (f,j): Chair of Centennial Seat Campaign Committee

Tom Bryan

Nancy Doolittle (h)

Bob Kavner (h,i)

Committees:

a Executive Committee

b Governance & Nominating Committee

c Finance Committee

d Audit Committee

e Personnel & Compensation Committee

f Development Committee

g Gala Committee

h Strategic Planning Committee

i IATSE Negotiation Committee

j. Centennial Seat Campaign Committee

ATTACHMENT #3

Sunset Community & Cultural Center Narrative

Sunset Center Background:

Affectionately known today as simply “the Sunset Center”, the beloved complex that spans two City blocks just south of Ocean Avenue has long played a significant role in the culture and character of the quaint village of Carmel-by-the-Sea. What began as a public school in 1926 has since been transformed into a state-of-the-art performing arts center including an intimate 718 seat theater with stunning gothic architecture and incredible acoustics. The Sunset Center also features enviable indoor/outdoor function and meeting space uncommon in similar facilities, providing an overall campus that serves as both a community and cultural center for residents and visitors alike.

Even prior to the City’s purchase of the building from the school district in 1964 and the subsequent \$21.4 million renovation in 2003, the old school auditorium served as a community stage for various local performing arts organizations. In 1933, despite the Great Depression, a \$75,000 bond was enthusiastically supported to build a public assembly space - one that quickly became the home stage of organizations like the renowned Carmel Bach Festival and Carmel Music Society. Although the Sunset School Auditorium was originally built for school assemblies, the stage was set for it to become the cultural heart of the Village.

Eventually the school outgrew the facility and it was sold to the City of Carmel-by-the-Sea in 1964. It was then renamed the Sunset Community and Cultural Center, and the auditorium became the Sunset Theater. As a city-owned facility, the oversight and management of the complex became the responsibility of city commissions and city staff. With its new focus, the Center embraced a variety of community user groups in addition to the original resident organizations, adding to its cultural legacy. In years prior to the renovation, the theater was attended by more than 50,000 patrons annually.

As decades passed, the continued use took a heavy toll on the facility and action was eventually required to preserve the Center and enhance its performance qualities. The City and a non-profit coalition of patrons and performance groups called *Sunset Center for the Arts* joined forces to assure the Sunset Theater’s future. This was a long and complicated path; but with much public input, a course of action was eventually adopted. With the equal commitment of City funds and private support from almost 1,200 donors, plans were ultimately drawn and construction launched with a festive groundbreaking in 2001. The newly renovated Sunset Theater was re-opened in July 2003 in time for the annual Carmel Bach Festival.

With a newly renovated facility and greater expectations to manage, City leadership reviewed various operating models for performing arts centers and elected to outsource the day-to-day management of the Sunset Community & Cultural Center to a community based nonprofit organization. This model would allow for focused professionals led by a community-based board of directors to advise the City Council on many issues in a complex field, reduce the City’s risk, act as an intermediary for all facility users, and generally operate less encumbered by the public process all while remaining accountable to City leadership and Carmel citizens.

Sunset Center Leadership & Management:

Sunset Cultural Center Inc. was formed as a 501(c)(3) organization in 2003 and was awarded its first 10-year Operating Agreement for the stewardship and oversight of the Sunset Community and Cultural Center. With no solid grasp on the actual expenses incurred to maintain the Center each year, the first SCC board of directors was tasked with preparing an operating budget that would include an annual public contribution to cover the ongoing disproportionate economics of operating a small community theater. The goal of this continued community support would be to preserve the Center's (hence the City's) heritage as a cultural institution that enables a large number of community uses and arts organizations to operate, attracts visitors, and provides a positive economic impact to the City.

Along with strategic oversight and public relations, the SCC Board of Trustees is responsible for hiring professional staff that brings the expertise and skill into the everyday management of a performing and community arts center operation. Currently, the SCC Board, chaired by Stan Meresman, includes an impressive roster of up to 13 experienced professionals from within our community. Executive Director, Christine Sandin, has many years of experience in both nonprofit and commercial presenting organizations, including venue management (see *Leadership Bios*).

Sunset Center Mission & Programs:

Today, SCC's mission is to serve as a multi-purpose gathering place that enriches, educates, and entertains by presenting artistic and educational programs, and by hosting public and private events.

We strive to meet our mission under the guidance of our SCC Operating Principles:

- Deliver diverse, high-quality arts programming
- Promote arts education for all ages
- Support the activities of local performing arts groups
- Provide and maintain a state-of-the-art facility that is responsive to the needs of our audience and performers
- Operate in a fiscally responsible manner
- Nurture our partnership with the City of Carmel for the benefit of the entire community
- Form supportive community partnerships
- Foster economic vitality, tourism and local development

SCC has expanded upon Sunset Center's long history as a public place for art in our community, and the venue is the largest physical asset and crown jewel of Carmel-by-the-Sea. Under the mantle of **Sunset Presents**, SCC promotes a wide range of world-class performances and live events including global music, comedy, rock shows, theatre, and dance. We pride ourselves on programming a lineup with diversity, sophistication and star-power. We carefully curate the programs at Sunset Center, assessing and taking the risk on our annual presenting series. Our 20+ performances each season are self-supporting and service over 10,000 patrons each year,

bringing the total number of annual visitors to the complex well over 100,000. We also program a number of community outreach and arts education programs.

As professionals in a creative field, we are continuously contemplating and developing new programs and services that will entice visitors to the Center and enhance the culture and quality of life in the community. Aside from our main stage **Sunset Presents** series, SCC also programs other facility spaces and even occasionally presents entertainment off site. Each month, we exhibit the works of many local artists (at no charge to either artist or visitor) in varying mediums in our **Marjorie Evans Gallery** located in the North Wing. Through our partner **Jazz at Lincoln Center** (JALC), we invite local guests to watch fabulous, complimentary, live-streamed performances straight from NYC's Lincoln Center in our intimate Studio 105 venue, a space magically transformed from the old school gymnasium to a cabaret-style performance space. Additionally, we present our **Healing Arts Series** several times a year in one of our old classroom spaces. We are also currently presenting a short series of live entertainment at the City's local **Farmers' Market** just off Devendorf Park in celebration of the City's Centennial.

Our most established arts education program is the acclaimed **Classroom Connections**. This program, administered each year since 2008, brings featured main stage performers to regional schools for intimate classroom engagement with our youth in a series of workshops designed to foster imagination, confidence, and a sense of possibility. To date, we have served over 8,000 students on the Peninsula with *Classroom Connections*!

Based on the success of *Classroom Connections*, Sunset Center was selected in 2015 to participate in the renowned **Kennedy Center Partners-in-Education Institute**. Every two years, the Kennedy Center accepts only ten partner teams from across the country into this arts education & professional development program. Sunset Center was the only West Coast venue selected to participate - with partner team North Monterey County Unified School District - based on our demonstrated commitment to the improvement of public education in and through the arts.

In 2016, Sunset Center initiated a creative partnership with the national organization **Turnaround Arts** - a whole school reform arts education initiative of the **President's Committee on the Arts & Humanities** that has demonstrated unprecedented success. Sunset Center proposed a unique partnership with **Turnaround Arts: California**, the first of its kind, which will serve as a model for all regional performing arts center with an arts education mission. Our local partner schools for **Turnaround Arts: California** are Martin Luther King Jr. Elementary School in Seaside and Mary Chapa Academy in Greenfield.

SCC is very proud to achieve our mission of providing comprehensive arts education at all levels, impacting individual students, teachers/educators, and in fact the whole school culture! And the best part is that **all three of these arts-in-education programs and opportunities are offered by SCC at no cost to the students, parents, or schools.**

Historic Presenting Partners:

The Sunset Center is also home to our Historic Presenting Partners (also known as “resident companies”) – the Carmel Bach Festival and Carmel Music Society, as mentioned earlier, plus the Monterey Symphony and Chamber Music Monterey Bay. Each of these organizations were integral in the fundraising efforts for the 2001-2003 *Campaign for Sunset*, and each present a multi-event series over the course of the year, contributing to the strong utilization of our rural venue. The campus is also home to the administrative offices of the Arts Council for Monterey County, Carmel Bach Festival, the Center for Photographic Art, Forest Theatre Guild, and the Yoga Center of Carmel. A number of high-profile annual events are also held at the Sunset Center, including the Carmel International Film Festival and the Panetta Institute on Public Policy’s annual *Leon Panetta Lecture Series*.

Sunset Center Financial Overview:

The 2016/17 Annual Operating Budget for Sunset Center, approved by the SCC Board, is \$2,737,330. Income received from performance revenue, rental fees and other miscellaneous earned income totals 50% of the budget (\$1,372,455) while contributed income accounts for the remaining 50% (\$1,364,875). Of the latter category, \$750,000 in City funding is contributed annually for operating support and for the professional management of SCC. This 50/50 split in income type represents a very healthy ratio of earned income to contributed income for any nonprofit, and particularly for an arts organization. Sunset Center’s budget also includes diversified income sources (performance ticket sales, venue fees, tenant rentals, grants, donations, membership and other contributions) that help to reduce the risk associated with presenting artistic programs – a risk that most municipalities are not equipped to take directly.

While it is SCC’s goal to balance the budget each year and to break even on operations, additional physical and market constraints continue to challenge the financial capacity of the Sunset Center, including:

- Small seating capacity of the Sunset Theater sets a cap on the caliber of talent that can be presented and limits the profit potential on events (just 685 out of 718 sellable seats remain after technical needs are met).
 - Ticket revenue covers only 25% of total annual expenses.
 - Note: raising ticket prices – a common conclusion – is not a viable solution, as the artist generally demands 85% of all ticket revenue, whatever the ticket price may be (i.e., raise ticket prices and the artist raises their fee in a relative manner).
 - The cost of artistic talent and technically skilled labor required for many productions generally exceeds the cost of rent for user groups.
 - Cost efficiencies for productions like dance, theater and symphonic productions have not been realized over several decades like other industries (for example, live musicians cannot be replaced by robots!).
- Costs in every category continue to rise while revenue opportunities remain stagnant.

- Sunset Center does not realize ancillary revenue sources that are typical to most facilities, such as parking revenues, food & beverage revenues and merchandise revenues.
 - City of Carmel-by-the-Sea manages the North Lot, free to the public.
 - An independent entity (Friends of Sunset) manages the concessions operation.
- Competition in the marketplace for entertainment dollars is increasing.
 - The Golden State Theater on Alvarado Street in Monterey (975-seat capacity) has gone in and out of commercial operation over the last decade, but has increased activity significantly during 2016 and looks to remain at the same level in 2017.
 - Current technology provides for the streaming and downloading of live entertainment content that consumers might otherwise pay to see in person.

Facility Utilization:

It is a common supposition that a successful public assembly facility would include round-the-clock usage of space, 365 days per year. However, industry consultants have developed a better and more realistic formula for measuring healthy venue utilization – one that takes into account the population base of the relevant market place (including demographic & psychographic info that measures propensity to attend events) in conjunction with automatic blackout dates every theater requires for maintenance, rehearsal dates, event setup/teardown and even specific undesirable holiday and weekday usage that is difficult to fill.

Given the above, we evaluate Sunset Center’s theater utilization rate by starting with a standard base of 260 available days. We calculate utilization by dividing the number of events produced in the theater in any given year. 160 events were produced in the theater last year, so our utilization rate for 2015/16 was 62%. A utilization rate for a venue our size, in a rural market, is considered healthy at somewhere between 50% and 70%. Currently, Sunset Center falls right in the middle of the range for healthy utilization.

SCC continuously markets for new users of both the Center’s Theater and North Wing space. The economic opportunity for large profit margins on productions is constrained by our theater size, and we are finding that national and regional tour promoters are skipping markets like ours and working exclusively in larger facilities in urban areas. The result is minimal commercial uses of the facility, in fact equating to only 5% of our business, with the remaining 95% of our user groups consisting of the nonprofit variety. This complicates our revenue potential since commercial rates are double that of our nonprofit user rates. With a higher ratio of commercial to nonprofit users, the funds from for-profit groups help to subsidize nonprofit groups. However, in this case, our community nonprofit groups must instead rely on the City operating support grant that we receive annually.

Community and City Operating Support Grant Use:

It is worth noting here that, to remain sensitive to earlier capital campaign donors and to avoid donor fatigue, SCC as an organization was not permitted to fundraise for the first decade in operation. The very earliest contributed income (aside from the City operating support grant) generated by SCC was in 2008/09 in the form of grant funds from a national arts funding source. A membership program called **Bravo!** was then created in 2011 to test whether the community was ready to support the Center's operations, particularly the programming. This was quite successful – we found that donors want to make contributions toward programs they relate to and that impact the wider community. Finally, in 2012/13 the SCC Board redefined its goals to include fully operating as a fundraising board and staff. With this barrier finally removed, community contributions raised by SCC in 2015/2016 to support operations totaled \$473,000 compared to \$0 in 2007/2008. Support contributions budgeted for 2016/2017 is \$614,000 – a **30%** increase over the prior year!

SCC is poised to begin a more formal endowment campaign to support the ongoing operations of the Sunset Center when we can meet the expectations of potential donors, which are:

- Exhibit strong and stable leadership & governance in our executive director and board of trustees
- Demonstrate success in fulfilling our mission, including the educational and outreach programs
- Operate and manage a sustainable budget at breakeven each year
- Reserve donor funds for programs and services as opposed to utilizing donor funds to replace or reduce the City's operating support grant
- Finalize a stable, long-term operating agreement and relationship with the City

Until such time as an endowment fund for operating support is established, the Sunset Center must rely on varying sources of contributed income to balance the budget.

The **\$750,000 City operating support grant** accounts for approximately **27% of annual funds**, while the remaining **\$614,875 or 23% of annual funds is raised by SCC** through grants, donations, *Bravo!* membership and more.

The *Sunset Presents* annual program of 20+ popular performances and all arts education & community engagement initiatives as defined by the SCC Mission Statement are completely supported by SCC fundraising efforts. Likewise, the City operating grant of **\$750,000 helps balance the annual operating deficit and supports the following:**

- **\$170,000 - (23%)** toward annual facility fixed costs (non-capital items) that would be incurred with or without facility activity.

- **\$580,000 – (77%)** toward the \$1,000,000* in overall subsidy that SCC provides to community user groups that cannot afford to pay market rates (*see chart below, total is calculated using full cost allocation – rental subsidies plus a portion of overhead). Organizations listed below are integral to the community and character of the Village.

FY 15/16 Investment in Sustainability			
FY 15/16	Rental & Other Income	Total Discount & Fixed Cost	Operating Margin
All Local Non-Profits & Carmel Residents	73,660	358,792	(285,132)
Bach Festival	96,000	357,408	(261,408)
Carmel Academy of Performing Arts	16,200	28,648	(12,448)
Carmel Art & Film Festival	18,650	42,048	(23,398)
Carmel Music Society	14,450	57,296	(42,846)
Chamber Music Monterey Bay	13,850	42,972	(29,122)
City	-	62,280	(62,280)
City Support Groups	-	93,276	(93,276)
Commercial Promoters	49,100	35,810	13,290
Dance Kids of Monterey County	18,200	42,972	(24,772)
Days & Nights Festival - Philip Glass	9,600	14,324	(4,724)
Monterey Symphony	76,900	100,268	(23,368)
Smuin Ballet	25,650	85,944	(60,294)
Tenants	79,356	156,249	(76,893)
Western Society for Clinical Inves.	10,150	42,048	(31,898)
TOTAL	501,766	1,520,335	(1,018,569)

As stated, the City operating support grant for the fiscal year 2016/17 is \$750,000, which is unchanged from 2015/16. However, historically, the operating grant to Sunset Center has varied greatly over the last ten years while **SCC’s overall reliance on the grant has decreased**. In 2007/08, the operating grant amount was also \$750,000, which then represented 39% of the SCC budget and 6% of the City budget. Move forward to 2015/16 when the grant was again restored to \$750,000 and note that this now represents only 27% of the SCC budget and 4% of the City budget.

Had the Sunset Center’s City operating support grant been adjusted annually for inflation since 2007, it would have seen an increase of 18%, and the current grant today would be closer to \$885,000.

Economic Impact:

Good news! The Sunset Center is the key thread in the fabric that weaves our cultural, lifestyle, history and attractiveness of our Village for our residents and visitors. Ongoing community support of the Sunset Center is well worth the investment, resulting in the following impacts:

- Last year **118,420 visitors** came through our doors!

- An extensive market survey and report produced by an independent consultant (Webb Management Services) concluded that:
 - **“The annual expenditures of the Sunset Center and its audiences lead to very significant impacts** in the City and County. For 2013, these are estimated at:
 - \$3.0 million in new sales
 - \$1.2 million in new earnings and
 - **40 new jobs.”**
 - An additional economic impact calculator developed by the Americans for the Arts estimates that the combined spending of both the Sunset Center and its audiences:
 - Generates **\$220,000 in local government revenue.**
 - Generates \$250,000 in state government revenue.

Operations and Staffing:

Inarguable, positive economic impact results occur despite the ongoing operating and fiscal challenges of the Sunset Center. Webb Management Services Consulting Group’s 2013 assessment (*full report available on request*) concluded that, based on benchmarking comparisons of similar theaters in small cities:

- “The budget size for Sunset Center is at the low end within this group.”
- “Nonprofit rents are cheaper than at most of the other facilities.”
- “The Sunset Center has a lower staff count, and also appears to have fewer working in both back-of-house and front-of-house operations.”

To effectively plan and manage multiple, simultaneous events and activities that comprise the Sunset Center’s operations, various teams of skilled staff (13 FTEs and 4 PTEs) are required in numerous areas, including:

- **Operations & Facilities Management Team (5 FTEs, 1 PTE and I.A.T.S.E. Crew):**
 SCC employs one FT **Operations Director** who manages one FT **Production Manager**, two FT **Facility/Event Staff** and one FT **Maintenance Staff**, overseeing ongoing systems & facility maintenance (including complex theatrical and technical equipment assessment, repair and replacement), technical planning and managing of over 150+ theater events each year, event set-up/tear-down and custodial needs, tenant & client relations and requests. The Operations Director and Production Manager also manage the I.A.T.S.E. (International Alliance of Theatrical Stage Employees) contract* and relationship and oversee the roster of technical crew and hiring of skilled labor for all theatrical events.
 - * SCC is currently entering a re-negotiation of its revolving 2-year labor union agreement with I.A.T.S.E.’s Local 611 in an attempt to further improve work conditions and rules impacting the backstage environment and costs for our theater users.

- **Public Safety & Event Management Team (2 FTEs, 1 PTE and 100+ volunteers):**
SCC employs one FT **Event Manager** and one FT **Event Coordinator** who together schedule the entire facility for use by clients, issue and manage rental contracts, collect & process payments, manage and train one PT **Front-of-House Coordinator** and 125+ SCC volunteers, plan and coordinate over 150 events annually, and more. The Events Team works directly with, and relies upon significant support from, the Operations Team for event setup and cleanup.
- **Administrative Team (5 FTEs):**
The SCC Board hires one FT **Executive Director** who is responsible for the administration and oversight of all operations and staff. The ED reports directly to the Board and also programs *Sunset Presents* and curates all main stage activity. The ED is assisted by one FT **Finance Director**, who oversees budgeting, bookkeeping, the annual audit and settling of all box office operations. One FT **Development Manager** oversees, in conjunction with the ED and the SCC Board, all organizational fundraising activities including donor and membership management, grant writing, Gala and other special event coordination, Sunset Center sponsorship programs and Marjorie Evans Gallery oversight. One FT **Marketing and Outreach Manager** is responsible for the marketing and public relations of the Sunset Center in its entirety, including ticket sales, and also administers all outreach and arts education programs. One FT **Administrative and Marketing Coordinator** supports the Admin Team, specifically the Executive Director and the Outreach and Marketing Manager.
- **Patron Services Team / Box Office (1 FTE and 2 PTEs):**
The SCC Box Office handles event ticketing for over 150 annual theater events, generating over \$1 million in sales each year. One FT **Box Office Manager** and two PT **Ticket Sales Associates** cover all public hours for ticket sales and also manage the ticketing needs of our 300+ *Bravo!* members, our 200+ annual subscribers, and our ongoing group sales program.

Strategic Vision:

SCC's Strategic Plan was developed and adopted in 2015 with City leadership's input and approval. The basic intent of SCC's Strategic Plan is to keep the Sunset Center facility and SCC financially and operationally vibrant in service to the citizens of Carmel-by-the-Sea. SCC's 2015 Strategic Plan identifies the following three specific goals:

1. Deliver diverse arts programming of the highest quality, including strong collaboration with our resident companies.
2. Be a vibrant community center serving the needs of Carmel residents and community organizations.
3. Grow arts engagement and education programs for all ages.

The Strategic Plan further outlines three specific means to achieve these goals, including:

1. Ensure that SCC is able to recruit, develop and retain top quality talent on its staff, as volunteers and as board members.
2. Provide and maintain a state-of-the-art facility that is responsive to the needs of our audience & performers.
3. Ensure the long-term financial viability of the organization and operate in a fiscally responsible manner.

Periodically the Strategic Plan is reviewed and updated by the SCC Board, and is submitted to the City Administrator for review and comment prior to amendment by the SCC Board.

Outstanding Issues:

Key issues need consideration in order to ensure the most effective management of the Sunset Center, which we hope to address in the short-term in order to better prepare for the long-term future. These include the following:

- In order to provide uninterrupted service to the community and to ensure the best possible outcome for fundraising success, SCC and the City need to resume and complete negotiation of the renewal of a long-term operating agreement between the parties.
- SCC, with advisement from the City, must determine how best to proceed with addressing the disparity between market rental rates and the current fees charged to community user groups.
- Additionally, SCC and the City will need to continue a facilities assessment process to answer such key questions as:
 - Should Sunset Center build a commercial kitchen to better service food and beverage operations and our patrons?
 - How important is creating a larger on-site function space to the community?

Feedback that we receive and monitor regularly tells us that the Sunset Community & Cultural Center is still highly valued and regarded by the public as that which differentiates our community from others. With community support, we fully believe that the best is yet to come for Sunset Center! Addressing the above issues soon will pave the way for the many future possibilities for the Village's crown jewel.

ATTACHMENT #4

CITY COUNCIL -- SUNSET CENTER WORKSHOP
September 19, 2016 1:00 pm – 4:00 pm

KEY TAKEAWAYS

1. Sunset Center is the key thread to the fabric that weaves our cultural, lifestyle, history and attractiveness of our Village for our residents and visitors. SCC is home to our historic presenting partners, some of whom have their administrative offices on campus. SCC is the built “crown jewel” of our Village.
2. SCC has an experienced professional executive director and board of trustees. SCC is professionally and efficiently managed.
3. SCC is a busy place. Last year, 118,420 people attended performances, meetings, or other events at SCC; including 80,000 in the theater and 38,420 utilizing our meeting rooms, Studio 105, and the gallery. There were over 500 events held at SCC last year!
4. A respected consulting group made an assessment in November 2013 of the economic impact of SCC: “The annual expenditures of the Sunset Center and its audiences lead to very significant impacts in the County. For 2013, these are estimated at \$3.9 million in new sales, \$1.2 million in new earnings and 40 new jobs.” SCC directly contributes to the City’s TOT, inns, restaurants, stores, etc.
5. The two city block campus houses the small capacity theater. Ticket sales from events account for less than half of Sunset Center’s revenue, and profits from events cover only a portion of Sunset Center’s overhead. Similar to other performing arts centers in small cities, SCC depends on community support and an annual City operating grant to balance the budget’s operating deficit.
6. This year’s budget compared to last year has revenue increasing by 11% (includes rental income up 20%), total expenses increasing by 10%, and total community support increasing by 30% to \$614,000). (Our costs for utilities have significantly increased,

and other costs increase with cost of living.) With the City's \$750,000 operating support grant, we are budgeted at breakeven.

7. The City's operating support grant covers professional management and a portion of the Center's overhead costs (increasing costs each year for utilities and other cost of living expenses). The annual grant has varied as a percentage of the City's budget from 6% in 2007/2008 to 4% in 2015/2016; which has also declined as a percentage of SCC's budget from 39% to 28% over the same period.
8. Beginning in calendar year 2017, SCC will start planning to raise an endowment. To successfully appeal to potential donors, we need to have in place:
 - Stable long-term management contract with the City,
 - Strong & stable leadership and governance: executive director and board of trustees,
 - Demonstrated success in fulfilling our mission including the educational and outreach programs,
 - Operating budget about breakeven (with expectation that it is sustainable), and that donor funds won't be used to replace/reduce the City's support grant.

AND with the opportunity we have before us, the BEST is yet to come!

ATTACHMENT #5

QUESTIONS OUR COMMUNITY MAY ASK

1. How important is SCC in our community; what is their mission?

- Sunset Center's mission is to serve as a multi-purpose gathering place that enriches, educates, and entertains by presenting artistic and educational programs, and by hosting public and private events.
- **Sunset Center is the key thread to the fabric that weaves our cultural, lifestyle, history and attractiveness of our Village for our residents and visitors.**
- **It is the built "crown jewel" of our Village.**
- In November 2013, a management consulting group performed an assessment of SCC and concluded that:
"The annual expenditures of the Sunset Center and its audiences lead to very significant impacts in the City and County. For 2013, these are estimated at:
 - \$3.9 million in new sales,
 - \$1.2 million in new earnings and
 - 40 new jobs."

2. Why does SCC lose money on their productions; can't they breakeven?

- Given the small capacity of the 718 seat theatre (**685 sellable seats**), SCC cannot afford to book big acts at higher ticket prices.
- **Ticket sales and corresponding event profits cover only a portion of the overhead costs of operating the facility** (typical of most theaters, large or small).
- Typically, SCC breaks even, or makes a small amount of money, on the average event after direct costs. However, this doesn't cover the overhead of managing and the costs of maintaining the facility (e.g. utility costs).
- In addition, SCC supports numerous nonprofit partners, including our Historic Presenting Partners, where both theater and office space rents are below market value. (This support to these nonprofits is essential as they are struggling to survive.)

3. What does the City operating support grant of \$750,000 go toward?

- Last year, SCC welcomed a total of **118,420 visitors** through our doors: 80,000 attended performances in the theater.
- The City operating support grant covers fixed facilities expenses (non-capital) and general overhead, which in turn subsidizes numerous nonprofit partners for their performances and office space rents.

- The grant amount as a percentage of the City's budget has varied over the years, and the SCC raising of funds from community support has been increasing.
- The City's operating support grant for management and overhead is now 4% of the City's budget vs 6% in 2007/2008; while for the same periods the grant now represents 28% of the SCC budget vs 39%.
 - Essentially, the amount of the City's contribution to Sunset Center has declined since 2003 as SCC's fundraising capacity and support from the community has been increasing each year.
- In November of 2013, a management consulting group performed an assessment of SCC. It concluded that:
 - "The annual expenditures of the Sunset Center and its audiences lead to very significant impacts in the City and County. For 2013, these are estimated at:
 - \$3.9 million in new sales,
 - \$1.2 million in new earnings and
 - 40 new jobs."

4. Is SCC professionally managed and efficient?

- SCC has a professional and experienced Executive Director and Board of Trustees. They have a strategic plan and are executing their operating plan efficiently. Christine and Chip have a strong and open working partnership.
- In November of 2013, a management consulting group performed an assessment of SCC. Some key conclusions from its benchmarking comparisons of other theaters in small cities are:
 - "Nonprofit rents are cheaper than at most of the other facilities."
 - "The budget size for the Sunset Center is at the low end within this group."
 - "The Sunset Center has a lower staff count, and also appears to have fewer working in both back-of-house and front-of-house."

5. Why can't SCC raise money; will an endowment be raised?

- When the SCC Board was established, it was specifically not a fundraising board. In 2007/2008 no funds were raised from community support.
- That has changed. In 2015/2016 SCC raised \$485,000 from community support, and this year have budgeted to raise \$614,000 up 30% from the prior year!
- In 2016/2017 SCC will begin to plan the groundwork for an endowment campaign.

ATTACHMENT #6

**Sunset Cultural Center, Inc.
Trustee Bios – September 2016**



Stan Meresman - Chair of the Board

Sunset Center (Joined October 2013)

- Chair of Executive Committee, Chair of Audit Committee
- Governance & Nominating Committee and Strategic Planning Committee Member
- Previously Vice Chair and Secretary
- Former Chair of the Governance & Nominating Committee

Other Nonprofit Experience

- President of the Board, Monterey Peninsula Country Club (MPCC)
- Board Member, Bach Festival Foundation (endowment)
- Board Member, Palo Alto Medical Foundation Community Board
- Chair of the Board, Family Service Mid-Peninsula, Palo Alto
- Board Member, Executive Committee, Treasurer Castilleja School, Palo Alto
- President of the Board, Financial Executive Institute, Silicon Valley Chapter

Professional Experience

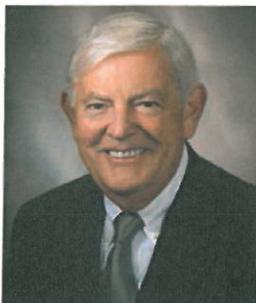
- Currently Board Member of two public companies (LinkedIn and Palo Alto Networks) and four private companies (e.g. Snapchat); coach to CEOs, CFOs and entrepreneurs
- Previously Board Member of four public companies
- Formerly Senior Vice President and Chief Financial Officer of two NYSE-listed companies

Education

- MBA - Stanford Business School
- BS - Industrial Engineering & Operations Research (computing), UC Berkeley

Resident

- Carmel



Steve Pearson - Secretary

Sunset Center (Joined Fall 2014)

- Chair of the Governance & Nominating Committee
- Executive Committee, Finance Committee, and Personnel & Compensation Committee Member

Community Service

- Member, Board of Directors, Carmel Public Library Foundation, Carmel, California, 2013-
- Board of Directors, Carmel Bach Festival and Carmel Bach Foundation, 1999-2012
- Bioethics Committee, Salinas Valley Memorial Hospital, 1995-2013
- Member, Monterey Rotary Club, Board Member 2011-2015
- Member, Board of Directors, Monterey College of Law, Monterey, 1983-89

- Member, Board of Directors, Legal Services for Seniors, Monterey, 1986-91
- Member, Council of Advisors, Legal Services for Seniors, 1992-
- Chancellor Pro Tem, Episcopal Diocese of El Camino Real, 2002

Professional Experience

- Principal since 1974 in law firm of NOLAND, HAMERLY, ETIENNE & HOSS, concentrating in Construction, Commercial, Real Estate Dispute Resolution and Transactions, Estate Litigation; and the representation of nonprofit and mutual benefit corporations
- Instructor, *Contracts*, Monterey College of the Law, 1974-1977

Professional Memberships

- Member, Board of Directors, Monterey County Bar Foundation, 1995-96
- Member, American Bar Association (Member, Litigation Section)
- Member, California Bar Association (Member, Litigation and Real Property Sections)
- Member, Monterey County Bar Association, President, 1980
- Member, San Francisco Bar Association

Education

- Pomona College, Claremont, California AB, 1966
- University of Sussex, England MA, 1968
- University of California, Hastings College of Law JD 1970

Resident

- Carmel Valley



Rich Fineberg - Treasurer

Sunset Center (Joined Fall 2014)

- Chair of the Finance Committee
- Executive Committee Member

Professional Experience

- Deloitte & Touche, 40 years, retired in 2007: Positions held - U.S. and Global Board of Directors; U.S. Executive Committee; Vice Chairman and Senior Advisor to the CEO; National Managing Partner - Clients & Markets; West Region Managing Partner

Additional Board/Committee Experience

- Deloitte US and Global Boards of Directors - Finance, Compensation, and Leadership Succession Committees
- American Conservatory Theatre - Governance Committee
- San Francisco Chamber of Commerce
- San Francisco Committee on Jobs
- World Affairs Council of Northern California
- Round Hill Country Club (Alamo) Board of Directors - Membership, Golf, Grievance, and Planning Committees
- Monterey Peninsula Country Club - Admissions, Membership, and Long Range Planning Committees
- Monterey Peninsula Country Club (2015-current) - Chair, Long Range Planning Committee and Chair, Audit Committee

Education

- Executive Program - Stanford Graduate School of Business
- MBA - Michigan State University, The Eli Broad Graduate School of Management
- BA - Business Michigan State University

Resident

- Carmel

Tom Bryan

Sunset Center (Joined July 2016)

- Newly Elected Board Member

Community Service

- Board Member, United Way (for nearly 10 years)
- Currently on the Business Advisory Council at CSUMB
- Board Member, Vegetable Growers Supply in Salinas

Professional Experience

- Chief Financial Officer, Taylor Fresh Foods, Inc., Salinas, CA from November 1995 to the present
- Chief Financial Officer, Fresh Choice Produce, Salinas, CA from 1994-1995
- Chief Financial Officer, Fresh International Corp., Salinas, CA from 1991-1994
- Vice President, Finance, Dole Fresh Vegetables, Salinas, CA from 1986-1991
- Vice President, Corporate Banking, Bankers Trust Company, Atlanta, GA from 1983-1986
- Vice President, Corporate Banking, Wells Fargo Bank, San Francisco, CA from 1980-1983

Education

- MBA with Finance Concentration - Wharton School
- BA with major in Management Science - Duke University

Resident

- Carmel



Nancy Doolittle

Sunset Center (Joined Fall 2014)

- Strategic Planning Committee Member
- Original Member of the Sunset Center Renovation Task Force
- Along with husband Bill Doolittle, and in partnership with the City of Carmel, spearheaded the \$22.4 million capital campaign to renovate the Sunset Center School Auditorium

Other Nonprofit Experience

- Past President of the Carmel Music Society

Professional Experience

- Administrative Position with the Metropolitan Opera

Education

- MBA - New York University

Resident

- Carmel (Nancy's husband Bill attended Sunset School)

**Mary Gifford****Sunset Center** (Joined Spring 2011)

- Development Committee Member
- Co-Chair of Gala Committee

Other Nonprofit Experience

- Alameda Hospital Board
- Carmel Middle School Theater Arts
- Redwood Day School Board Chair
- Kappa Alpha Theta Alumni Board

Professional Experience

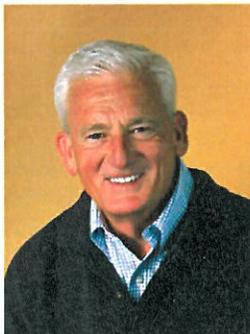
- President/CEO of Drive Carmel
- Baxter Health Care - Product Marketing Manager
- Oximetrix Health Care - Director Product Development
- Johnson & Johnson - Ethicon Marketing
- ITEL - Contract Director - International Market
- Sales Manager - Freeport, Bahamas

Education

- BA Psychology & English - San Diego State
- Stanford Advanced Management College

Resident

- Carmel

**Bob Kavner****Sunset Center** (Joined October 2015)

- Strategic Planning Committee and IASTSE Negotiation Committee Member

Other Nonprofit Experience

- Chairman, Community Hospital of the Monterey Peninsula Foundation
- Board Member, First Tee of America
- Board Member, Naval Postgraduate School
- Board Member, Boys and Girls Club of Monterey
- Chairman of the Board, Merce Cunningham Dance Foundation
- Chairman of the Board, The Manhattan Children's Museum

Professional Experience

- Partner, Price Waterhouse Coopers
- CFO, AT&T
- President, AT&T's Computer Business
- CEO, AT&T's Multimedia Products and Services Group
- Executive Committee, AT&T
- Board Member, Sun Microsystems
- Board Member, Philips Telecommunications

- Board Member, Fleet Bank of Boston
- Board Member, Duracell International
- Creative Team, Idealab, a leading technology incubator
- Chairman, Citysearch
- Chairman, Overture (now the major part of Yahoo)
- Chairman, Earthlink Networks
- Chairman, Pandora Media

Education

- Adelphi University

Resident

- Carmel



Elece Otten Leverone

Sunset Center (Joined Spring 2011)

- Personnel & Compensation Committee Chair
- Executive Committee and Audit Committee Member
- Former Chair of the Board, Previously Vice Chair
- Former Chair of Executive Committee, Former Chair of Personnel & Compensation Committee, Former Chair of Governance Committee and Past Strategic Planning Committee Member

Professional Experience

- Currently CEO/Owner of Login Consulting Services Inc., Los Angeles, CA and Carmel Ceramica Inc., Carmel, CA
- Past Member, Tech Serve
- Past Member, Tech Serve (CEO Roundtable)
- Past Member, Women in Technology
- Past Member, Organization of Women Executives

Education

- UCLA Mathematics
- Oregon State University Computer Science

Resident

- Carmel



Sue McCloud

Sunset Center (Joined September 2013)

- Chair of IATSE Negotiation Committee
- Previously Chair of Development Committee and Strategic Planning Committee Member

Other Nonprofit Experience

- Monterey County SPCA Board, Board Secretary, member Executive Committee, Chair Nominating Committee
- Carmel Music Society Board, Chair Development
- Monterey Institute of International Studies Board, Chair Planning Committee

Political Experience

- Member Carmel Centennial Committee
- Mayor of Carmel 2000-2012
- Monterey County Mayors' Assn., Chair and Vice Chair, Represented Peninsula Mayors with Monterey Mayor on Regional Water Project
- Mayors Select Committee Representative to Monterey County Convention & Visitors' Bureau Board
- Fort Ord Reuse Agency Board, Chair Finance Committee
- Carmel City Council 1998-2000
- Monterey Regional Waste Management Board and Board Vice Chair
- Carmel Planning Commission 1996-1998

Professional Experience

- Central Intelligence Agency 1963-1994, member of Senior Intelligence Service, managed programs in three of CIA's four directorates and the Office of the Director, CIA Chief of Station in two countries (served in France, England, Japan, Bulgaria, Switzerland, Sweden)
- Special Assistant to Acting Board Chairman of Crown Zellerbach Corporation

Education

- Leadership Monterey Peninsula
- National War College
- Graduate Institute of International Studies, Geneva, Switzerland
- BA – Stanford University

Resident

- Carmel since 1943, graduate Sunset and Carmel High Schools



Mary Ruberry

Sunset Center (Joined October 2015)

- Development Committee Member

Other Nonprofit Experience

- Vice President of Development and Marketing, Boys & Girls Clubs of Monterey County
- Board Member, MPCC Morse Foundation

Professional Experience

- Formerly Operations, Service and Marketing Executive of several technology startup companies in Silicon Valley including Nuvo Media, which introduced the Rocket E-book in 1988, the pre-cursor to today's e-books, such as the Kindle and the Nook

Education

- New York University

Resident

- Pebble Beach



Leslie Snorf

Sunset Center (Joined Fall 2014)

- Chair of Development Committee
- Finance Committee and Personnel & Compensation Committee Member

Other Nonprofit Experience

- Board Member, United Way
- Board Member, Past President, and Capital Campaign Co-Chair for Hospice House, Hospice of the Central Coast
- Board Member, Big Sur Marathon
- Board Member, Big Sur Land Trust
- Board Member and Past President, Carmel Public Library Foundation

Professional Experience

- Stockbroker, Kidder Peabody

Education

- BA in Spanish Literature - Grinnell College

Resident

- Carmel



Ken White

Sunset Center (Ex-Officio Member Representing Friends of Sunset, Joined Fall 2013)

- Development Committee Member
- Co-Chair of Gala Committee

Other Nonprofit Experience

- President, Friends of Sunset Foundation
- Board Member, Carmel Art Festival
- Board Member, Salvation Army Monterey Peninsula
- Founder, Board Member, and Co-Chair, Carmel St. Bernard
- Board Member, Monterey Bay Symphony
- Board Member, LAFCO Monterey County
- Board Member and Past Vice President (2005-2008), Pacific Repertory Theater
- Volunteer Chair (2012), Pebble Beach Concours d'Elegance
- Board Member, Monterey Peninsula College Foundation

Political Experience

- Former Carmel Mayor
- Former Carmel City Council Member
- Former Carmel City Planning Commission Member and Chairman
- Former Carmel City Forestry Commission Member
- Former Carmel Area Waste Water Management, Board Member and Chairman

Professional Experience

- Teacher, coach, athletic director at Monterey High School
- Swimming Pool Manager, Carmel Unified School District
- Manager and Personnel Director, Brinton's

Education

- AA - Sierra Junior College
- BS - Chico State College
- Masters - Chico State University

Resident

- Carmel

**Christine Sandin – Executive Director**

Sunset Center (ED since Feb 2011, Consultant from Dec 2009 - Feb 2011)

- Direct all operations of a \$2.7 million regional performing arts and community center
- Manage full-time staff of 13, with 5 direct reports
- Program *Sunset Presents* performing arts series and curate all main stage activity and facility programming
- Report to a 13-member board of directors
- Liaison to Carmel-by-the-Sea, owner of the facility and the general community

Other Nonprofit Experience

- Visit Carmel, Board of Directors (Current)
- Monterey County Convention & Visitors Bureau, Marketing Committee (Current)
- Carmel Chamber of Commerce, Economic Development Committee
- Seaside/Sand City Chamber of Commerce, Board of Directors
- Carmel Valley Community Chapel
- SPCA

Professional Experience

- Managing Director, Monterey Bay Blues Festival (10,000 attendance) 2007-2009, Seaside, CA
- Principal Partner, Concerts North (independent East Coast promoter) 2005-2007, Boston, MA
- Director of Sales & Marketing, Whittemore Center Arena (6,000 seats) 2002-2005, UNH, Durham, NH (Global Spectrum Facilities Management Corp.)
- Marketing & Outreach Manager, Portsmouth Music Hall (800 seats) 2000-2002, Portsmouth NH

Education

- BS – Entrepreneurial Studies & Marketing Communications, Babson College, Wellesley, MA
- Professional Certificate Program – Online Music Marketing & The Legal Aspects of the Music Industry, Berklee School of Music, Boston, MA

Resident

- Carmel Valley

ATTACHMENT #7

SUNSET CULTURAL CENTER, INC

	FY 15 / 16	FY 16 / 17	
	Actual	Budget	% Change
Income:			
Operating			
Performance revenue	\$653,590	\$705,160	8%
Fees and other income	\$229,980	\$241,850	5%
Rental income	\$353,226	\$424,345	20%
Interest income	\$1,100	\$1,100	0%
Total operating income	\$1,237,896	\$1,372,455	11%
Contributed Income			
Community Support - Donations & Grants	\$233,011	\$394,875	69%
Support - Membership	\$75,000	\$85,000	13%
Support Fundraising - Gala	\$165,000	\$135,000	-18%
Total contributed income	\$473,011	\$614,875	30%
Grant Income			
City Operating Support Grant	\$750,000	\$750,000	0%
Total operating support grant	\$750,000	\$750,000	0%
Total income	\$2,460,907	\$2,737,330	11%
Expenses:			
Operating			
Employee's Salaries	\$851,629	\$876,386	3%
Employee's payroll taxes and benefits	\$138,637	\$154,071	11%
Contract Labor's Salaries, payroll taxes and benefits	\$29,396	\$44,822	52%
General and administrative costs	\$175,173	\$184,944	6%
Performance expenses	\$635,009	\$749,429	18%
Ticketing services	\$171,737	\$186,262	8%
Utilities, maintenance and insurance	\$250,854	\$262,126	4%
Total operating expenses	\$2,252,435	\$2,458,040	9%
Education & Fundraising			
Art & Education	\$88,936	\$102,500	15%
Fundraising Expenses - Membership & Other	\$158,341	\$176,790	12%
Total education & fundraising expenses	\$247,277	\$279,290	13%
Total expenses	\$2,499,712	\$2,737,330	10%
Increase (decrease) in net assets	(\$38,805)	\$0	