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DEPARTMENT OF  
FINANCE

BUDGET DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

November 1, 1988

CITY HALL  
ROOM 14  
915 I STREET  
SACRAMENTO, CA  
95814-2696

916-449-5845

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: Sacramento Ballet Association Request for Five Year  
\$250,000 Loan

SUMMARY

The Sacramento Ballet Association has requested a City loan of \$250,000. Based upon the terms of the request, repayment would be interest-free and would begin after a two-year grace period. Staff has reviewed the request and recommends against funding the loan due to prior City Council use of, and requests for use of, the General Fund administrative contingency.

BACKGROUND

The Sacramento Ballet Association (Ballet) is a private, non-profit corporation which provides mainstage performances at the Sacramento Community Center Theater. The Ballet also conducts an outreach program into schools and community centers throughout the city, county, and state.

The Ballet is presently operating with a \$300,000 deficit created by rising costs and a shortfall in projected revenue. Therefore, the Ballet is requesting from the City a loan of \$250,000. The request is for an interest-free loan and a two year grace period before repayment begins in the Fall of 1990 and is completed three years later. Exhibit I contains correspondence which outlines the Ballet's request.

FINANCIAL DATA

In fiscal year 1988-89 the Ballet estimates that it will be operating with a \$300,000 accumulated deficit. This deficit has accumulated over the last few years from a combination of increasing costs and a shortfall in projected revenues. To rectify this budget deficit, the Ballet has developed a five-year Long Range Business Plan (See Exhibit II) which calls for the reduction of expenditures by 12% in fiscal year 1988-89 and a focus on revenue generating activities. The Ballet intends to institute a financial tracking system and will employ an independent finance committee to review the budget on a monthly basis and make recommendations to the Board of Directors.

As outlined above, the Ballet is requesting a five-year \$250,000 loan from the City. The requested terms are as follows: 1) the loan would be interest free, 2) repayment would not begin for two years after the loan is received and would continue for three years (i.e. the five year loan), and 3) the total loan amount would be \$250,000.

While the loan request is for a worthwhile cause, the City has just approved an austere budget which holds the line on increased expenditures. At the time of final budget approval, the General Fund administrative contingency was \$910,000. Since adoption of the Approved Budget, the Council has funded \$150,000 for City Hall renovation and \$25,000 of General Fund carryovers from the contingency and is presently reviewing \$130,000 request for the first part of Phase II of the Air Quality Plan Update. In addition, there is \$44,000 of costs incurred in the June election for Measure A and an estimated \$50,000 to be incurred for the November election which are mandated costs that will be covered by the General Fund. A report on these election related costs will be coming to you under separate cover. If funded, these costs will reduce the General Fund administrative contingency to \$399,000, a 56% reduction with only four months (or 33%) of the fiscal year elapsed. By reducing the General Fund administrative contingency so early in the fiscal year, the City becomes potentially vulnerable to emergencies and economic uncertainties which require the use of the General Fund administrative contingency.

The Community/Convention Center (Center) presently lends the Ballet financial assistance in the form of reduced rates. The Center typically would charge a non-commercial lease rate of \$1600 per performance. This rate is based on the volume of ticket sales. Typically, non-commercial groups are charged \$540 per rehearsal. The Ballet, however, is charged a standard \$1440 per performance with rehearsal time free of charge. The Ballet uses the Center for approximately 20 rental periods (performances) during the year. This calculates to a \$3200 savings on performances and an additional savings on rehearsal time that varies based on the number of rehearsals held for any one show.

RECOMMENDATION

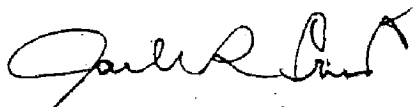
It is the recommendation of staff that, while the City recognizes and supports the worthwhile activities of the Sacramento Ballet, the request for a \$250,000 loan with a five year pay back be denied based on the austerity of the 1988-89 Budget, lack of surplus revenues, and the substantial reduction of the administrative contingency early in the fiscal year.

Respectfully submitted,



Carol Branan  
Sr. Management Analyst

Recommendation Approved:



Jack R. Crist  
Deputy City Manager

November 1, 1988  
All Districts



## SACRAMENTO BALLET

4052 Manzanita Avenue  
Carmichael, CA 95608  
(916) 487-9894

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*Honorary Patrons*

Mrs. Gloria Deukmejian  
Dame Alicia Markova  
Violette Verdy

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*President*

Kathy Randlett

*First Vice President*

Alan Coldiron

*Second Vice President*

Tony McCann

*Secretary*

Connie Priest

*Treasurer*

Barbara Bendix

*Founding Director*

Barbara Crockett-Gallo

*Guild President*

Susan Kempton

---

*Directors*

Karen Baker

Joy Ann Merwin

Diane Grenz

Betsy Inchausti

Kevin Junious

Scott Keinholtz

Marilyn McCloskey

Valerie McMichael

Diane D. Miller

Lacey Pike

Judith M. Samuels

LTC Frederick Shadle

Jo Southard

Phillip Stark

Mariene Underwood

Henry Wang

Cyrus Zal

*Lifetime Directors*

Ginna Akers

Betsy Burns

Mary Ann Sharo

---

*Artistic Director*

Michael Ho

*Executive Director*

Dwight Bowes

July 26, 1988

The Honorable Anne Rudin  
Mayor  
City of Sacramento  
City Hall, Room 205  
915 I Street  
Sacramento, CA 95814

CITY MANAGER'S OFFICE  
**RECEIVED**  
JUL 29 1988

Dear Mayor Rudin:

The past two seasons have seen an astonishing level of growth and development for the Sacramento Ballet Association, with new artistic direction, the creation of a corps of professional paid dancers, the development of a professional staff and the establishment of Sacramento Ballet as an important regional professional ballet company. Building on a highly respected reputation as a training and performing company, which was created by Barbara Crockett-Gallo in 1954, Sacramento Ballet took these new directions in response to the explosive growth of our city and a perceived and documented audience demand. Since 1986, the subscriber base for the ballet company has grown by 500%, single ticket sales reached over 35,000 audience members and 1987 NUTCRACKER sales increased by 15% over the previous season. Unfortunately, the cost of producing professional ballet has continued to explode and, though the Association earns over 65% of its expenses, there is still a necessity of raising approximately \$250,000 each year to support company activities.

The activities of the Ballet include not only mainstage performances at the Community Center Theatre, but also a substantial outreach program into schools and community centers throughout the city and the county, and a tour of California which carries the banner of Sacramento's cultural excellence into many smaller communities of the state. The Association, in order to continue these commitments, is turning to our City Council to request a loan of \$250,000, for five years, which will put the company on a solid financial footing.

Sacramento Ballet Association finds itself facing an accumulated deficit of approximately \$300,000 which has been caused by many factors. Rising costs are, of course, a substantial reason for the problems we

Mayor Rudin Letter

July 26, 1988

Page Two

race, as are budgetary short-falls in the area of contributed income. The company has received substantial support from both local and state government, but it is only now, in the 1988/89 season, that the company can begin to see the fruition of its Business Partnership Campaign and Annual Fund Drive for private donations. The last two seasons have seen unfortunate and substantial short-falls in those two areas of budget projections, but it is my firm belief that for the forthcoming seasons, Sacramento Ballet Association has created budgets which will allow it to live within reasonable expectations and continue to grow artistically. But it has taken (and this follows arts management conventional wisdom) two years to build what we project as a successful contributed income campaign. For the coming year (FY89), the company has already raised \$60,000 in corporate contributions, a figure which doubles that budget line-item over the preceding year, and we have begun to mount a successful foundation campaign, receiving substantial money from Sacramento Regional Foundation, Arata Brothers Trust, Dance Magazine Foundation and others.

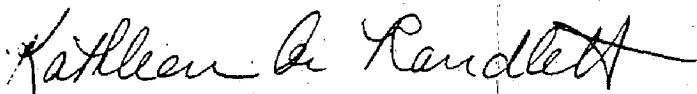
The Sacramento Ballet Association is fully aware of the essential need to put its fiscal house in order. In line with this, the management and directors of the Association have developed a five-year plan (see attached) which projects institution of rigid cost controls, minimal expense growth (for FY89 the expense budget has been cut by 10% over the previous year) an absence of heady optimism and an avoidance of number plugging, and the institution of new financial tracking systems, monitored by an independent finance committee.

Though Sacramento Ballet has long-term solutions to our problems, we are turning to the Mayor and Council of our city for much needed assistance in solving a short-term problem. The Sacramento Ballet is a key component in the cultural life of this city with substantial artistic, economic and quality-of-life impact on Sacramento. We are coming to you for help in a period of growth, and trouble, as have the Crocker Art Museum, Sacramento Symphony Association and the Sacramento Theatre Company in past years.

It is important to the Association that the Mayor and Council understand that we are requesting a loan, not a gift, of \$250,000. We would ask that you give this your first consideration and consider, as well, a two-year grace period before repayment of the loan commences and a no-interest loan. The support of the city government would allow the Sacramento Ballet Association a breathing period in which to satisfy creditors who range from the Sacramento Symphony Orchestra to individual board members who have lent money to the Association in critical cash flow periods.

The artists, Directors and staff of Sacramento Ballet Association join me in thanking you for your consideration of this request.

Sincerely yours,

  
Kathleen A. Randlett, President  
Sacramento Ballet Association

SACRAMENTO BALLET ASSOCIATION  
BUDGET 1986-1989

SUMMARY:	1986/87	1987/88	1988/89
	Actual	Projected	Budget
<b>REVENUE:</b>			
Earned Income	299,315	422,848	473,000
Contributed Income	78,536	113,596	203,000
Other Income	17,907	15,418	20,000
-----			
Total Revenue	395,758	552,862	696,000
<b>EXPENSES:</b>			
Personnel	125,163	193,068	253,605
General administration	39,064	44,385	42,200
Marketing	36,750	51,630	55,700
Development	15,581	10,700	3,850
Box Office	25,152	24,746	27,000
General production	42,847	57,345	45,500
Production	277,257	382,770	258,145
-----			
Total Expenses	561,814	764,644	696,000
Operating Surplus (deficit)	(166,056)	(211,782)	0

CASH FLOW:				Three year Totals
				-----
Beginning Balance	70,000	9,257	(34,107)	
Operating Surplus (Deficit)	(166,056)	(211,782)	0	(377,838)
Increase (Decrease) in A/P	45,313	81,768	23,010	150,091
Increase in Loan Draw	50,000	86,850	(20,000)	126,850
-----				
Ending cash	9,257	(34,107)	(31,097)	

EARNED INCOME	1986/87	1987/88	1988/89
	Actual	Projected	Budget
Subscription sales	4,000	36,887	56,250
Single tickets:			
Fall Ballet	23,323	16,847	17,000
Nutcracker	241,592	278,037	287,750
Spring Ballet	13,020	13,866	17,000
Touring fees	5,417	6,594	12,000
Outreach fees	600	2,214	3,000
Program advertising	6,836	16,329	35,000
Scenery/costume rental	3,235	875	5,000
Interest	1,292	0	0
Box office commission	0	0	8,000
School tuition	0	0	30,000
Studio rental	0	0	2,000
Gala Event tickets	0	51,199	0
	299,315	422,848	473,000
EARNED INCOME			
Individuals	12,515	23,838	35,000
Corporate gifts	25,750	12,660	70,000
Foundation grants	100	10,050	47,000
Government grants:			
CAC	27,749	14,800	16,000
SMAC	12,410	25,154	25,000
CAC Challenge Grant	0	0	10,000
Miscellaneous	12	903	0
Gala Event sponsors	0	26,191	0
	78,536	113,596	203,000
OTHER INCOME			
Guild contribution	8,141	18,312	15,000
Special events	9,766	(1,894)	5,000
	17,907	16,418	20,000
TOTAL REVENUE	395,758	552,862	696,000

MEMO

To: Sacramento Ballet Association Board Members

Subject: Business Plan, 1988 - 1992

Enclosed for your review and comment is the Long Range Business Plan. This plan will be presented for approval at the May 19 Board Meeting.



SACRAMENTO BALLET ASSOCIATION

Long Range Business Plan 1988-1992

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## Sacramento Ballet Association

### 1.0 Introduction

#### 1.1 Mission Statement

To develop and preserve a professional ballet company with repertory rooted in the classics and keenly supportive of contemporary dance.

#### 1.2 Key Goals 1988-1992

##### Financial Plan

1. To develop new resources from both earned and unearned income for operating expenses and capital expenditures.
2. To move toward financial stability by eliminating the deficit and repaying existing bank loans.
3. To generate 35% of annual budget revenues from direct solicitation efforts and other fund raising efforts.
4. Launch a major funding campaign in connection with the 35th anniversary of the Sacramento Ballet Association.

##### Marketing Plan

1. To increase local recognition as a professional ballet company.
2. Maintain and increase community awareness of the school of the Sacramento Ballet as a premier training organization.
3. Increase subscriber base to 4,000 subscribers and audience attendance to a minimum of 80% capacity.
4. Expand diversity of subscriber base to include special constituency groups.
5. To expand existing Guild support group and develop auxiliary support group to enhance marketing and public relations activities.
6. To establish a west coast reputation as a performing ensemble.

##### Artistic Plan

1. Maintain a commitment to presenting 19th and 20th Century classical repertory while encouraging new choreographers and new works.

## Sacramento Ballet Association

### 1.0 Introduction

#### Artistic Plan (Cont'd)

2. Maintain a core company of professional dancers on full season contracts and strive towards parity in compensation with other regional professional companies.
3. To expand touring beyond California into western region and to continue to expand outreach program into four county area.
4. To establish a high school study program for the training of potential professional dancers of the Sacramento Ballet School.

#### Management Plan

1. To reach industry standard for remuneration of dancers and staff of the Sacramento Ballet.
2. Attract and retain qualified administrative and artistic staff to support organization growth.
3. To automate financial and management information needs.

#### Facility Plan

1. To maintain administrative and studio space in the downtown area to house current and projected operation.
2. To provide appropriate facilities for Sacramento Ballet professional training program.

#### Board Development Plan

1. To diversify the Board of Directors to include a broader range of expertise and ethnic representation.
2. To create an Advisory Board of key opinion leaders in the artistic and business community.

## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy

The Sacramento Ballet faces a serious financial challenge for the next five years. Key issues include a potential \$200,000 deficit at the fiscal year end 1988 and a need to grow and continue to meet high-level production expectations of an increasingly sophisticated market. In order to meet these challenges the company must institute the following considerations.

#### Budgeting

For each of the next five years the Association will develop and adhere to balanced budgets which will be based on historical data relative to contributed and earned income. The Association is firmly committed to avoidance of "numbers plugging" to balance a budget. In each of the five years projected in this plan the Association will allocate substantial income for the retirement and servicing of the debt. To effect this debt retirement plan cost controls will be instituted that will include:

- a. Minimum increases in salary levels for all staff and artists. Increases will be tied to the CPI and in no case, after an approved FY89 budget, shall they exceed 5% per annum.
- b. Administration, Development and Marketing expenses will be held to firm budget ratios: Administration (salaries, rent, general office expense) will be held at a maximum of 20% of budget; marketing at 17% of dollars earned; development at 3% of dollars raised. These figures will require continuing Sacramento Ballet Association's successful in-kind donation program for printed materials and like services which in FY88 amounted to an estimated \$80,000.
- c. All production costs will be scrutinized for any excess. For instance, the company's production of Nutcracker will be put on hold (for new scenery and costumes) for the first two seasons of this plan. And, though the company will continue to produce new works, the emphasis will be on "no scenery" ballets and "emerging" choreographers with smaller fees. The Artistic Director of the company will be challenged to create more work of his own, as well. Large investments in production will be reserved for the full scale "Story Ballets" which produce greater return at the box office.
- d. Marketing and Public Relations dollars will be budgeted and spent at increased (but held at the 17% ratio) over previous season as earned income is the most likely area of success for the company.

## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy (Cont'd)

e. A fully empowered Finance Committee has been instituted which will monitor cash flows and monthly statements, as well as annual budget projections, to red flag danger areas and instruct the Executive Director relative to necessary budget cuts and operational changes. The mission of the committee is to insure that there is no increase in the deficit, no expenditures which are not carefully considered and deemed essential, and a careful following of the Development Plan (see below) to meet projected goals and repayment of outstanding loans.

Projected shifts in expenditures and income are detailed in the attached charts.

#### Development Plan

The Development Plan, implemented by a board level committee and management, will undertake the following to insure the future financial and artistic success of the Sacramento Ballet Association.

a. A strong Corporate Giving Campaign, implemented in 1988, which focused on forward financing and follows a United Way technique. For FY89 \$70,000 has already been committed to the Association. This figure represents a doubling of past performance. Contingent with this plan is strong Board development, attracting to the Ballet Board more decision makers in the Community (for FY89 the Board will be increased by at least eight members, and current candidates include Mrs. Angelo Tsakopoulos; Rick Frey, Administrative Director of the Sacramento Bee; Mr. David Mullitt, a senior executive at PG&E; and two leading physicians in the community.) Each Association Director will be required to raise, represent or give a minimum of \$5,000 per annum, and this commitment will be reviewed annually and increased as needed. The Board of Directors will adopt a resolution to this effect in the spring of 1988.

b. Individual giving will be increased through a substantive donor's campaign which will be designed with the assistance of Bill Moskin. In 1989-90 a telemarketing donations campaign will be undertaken with a goal of \$50,000 to be received from private donations.

c. Sacramento Ballet Association will engage in an active Government advocacy campaign, coordinated with the other four major arts institutions of Sacramento, to increase

## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy (Cont'd)

local government giving to 5% of annual budget. Currently there is strong indication that this campaign will be successful.

d. Foundations - With few Foundations in the local area, Sacramento Ballet Association will not project large donations from this source. However, with the establishment of the Sacramento Regional Foundations Arts Endowment, there is a FY89 challenge for new dollars received, which the Foundation will match 50% to the dollar. It is projected that this could bring in \$10,000-15,000 for each of the first three years of this plan. A comprehensive research and solicitation plan will be undertaken (and has already been started) to reach regional and national Foundations which support dance.

e. Special Events - By 1989 Sacramento Ballet Association will institute an annual Pledge Night Dinner which will solicit three year pledges of support from community donors and leaders. It is anticipated that this will raise up to \$50,000 per year. Other major fund raising events will be considered to meet the gap in income.

f. 35th Anniversary Campaign - 1989-90 is the 35th season of Sacramento Ballet, and a major debt retirement/cash reserve campaign will be undertaken with a goal of \$100,000 to insure the future of the company. This campaign will be designed by management and will target all segments of the community.

#### Earned Income

The most likely area for immediate financial growth is that of earned income. To maximize box office return the marketing plan outlined will be instituted immediately and earned income is projected to increase by 55% over a five year period. Touring income will increase substantially starting in FY90, when Sacramento Ballet is placed on the CAC touring roster. For that season we have received subsidy in the amount of \$20,000, which would reflect fees increasing to \$80,000 in the first year of the grant. This is up from income of \$10,000 in FY88. Costs for touring will, by necessity, increase, but net income will be substantially higher. (See budget charts.)

Sacramento Ballet is entering the 1988-89 season with an emerging market position, which must be solidified within two years, and a strong reputation which is growing relative to local and regional

## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy (Cont'd)

recognition. To capitalize on these assets, the company must make significant modifications in marketing strategies and dollars spent and hold firm on scheduling.

Specifically, the company has:

- a. Built a solid subscriber base of 1,000 in a two year period.
- b. Established a successful subscription season so that there is regularity of performances and constant presence in the community.
- c. Promoted the professional image of the company with strength in classical repertory but a willingness to take chances.
- d. Built a Nutcracker audience over twenty years to our present 16 performances for over 35,000 audience members annually.
- e. Through touring and outreach activities, begun to develop a broader target market reaching a four county area.

To solidify the financial success of the organization Sacramento Ballet Association must perpetuate these achievements and allocate necessary funds and resources to achieve the following:

- a. Insure a Subscriber renewal rate of 75% annually.
- b. Increase attendance at Nutcracker performances from 85% (1987) to 100% by 1990. This can be done by careful scheduling and a pro-active marketing campaign.
- c. Improve effectiveness of marketing by increasing budget allocation of marketing monies from 11% (FY88) to 17% (FY90) of admissions and fees.
- d. Solidify and expand the larger four county market by increasing and upgrading in-school outreach activities and run-out tour performances in Yolo, Yuba, Placer and Sacramento Counties.

## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy (Cont'd)

e. Increase attendance at non-Nutcracker performances from 6,000 (40%) in FY88 to 12,000 (80%) in FY91. This can be accomplished by expanding both subscriber and single-ticket audiences. (See below.)

f. Increase the Subscriber base from 1,000 (14%) in FY88 to 4,000 (55%) in FY91.

g. Substantially increase numbers of touring performances and insure a minimum 5% return over costs to the Association. This can be accomplished by an aggressive selling campaign and will be greatly aided by inclusion on the CAC Touring Roster in FY90.

Strategies which have been recently implemented or are projected for the future, which will insure the success of the above goals include:

a. Early announcement of the season, tied to Spring performances. (Implemented)

b. Comprehensive Market research analyzing current and potential buyers. (Implemented)

c. Develop a comprehensive Subscriber Renewal campaign which will begin with Spring performances. (Implemented)

d. Substantial increase in direct mail, advertising, promotional and telemarketing activities. In FY89 Sacramento Ballet Association will double the number of direct mail pieces (to 40,000) for the subscriber campaign, and increase advertising dollars to 16% of budgeted earned income. Telemarketing of subscription tickets will be undertaken in Fall of 1989.

e. As a result of these activities, the direct mail response is projected to increase from the current .5% to 1% in FY91.

f. Improve cost-effectiveness of marketing dollars by developing, in association with the other major performing arts groups in Sacramento, a program to create a special arts advertising rate at the Sacramento Bee and local radio and television stations.



## Sacramento Ballet Association

### 2.0 Financial Plan

#### 2.1 Financial Strategy (Cont'd)

g. Develop a full scale program of audience education, including preview lectures, informal post performance discussions with artists, and "brown bag" performances in local parks and community centers.

h. Promote Nutcracker touring to smaller communities in Northern California. This will be helped by the engagement of a professional agent to represent Sacramento Ballet Association at regional booking conferences, developing better sponsor relationships and creating an effective pricing strategy at the low end of the ballet market.

i. Expand the local corporate underwriting campaign for tours which has been successful in Placerville and Redding.

j. Develop by 1990, a new support group of similar nature to the Sacramento Symphony EnCorps. This is in discussion phase with two new Board members.

#### Marketing

Having completed an in-depth marketing survey with the other four major arts organizations in Sacramento in January 1988, Sacramento Ballet Association is in a position to carefully market its product. Aspects of the plan to be undertaken include: consistent and sophisticated packaging of the product; promotion of our location ("you don't have to drive to San Francisco", etc.); developing a clear and recognizable niche for the company artistically and informing the public of it; focusing on a new untapped audience with considerable disposable income, identified in the study; careful pricing strategies that reflect the capabilities and interests of our audience; intensive subscriber renewal campaigns (currently Sacramento Ballet Association enjoys a renewal rate of 78%); identifying the competition and answering with a clear marketing strategy; and reflecting audience programming responses--innovation in programming will be carefully considered and marketed to bring the audience with us. Sacramento Ballet Association is committed to moving forward carefully so that our audience follows and grows with the company.

1.2 Revenue & Expense Projection - 1988 - 1992

SACRAMENTO BALLET ASSOCIATION

Comparative Revenue Chart

FY1988 - FY1992

<u>Revenue Source</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>
Admissions	\$407,000 (A)	\$398,000	\$437,000	\$481,000	\$529,100
Doubling/Outreach Fees	15,000	15,000	80,000 (B)	84,000	92,000
Tuition	-0-	30,000	35,000	37,000	45,000
Program Advertising	36,000	45,000	47,000	49,000	49,000
Rentals	<u>4,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Subtotal Earned	462,000	493,000	604,000	656,000	720,100
Federal Govt.	-0-	-0-	-0-	10,000 (C)	10,000
State Govt.	20,000	45,000* (1)	20,000	23,000	24,000
Local Govt.	19,000	35,000	45,000	47,500	48,000
Individual Contributions	28,000	40,000	70,000 (4)	40,000	45,000
Corp. Contributions	42,000	90,000	110,000 (4)	100,000	100,000
Foundations	12,000	67,000 (2)	30,000	35,000	38,500
Special Events	7,000	12,000	25,000 (5)	30,000	30,000
Build	<u>15,000</u>	<u>15,000</u>	<u>18,000</u>	<u>18,000</u>	<u>20,000</u>
Subtotal Unearned	143,000	304,000	318,000	303,500	315,500
TOTAL REVENUE	\$605,000	\$797,000	\$922,000	\$959,500	\$1,035,600

2.2 Revenue & Expense Projection - 1988 - 1992

SACRAMENTO BALLET ASSOCIATION  
 Comparative Expense Chart  
 FY1988 - FY1992

<u>Expenses</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>
Artistic Personnel	\$292,000 (A)	\$293,000	\$323,000 (B)	\$339,000	\$ 355,900
Admin. Personnel	60,000	80,000	95,000	114,000 (C)	120,000
Technical Personnel	65,000	78,000	82,000	86,000	90,000
Facility	71,000	62,000	66,000	69,000	72,500
Marketing	86,000	86,000	88,000	96,000	101,000
Development	20,000	23,000	25,000	28,000	30,800
Tour/Outreach (Direct Expense)	8,000	12,000	35,000	42,000	45,000
Home Productions (Materials/Supplies)	82,000	75,000	90,000	94,000	103,500
Interest	12,000	8,000	8,000	8,000	7,000
Gen. Administration	<u>41,000</u>	<u>35,000</u>	<u>40,000</u>	<u>44,000</u>	<u>48,400</u>
TOTAL EXPENSE	\$737,000	\$752,000	\$852,000	\$920,000	\$ 974,100
TOTAL REVENUE	\$605,000	\$797,000	\$922,000	\$959,500	\$1,035,600

2.2 Revenue & Expense Projection - 1988 - 1992

SACRAMENTO BALLET ASSOCIATION

Financial Projection

FY1988 - FY1992

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>
Accumulated Reserve (-)	(216,000)(7)	(171,000)	(101,000)	(61,500)	-0-

FOOTNOTES:

- (A) Includes fees and tickets sales for Les Ballet and Nureyev (prorata).
- (B) Reflects 2 additional dancers on contracts.
- (C) Reflects addition of Administrator for school.
- (1) Includes estimated CAC challenge grant of \$23,000.
- (2) Includes \$35,000 from Sacramento Regional Foundation Hyatt Opening and Challenge match.
- (3) Reflects \$20,000 touring support.
- (4) Reflects increases due to 35th Season Campaign - but only 50% of potential \$100,000 goal.
- (5) Includes events such as Polo Classic.
- (6) Assumption of receiving grant in 2nd year of application.
- (7) The accumulated deficit is \$216,000 - \$132,000 from fiscal year 1988 and \$84,000 from fiscal year 1987.

## Sacramento Ballet Association

### 3.0 Marketing Plan

#### 3.1 Marketing Strategy

Sacramento Ballet Association enters its third decade of operation with a growing reputation as a professional ballet company and a widening circle of patrons in Sacramento, Yolo, Yuba, El Dorado and Placer counties. Aggressive marketing and public relations support will be the key to the Sacramento Ballet Association's success in 1988 and beyond. Finding our own niche as a ballet company will be very important. Packaging the Sacramento Ballet consistently and to compete for new audience is essential.

#### 3.2 Public Relations Program

Sacramento Ballet Association will continue to emphasize direct contact with its sponsors and other key arts organizations in the community to increase local recognition as a professional ballet company. We do this through a variety of public relations programs.

a. The Sacramento Ballet Association will continue its work with a local public relations firm. This includes promotions for events, marketing brochures and media communication. Locating and identifying audience potential is key. The Sacramento Ballet, in association with the community's other major arts organizations, has taken the first step in that process by commissioning a marketing survey. The information gleaned from this survey will help market to a realistic and reachable audience. Pricing strategy will be greatly effected by the survey information.

b. The Marketing Committee of the Board of Directors will continue to provide creative input and will work in harmony with the outside public relations firm. Formation of another auxiliary group will add to the Guild's continuing efforts in marketing and public relations activities. The auxiliary groups will draw participants from two distinct segments of our community.

c. In 1989-90 we will consider employing a Marketing Associate staff person to work directly with the outside public relations firm.

d. Reach the industry standard by increasing our marketing spending to 17% of each dollar of admissions revenue.

## Sacramento Ballet Association

### 3.0 Marketing Plan

#### 3.3 Subscriber Objectives

The subscriber base has been increasing each year. The Sacramento Ballet Association realized a 78% renewal of subscribers in 1987-88 season and plans to continue with at least a 75% renewal annually.

a. Through direct solicitation and mass mailing activities the subscriber base is targeted to increase to 4,000 by 1991. As a result of this increase, audience attendance is targeted for 80% capacity in this same time period.

b. Limited ticket sponsorship will be pursued. Patrons' benefits will be those things which can not be bought. We will strictly limit free ticket giveaways.

## Sacramento Ballet Association

### 4.0 Artistic Plan

#### 4.1 Classical Repertory

Sacramento Ballet will maintain, over the next five seasons, a commitment to the presentation of the major 19th and 20th Century Classical Repertory while continuing to explore new works and important revivals by contemporary choreographers. The core of the company will be the Professional company, which in the first year of the new plan will number eight full contract dancers and two apprentices and in 1990 will be increased to ten full contract dancers and two apprentices. A major goal of the Association is to achieve parity of compensation with other important regional ballet companies, e.g. Ft. Worth Ballet, Oakland Ballet. This will insure a continuity of personnel and improve company morale. Achievement of this goal is, however, contingent upon the success of the Financial Plan.

#### 4.2 Programming

The Company will continue to expand its repertory and during the life of this plan add one full length ballet to such. But, repertory will be chosen with a keen eye to company capabilities artistically and the response of our audience. New works will be produced which reflect a spirit of innovation in production but which respond to constituency demand. The Company will move forward but keep an eye on the audience to be sure that they are following. One principal goal of the Artistic Plan for Sacramento Ballet is to reflect the rich and diverse cultural heritage of the Pacific Coast, and programming will pay heed to the ethnic diversity of our audience; Asian, Black and Latin culture will be reflected in the work produced by Sacramento Ballet.

#### 4.3 High School Study Program

A comprehensive Professional Training Program will be established during the 1988-91 seasons of the company, growing out of the excellent groundwork laid by Founding Director Barbara Crockett-Gallo. An essential component of this program is the establishment in 1988-89 of an independent study program for high school students, which will be coordinated with the VAPAC program at Sacramento High School. Scholarships in training will be maintained as a priority for the Association, based both on need and merit. It is projected that for the first two years of this Long Range Plan that lower level training (ages 6-13) would continue to be provided by the Crockett Dance Studio. The overall intention of the Professional Training Program is to supply high caliber training to young dancers with serious professional potential who will eventually become members of the Sacramento Ballet Company.

## Sacramento Ballet Association

### 5.0 Management Plan

#### 5.1 Compensation

Qualified and competent artistic and administrative personnel are critical to the success of the Sacramento Ballet. Therefore, the Company will strive to provide a work environment and compensation program conducive to attracting and retaining quality personnel.

As the financial position of the Sacramento Ballet improves, its goal will be to reach industry standards for remuneration of dancers and staff. This will include competitive salary and group insurance benefits.

#### 5.2 Management Information

The Sacramento Ballet's management information is fragmented and retrieved from several manual data sources. Management and Board of Directors long range programming decisions could be enhanced by having current data about its subscriber base and historical audience attendance records. There is a critical need to purchase a computer to automate management information and improve administrative staff productivity. Significant computer applications targeted include financial records, subscriber data, mailing lists, audience attendance records and word processing.

The Sacramento Ballet will actively pursue the feasibility of purchasing an in-house computer in 1988-89.



## Sacramento Ballet Association

### 6.0 Facility

#### 6.1 Location

Sacramento Ballet will establish its center of operations in downtown Sacramento during the 1988-89 season, opening a "Ballet Center" with offices, warehouse, studios and production workspaces in one building. The need for this is well established as it will centralize company operations, create a more vital presence in our home community and, perhaps more importantly, give the company complete access to studio space and allow for the creation of a Professional Training Program (see Artistic Plan). The rent expense for the downtown location must be within the company budget. The rent payment for the downtown facility is projected to decrease from rent payment at present Carmichael site. It must be borne in mind, however, that utilities, maintenance and faculty costs will increase, as these have been included in previous agreements with the Crockett Dance Studio.

#### 6.2 Present and Future Space Requirements

This relocation to the downtown area will be a capital investment for Sacramento Ballet Association totalling approximately \$75,000 for equipment, dance floors, mirrors, additional plumbing for lounge areas, electrical modifications and labor. Work will be undertaken on the basis of money raised before work done. Currently a Capital Fund Drive is being created which will involve several community leaders in the campaign to solicit funds and materials for the necessary modifications to the future downtown site.

## Sacramento Ballet Association

### 7.0 Board Development Plan

#### 7.1 Board Development

The Board Development Plan is to solicit active, participatory individuals from the community through its Nominating Committee. The Committee will design a procedure for selection and recruitment to ensure commitment and awareness. We recognize the need for a cohesive group who is committed to the growth and development and keenly aware of the Sacramento Ballet.

#### 7.2 Advisory Board

The Board of Directors will develop a ten person Advisory Board consisting of key Community leaders. The Sacramento Ballet Association will consult with the Advisory Board on overall strategy, growth and key fund development matters.