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DEPARTMENT OF PARKS  
AND COMMUNITY SERVICES

ROBERT P. THOMAS  
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ASSISTANT DIRECTOR

WALTER S. UEDA  
DEPUTY DIRECTOR

Budget and Finance Committee  
Sacramento, California

CITY OF SACRAMENTO  
CALIFORNIA

July 10, 1989

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DIVISIONS:  
CROCKER ART MUSEUM  
GOLF  
METROPOLITAN ARTS  
MUSEUM AND HISTORY  
PARKS  
RECREATION  
ZOO

Honorable Members in Session:

SUBJECT: Sacramento Ballet Financial and Programmatic Plan and  
Contract for Arts Activities

SUMMARY

This report provides the Budget and Finance Committee with a status report of the Sacramento Ballet's Financial and Programmatic Plan. This report recommends that the Sacramento Metropolitan Arts Commission continue to monitor the progress of the Sacramento Ballet and that the City Council authorize and direct the City Manager to execute, on behalf of the City of Sacramento, an agreement with the Sacramento Ballet Association for \$30,000 to fund arts activities.

BACKGROUND INFORMATION

At their January 24, 1989 meeting, the City Council appropriated \$30,000 in funding for the Sacramento Ballet to be administered through the Sacramento Metropolitan Arts Commission. In conjunction with this action, the Council directed the Sacramento Metropolitan Arts Commission to review and comment on the Ballet's proposed financial and programmatic plan for 1988-89.

On February 16, 1989 the Sacramento Ballet Association submitted a report to the Arts Commission detailing their financial and programmatic plans for 1988-89 (Exhibit A). The plan was reviewed by the Commission's Awards Committee. The Awards Committee oversees all of the Commission's grants programs. The Committee on March 17 developed a series of questions and critiques directed to the Ballet (Exhibit B). A meeting was called by Dr. Allan Gordon, Chair of the Awards Committee to discuss the critique with the staff of the Commission, the Vice Chair of the Commission and staff and board representatives from the Sacramento Ballet Association.

The Sacramento Ballet submitted a written response to the critique on April 4, 1989 (Exhibit C). This report was submitted directly to the Commission and was discussed at the regular Commission meeting on April 12. The Commission directed the Awards Committee to review the report and advise the Commission of its findings.

The Committee met on April 21 and discussed the report submitted by the Sacramento Ballet Association. The Committee submitted a letter dated April 24, 1989 to the Commission advising them that the initial plan and the response by the Ballet did not address the committee's concerns regarding membership development, administration consolidation, cost containment and fundraising. They stated that the lack of an updated comprehensive artistic and financial long-range plan addressing itself to the next three years is very critical (Exhibit D).

The Commission accepted the Committee's findings at its regular meeting on May 10, 1989 and requested that staff submit a report to the City Council apprising them of the Commission's findings. This report was reviewed by the City's Budget Office the week of June 11, 1989 and they concur with the Arts Commission's findings relative to the need for long-range planning and the present serious financial condition of the ballet.

#### FINANCIAL DATA

The City Council will allocate \$30,000 from the proposed FY 1989-90 City budget General Fund for the Sacramento Ballet Association to be administered through the Sacramento Metropolitan Arts Commission. The Arts Commission will authorize payment of the first \$27,000 upon execution of contract. The remaining \$3,000 will be authorized upon approval of the Sacramento Ballet's Financial and Programmatic Plan for 1989-90 by the the Arts Commission.

#### POLICY MATTERS

None.

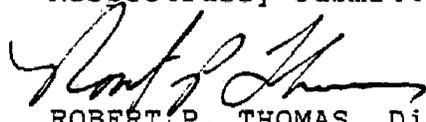
#### MBE/WBE

N/A

RECOMMENDATION

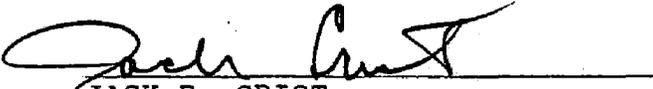
It is recommended that the Budget and Finance Committee approve this report and refer it to the full City Council for action. Further, it is recommended that the City Council authorize and direct the City Manager to execute, on behalf of the City of Sacramento, an agreement with the Sacramento Ballet for \$30,000 to fund arts activities.

Respectfully submitted,



ROBERT P. THOMAS, Director  
Parks and Community Services

Recommendation Approved:



JACK R. CRIST  
Deputy City Manager

Contact person to  
answer questions:

Wendy Ceccherelli  
Director, Metro Arts Division  
449-5558

July 25, 1989  
All Districts

Exhibits

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# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

Resolution Approving Sacramento Metropolitan Arts Commission's Report Concerning the Sacramento Ballet's 1988-89 Programmatic and Financial Plan and Authorizing the City Manager to Execute an Agreement Between the Sacramento Ballet and the City of Sacramento.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the report by the Sacramento Metropolitan Arts Commission concerning the Sacramento Ballet's 1988-89 Programmatic and Financial Plan is approved.
2. That the City Manager is hereby authorized and directed to execute, on behalf of the City of Sacramento, an agreement with the Sacramento Ballet for \$30,000 for funding of arts activities.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

CCA88/balletrep

FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

DRAFT REPORT  
TO  
CITY OF SACRAMENTO  
AND  
SACRAMENTO METROPOLITAN ARTS COMMISSION  
REGARDING  
GRANT TO  
THE SACRAMENTO BALLET

Submitted To:

Mayor  
City of Sacramento  
City Hall, Room 205  
915 I Street  
Sacramento, CA 95814-2672

and

Director  
Sacramento Metropolitan Arts Commission  
800 Tenth Street, Suite 2  
Sacramento, CA 95814

Submitted By:

Sacramento Ballet Association  
1812 J Street, Suite 22  
Sacramento, CA 95814

Kathleen Randlett  
Board President

George Brilts  
Executive Director

February 16, 1989

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1. INTRODUCTION

On January 24, 1989, the Sacramento City Council unanimously approved a three year grant to the Sacramento Ballet totaling \$90,000. The grant is to be paid in \$30,000 increments, spanning three fiscal years. The initial \$30,000 was to be paid by the end of January 1989, the second \$30,000 by July 1, 1989, and the final \$30,000 on July 1, 1990.

City staff recommended that the first payment (January 1989) be \$20,000, and the remaining balance of \$10,000 be paid upon receipt of a detailed report describing the use of the City's funds by the Ballet no later than 60 days after January 24, 1989. Further, the City Council designated the Sacramento Metropolitan Arts Commission as it's designated agent to receive and evaluate the aforementioned report. Subsequent annual reports will be due prior to the City awarding the remaining two \$30,000 grant awards.

The Sacramento Ballet Association is pleased to submit this Draft Report to both the Mayor of the City of Sacramento and the Director of the Sacramento Metropolitan Arts Commission as the document to satisfy the contingency requirement for receiving the final \$10,000 grant for the first year.

2. OVERVIEW / HISTORY OF SACRAMENTO BALLET DEBT

The Sacramento Ballet was founded in 1954 by former San Francisco Ballet principal dancer, Barbara Crockett-Gallo. After 32 years as a volunteer organization, the Sacramento Ballet went professional in 1986. With seed funding of \$100,000 from a successful fundraiser featuring Mikhail Baryshnikov, the Ballet proceeded to hire full time, paid staff. The staff included Artistic Director, Executive Director, Production Coordinator, Box Office Manager, Office Manager and a core of 9 professional dancers.

By the end of the first year of operation as a professional company, the Sacramento Ballet had incurred a \$166,000 debt. By the end of the second season an additional \$192,000 debt was incurred, which forced the Ballet to take a \$100,000 loan from River City Bank to make payroll. At the start of the 1988-89 season last June, the cumulative debt had risen to \$358,000.

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Creditors needed to be paid. This was partially accomplished by paying from revenue raised from the sale of 1988-89 season subscriptions. By paying off some of the back debt, the Ballet quickly depleted its current year's (1988-89) cash reserve, and has been having a cash-flow problem ever since. This, in turn, has required the Ballet to extend paying this year's debts from thirty to sixty days after receipt of goods and services.

The Ballet is current with almost all of this year's payables, including the Sacramento Symphony. (The Symphony being the largest creditor - since the Ballet has not paid them for the two previous seasons). ~~The Symphony extended credit to the Ballet with the proviso that their bill be repaid over three years in nine equal installments. The balance remaining to be paid the~~ Symphony is \$113,143.

Other major creditors include Cal Central Press, who printed our 1987-88 season subscription brochure and season program. The Ballet owes Cal Central \$26,000 for last season. This debt has been converted into a promissory note, due to be paid in full by January 30, 1990. Cal Central is also owed \$23,000 for the 1988-89 season program. Terms and conditions for repayment have not been set at this time.

~~Approximately \$75,000 is due to other creditors~~ for the last two seasons. The Ballet has contacted each creditor to establish a partial repayment schedule to be extended over two years. In almost all cases, creditors have been willing to waive interest penalties.

The final group of major creditors is the Ballet's Board of Directors who have loaned the Ballet \$58,000. Terms and conditions for repayment have not been negotiated at this time. Eventual repayment is planned.

The debt owed to all creditors by the Sacramento Ballet for the previous two years is approximately \$295,000.

Over the last two years, the Ballet's Board of Directors has been unable to raise the required amount of unearned income. In 1986, \$20,000 of \$100,000 needed was raised (shortfall of \$80,000), and in 1987 \$30,000 was raised (shortfall of \$70,000). This lack of unearned income only exacerbated the Ballet's precarious financial condition.

The \$90,000 grant from the City of Sacramento will enable the Sacramento Ballet to significantly reduce the previous two years

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debt. It is important to note that if the Ballet were not making partial repayment to prior year's creditors, it would be operating on a balanced budget for the 1988-89 fiscal year. This is due to our successful efforts at increasing single ticket sales over last year (10%), and an 82% increase over last year's season subscription sales. The Ballet derives 64% of its annual operating budget from ticket sales, whereas the national average is 55%.

### 3. PROPOSED REVENUE GENERATION AND COST-CONTAINMENT MEASURES

#### A. Revenue Generation Plans

The Ballet Board was informed by our Business Manager at our November meeting that according to the projected cash flow, the Ballet would be bankrupt by January 1989. The Board and staff immediately embarked upon our first major membership drive during and after our December production of The Nutcracker. This concentrated membership campaign has netted the Ballet over \$9,000. Our individual contributions for the period July 1, 1988-January 30, 1989 have already reached \$23,999.

Our corporate donation revenues for this fiscal year are \$38,480, and our foundation support for the same period is \$21,950. We are at 60% of our contributed income goal for the year, and believe that we will come close to meeting our \$100,000 goal for this year.

To this end, we will be actively seeking underwriting for our final Spring production "American Gala", to be produced in April 1989. Production costs for this performance are approximately \$50,000. We have already been successful in raising \$6,000 from the Sacramento Bee, \$8,000 from Target Stores, and \$2,500 from Camray Construction, with several local firms interested in underwriting other parts of the production. Ticket sales for the three performances of "American Gala" are expected to exceed \$20,000. We strongly believe that this production will be self-supporting.

Other efforts at revenue generation include billing our current association members for renewal. This campaign begins in March, and is expected to net the Ballet \$15,000.

The Ballet will also be developing a new audience base through the Sacramento Metropolitan Chamber of Commerce at our dress rehearsal for "American Gala". ~~All 3,200 Chamber members, plus guest, will be invited to attend an informal reception hosted by I. Magnin's, right before the dress rehearsal. We are expecting over 250 persons to attend, with a season subscription conversion rate of 50%.~~

The Ballet has also submitted a new audience development proposal to the Sacramento Regional Foundation for funding consideration. This particular proposal would focus on building new season subscriptions from senior citizens and increased single ticket sales to college students. If funded, the Ballet would embark on a targeted marketing campaign to these two groups which should net us \$40,000 next season.

We have recently submitted two proposals to the national Endowment for the Arts in Washington, D.C. to underwrite a choreography fellowship for our Artistic Director, and the other to underwrite development of a brand new ballet during the 1990-91 season. This is the first time the Ballet has applied to the National Endowment for funding.

The Ballet has a proposal from the nationally recognized former President of the San Francisco Ballet, Dr. Richard Le Blond, to strengthen our board and develop a both short and long range plans for the Ballet's financial stability. (See Attachment B).

We are seeking special support for this effort from select donors and foundations in the San Francisco Bay Area. Dr. Le Blond's involvement with the Sacramento Ballet will ensure future funding from elsewhere in the state (San Francisco, Los Angeles) and from East coast-based corporate headquarters in New York.

The Ballet will also increase season subscription prices for next year which should net us an additional \$10,720 (See Attachment A).

Inasmuch as special events fundraising is concerned, the Ballet is considering presenting the "Dance Theater of Harlem" in August of 1989. When this group last appeared at the Sacramento Community Center Theater over a year ago, it was to sold out houses. We would only pursue this fundraising project if corporate underwriting were available to cover costs, and secured prior to the event.

Several small fundraisers are planned around our Spring 1989 "American Gala" production. A summer special event/fundraiser is being planned at Lake Tahoe. ~~Another special event that the Ballet is considering is a "Cinderella Ball" to coincide with our Fall 1989 season opener, "Cinderella".~~

Our efforts at proposal writing and fundraising are taking a positive turn. We feel extremely optimistic about the future in this regard. We anticipate that our efforts at fundraising should meet our contributed income goals for this fiscal year, and that we will finally be able to increase our goals for 1989-90. This would be the first time in three years.

CHART A

REVENUE PROJECTIONS THROUGH JUNE 30, 1989

Individual Membership Campaign	\$ 9,000
"American Gala" Fundraising Events	10,000
Membership Renewal Campaign	15,000
Sacramento Chamber Season Subscribers	7,500
Sacramento Regional Foundation Grant	4,800
	-----
Total Additional Revenue Projections to June 30, 1989:	\$46,300

CHART B

ADDITIONAL REVENUE  
PROJECTIONS FOR JULY 1, 1989 - JUNE 30, 1990

Increase in 1989-90 Season Subscription Prices	\$ 40,720
Presenting Dance Theater of Harlem (Aug. 1989)	22,000
Cinderella Ball Fundraiser (Nov. 1989)	18,000
Foundation Grants Generated via Le Blond	125,000
	-----
Total Additional Revenue Projections FY 88-89:	\$175,720

B. COST-CONTAINMENT MEASURES

Immediate, cost-containment measures that have been instituted this year include ~~no replacement of personnel~~ (artistic/administrative) ~~when they resign~~. To date, this has resulted in a \$1,200 savings by not replacing one of our professional dancers, who is shortening her contract by 1 1/2 months. An Apprentice dancer will substitute for her at no charge to the Ballet.

The Sacramento Ballet also ~~terminated its guest choreographer contract of \$7,500~~. The penalty for this action was \$1,600, yet netted the organization a savings of \$5,900. Also the ~~costume designer was asked that she not fly to Sacramento for fittings, saving the Ballet \$1,000~~.

Each staff member has been given a 0-Based Budget guideline for the balance of this fiscal year. All of their projects must be either donated services/materials or completely underwritten. ~~To this end, the Ballet has secured in-kind contributions for our 1989-90 season subscription campaign. The graphic designer has donated her services (\$2,200) and the printer has donated his services (\$8,800) towards the production of this brochure. Our "American Gala" promotional flyer will also have graphic design donated (\$1,000) and printing production (\$2,400)~~

~~Additionally, two raffle fundraisers are planned for "American Gala" with donated door prizes valued at \$5,500. We just received word from American Airlines that they will be donating two round trip airfares from Sacramento to Paris (value \$4,000). Finally, the staff will be attempting to secure in-kind contributions of materials to construct the set for "American Gala" - estimated cost \$1,500.~~

CHART C

COST-CONTAINMENT MEASURES FOR FY ENDING JUNE 30, 1989

Salary Savings (1 Dancer)	\$ 1,200
Cancellation of Guest Choreographer	5,900
1989-90 Season Subscription Design	2,200
Printing of Season Subscription	8,800
Costume Consultant Travel Cancellation	1,000
"American Gala" Flyer Design	1,000
Flyer Printing	2,400
<del>Raffle Prizes</del>	<del>5,500</del>
"American Gala" Set Construction	1,500
 Total Cost-Containment Through June 30, '89:	 \$25,500

Cost-Containment Measures for Next Fiscal Year  
(July 1, 1989 - June 30, 1990)

In order to contain costs for next season, two major areas will be critically examined. The first will be reviewing personnel functions and reducing staff where appropriate. This will be accomplished by revising the nine month seasonal contract with one employee, and moving the individual to a per-production vs. seasonal contract. This economy should result in a net savings of \$2,000. We will eliminate a part time position from our staff and replace it with an intern from a local university. The savings from this move should result in \$3,100. Our Box Office Manager has elected to take another position starting July 1, 1989, and we will replace her with a 1/2 time Box Office Manager whom we might be able to share with another performing arts organization (guaranteeing this individual a full time position between two jobs). This economy should save the Ballet approximately \$9,000.

The Ballet's Production Manager is negotiating with the Community Center's Stage Hand Union to get a reduced hourly rate for next year. If agreed upon by the Union, this would result in a net savings of \$4,000 for the Ballet.

Our second major cost-containment measure for next year will be securing rent-free office and warehouse space. Currently, our office rental plus parking is \$795/month or \$9,540/year. Our warehouse rental is \$1,100/month or \$13,200/year.

These economies, plus continually seeking in-kind contributions of goods and services related to our productions, should be significant next year.

CHART D

COST-CONTAINMENT MEASURES FOR NEXT FISCAL YEAR  
(July 1, 1989 - June 30, 1990)

Modified Contract With Wardrobe Mistress	\$ 2,000
Replacing Stage Manager With College Intern	3,100
1/2 Time Box Office Manager	9,000
Rent Free Office Space	9,540
<del>Rent Free Warehouse Space</del>	<del>13,200</del>
Reduced Stage Hand Contract	4,000
<hr/>	
Total Cost-Containment for FY 1989-90 :	\$40,840

4. PLANS FOR LEVERAGING CITY GRANT

~~The City of Sacramento grant funds awarded the Sacramento Ballet will assist us with our April 21-22, 1989 production of "American Gala".~~ Since we do not have credit anymore with many of our production sub-contractors or vendors, we are required to pay for services before production time. Other vendors or sub-contractors require that full payment for services be in hand at the time the curtain rises for the opening performance. ~~The Ballet will utilize the City's grant to meet these production pre-payment requirements.~~

Proceeds from the ticket sales would help retrieve much of the pre-payment expenses and get the Ballet through the critical month of April. In May, all of our dancers' contracts end, and they do not come back to work until September. Our personnel costs are then halved through the period May-Aug.

The City grant funds could also be used as venture capital to underwrite the Dance Theater of Harlem production in August, 1989. Their \$35,000 contract is to be pre-paid in three installments prior to the actual performance. Again, ticket sales would replace the venture capital.

The Ballet is planning to earmark \$20,000 of the July 1, 1989 \$30,000 grant towards the 'buy-down' (partial debt repayment) to the River City Bank, due in August 1989.

In summation, the City of Sacramento's initial grant will assist the Sacramento Ballet with our immediate cash-flow requirements and pre-payment of our Spring "American Gala" production, along with providing a small reserve for general operating expenditures.

ATTACHMENT A

PROPOSED TICKET PRICES FOR 1989-90

Friday & Saturday Evenings

Single Ticket Prices		Season Ticket Prices
Orchestra A	\$25.00	\$60.00
B	15.00	40.00
C	10.00	25.00
Balcony D	25.00	60.00
E	10.00	25.00
F	5.00	12.00

Matinees, Sundays, & Weekdays

Orchestra A	\$18.00	\$45.00
B	12.00	30.00
C	8.00	20.00
Balcony D	18.00	45.00
E	8.00	20.00
F	5.00	12.00

If we sold the same seats for the 89-90 Season as are currently sold, this price change would create an increase of \$10,720.00 in Season Ticket income, which is a 12% increase. Because single ticket buying patterns are somewhat different, these price changes will not have any substantial impact on ticket income for either the fall or spring productions. However, the estimated increase for NUTCRACKER single ticket income is approximately 3% or \$10,000.



LeBLOND &  
ASSOCIATES

Dr. Richard E. LeBlond, Jr.  
Principal

January 11, 1989

Kathleen A. Randlett  
President  
Sacramento Ballet Association  
1812 "J" Street, Suite 22  
Sacramento, CA 95814

Dear Kathy,

I am very pleased to have had the opportunity to meet with you and George Britts last week; and we look forward to working with both of you and your Board in the very near future. We have prepared for your consideration the following proposal for consulting services which LeBlond & Associates would perform for the Sacramento Ballet Association beginning at your earliest convenience.

THE CHALLENGE

Now in its 34th season, Sacramento Ballet is providing a unique service to the Sacramento and Central Valley community with its superior performances of classical ballet. A fully professional company since 1986, Sacramento Ballet exemplifies the dynamic nature of Sacramento, an area growing in population, economic strength and artistic sophistication.

In 1986, the Sacramento Ballet committed itself to the realization of its goal of professionalizing the company to bring the highest possible quality ballet to Sacramento. Unfortunately, that realization has also brought with it an accumulated deficit of over \$200,000 on an annual budget exceeding \$700,000. Although earned income has remained strong, actually exceeding budget for the 1988 performances of "The Nutcracker," contributed income has not kept pace.

It is clear that there is a solid demand for the Sacramento Ballet's performances in the community. It is also clear that other arts organizations in Sacramento are thriving in spite of

modest deficits. The challenge facing the Sacramento Ballet is to organize itself so as to win substantially increased levels of contributed income and ticket revenue, and to heighten the public's awareness of the value of the Sacramento Ballet. The Association must set up the internal mechanisms to execute aggressive marketing, development and public relations programs.

THE OPPORTUNITY

The economic vitality of the Sacramento area is an important reason for optimism when viewing the long-range prospects of the Sacramento Ballet. Rapidly changing demographics and new industry favor rapid growth in audiences for the performing arts. In addition, the arts have steadily won greater and greater visibility from the local press. The tempo of public exposure has increased substantially in recent months setting a favorable climate for successful fundraising.

The burden of the Ballet's accumulated deficit is great, but the opportunity to enlist the aid of the community is even greater. The Board and the staff, however, must aggressively take advantage of this opportunity and commit themselves wholeheartedly to the resolution of the current financial difficulties. LeBlond & Associates presents to the Sacramento Ballet a team of arts management professionals and the services of Richard LeBlond who guided the recovery of the San Francisco Ballet from imminent bankruptcy to fiscal stability and in-the-black operations.

LeBLOND & ASSOCIATES PROPOSAL TO THE SACRAMENTO BALLET ASSOCIATION

LeBlond & Associates proposes the following three-step scope of work for our consultancy with the Sacramento Ballet:

- 1) Management of a Short-Term Fundraising Campaign: The American Gala Campaign

Timetable: Work will begin no later than February 1, 1989, and the Campaign will conclude on April 22, 1989.

Objectives: The purpose of the Campaign is to begin rebuilding operating capital, to secure additional underwriting for the performances, and to begin the process of retiring the accumulated operating deficit.

Strategy: LeBlond & Associates will formulate a high-visibility campaign strategy for the fundraising effort that will emphasize personal calls by Trustees on community leaders.

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corporate donors, foundation officials and other decision makers. The climax of the Campaign will be the American Gala performances.

**Campaign Implementation:** LeBlond & Associates will work with Sacramento Ballet Association staff and Board leadership to accomplish the following:

- evaluate potential campaign lead donors,
- formulate cultivation and solicitation strategies for each lead donor prospect,
- make Board solicitation assignments,
- brief and train solicitors,
- accompany Trustee solicitors as appropriate,
- identify other potential donors and develop cultivation and solicitation programs for them
- formulate acknowledgment program for donors at the American Gala performances and following the campaign

- 2) Management of a Follow-up Campaign after the American Gala Performances

**Timetable:** April-June, 1989

**Objectives:** To institutionalize the aggressive fundraising procedures of the American Gala Campaign, to follow-up on donor prospects identified during the American Gala Campaign, and to finish the fiscal year in a net positive current financial position.

**Strategy:** Continuation of the American Gala Campaign techniques focusing on the fall, 1989, performances for donor acknowledgment. The American Gala performances will be used for intensive donor cultivation with invitations to prospects being extended by Trustees and other community leaders associated with the Association.

**Campaign Implementation:** LeBlond & Associates will continue the same level and type of services initiated during the American Gala Campaign. In addition, potential new Trustees will be identified from among Campaign donors and recommended to the Board of Trustees.

- 3) Development of a Preliminary Outline for a Long-Range Plan for the Sacramento Ballet Association

During the course of the American Gala Campaign, the aspirations, the ambitions and the accomplishments of the Association will be communicated to the broadest possible constituency. However, in order to keep the momentum going and to clarify for audiences and

funders the long-term goals of the organization, a formal long-range plan should be formulated and adopted by the Ballet.

LeBlond & Associates will provide the outline for this plan based on our work with staff and trustees during the American Gala Campaign. The outline will serve as the basis for a more involved planning process to be executed in connection with budgeting for the 1989-90 fiscal year.

LEBLOND & ASSOCIATES PERSONNEL

The work of this consultancy will be performed principally by Richard LeBlond, Principal and former President of the San Francisco Ballet Association, and Ernest Phinney, Managing Associate and former Director of Development for the San Francisco Museum of Modern Art and the San Francisco Ballet Association. In addition, we will call on the services of Craig Palmer, Professional Associate and currently Executive Director of Opera San Jose, and Bill Moskin, Professional Associate and principal of Bill Moskin and Associates, and such other professionals as LeBlond & Associates may find necessary to engage.

CANCELLATION OR MODIFICATION OF THIS AGREEMENT

This agreement supersedes any and all other agreements either written or verbal between LeBlond & Associates and the Sacramento Ballet Association and can be modified only with the written consent of both LeBlond & Associates and the Sacramento Ballet Association. Either LeBlond & Associates or the Sacramento Ballet Association can cancel this agreement with one month's written notice. Any fees payable will be prorated over any period not included within the monthly payment schedule.

FEES AND BILLING

LeBlond & Associates fee for the work as outlined in this letter will be \$6,000 per month for a period of five months beginning on February 1, 1989, for a total of \$30,000 plus expenses. We suggest the following payment schedule:

Deposit and		
First Month Fee:	\$6,000	Paid February 1, 1989
Second Month Fee:	\$6,000	Paid April 1, 1989
Third Month Fee:	\$6,000	Paid May 1, 1989
Fourth Month Fee:	\$6,000	Paid June 1, 1989
Fifth and Final		
Month Fee:	\$6,000	Paid July 1, 1989

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LeBlond & Associates will invoice the Sacramento Ballet Association according to the above schedule, and each payment will be due and payable upon presentation of our invoice. Incidental expenses, such as gasoline, will not be reimbursable by the Sacramento Ballet Association, but long-distance telephone calls, bridge tolls, business meals, lodging and other travel expenses will be reimbursed by the Ballet. We will do all we can to hold these expenses to the minimum. Any expense greater than \$150.00 will be cleared with Association management in advance. Expenses will be presented for reimbursement with fee invoices as indicated in the above payment schedule.

LeBlond & Associates is honored to have the opportunity to work with you and to assist the Sacramento Ballet in its important work. ~~We continue to be interested in extending our consultancy beyond June 30, 1989, if the Ballet's long-range planning process and fundraising activities warrant our continued involvement.~~ Please let me know if there is any additional information I can provide you. We will look forward to speaking to you after your Board of Trustees meeting on January 19.

Sincerely,



Richard E. LeBlond, Jr.  
Principal

cc. George Britts

Enclosures

Resumes: Richard LeBlond, Ernest Phinney

Accepted \_\_\_\_\_ Date \_\_\_\_\_  
for the Sacramento Ballet Association

AWARDS COMMITTEE MEETING/NOTES  
MARCH 17, 1989  
PAGE 2

V. Discussion of groups going around Commission process. Committee recommended the following: "In view of the fact that SMAC has a process in place for funding organizations, special requests made outside the process to the City or County should be referred to the Commission for review and comment. If excess funds are available for arts support, these should be made available to the established process."

VI. Discussion concerning City Re-granting. Bonnie gave background on County push for City involvement. Committee endorsed the concept of an advocacy campaign targeted at City Council. Recommended portion of funds be set aside to support New Works. Committee informed of Ad Hoc meeting taking place March 29.

VII. DISCUSSION OF BALLET PLAN FOR CITY/COUNTY REPORT BACK

1. \$30,000 additional expense for consultant Dr. LeBlond. LeBlond recommends \$125,000 from foundations. If it were a San Francisco group, funding may be more likely. These foundations are not supporting Sacramento groups. \$125,000 seems very high. In many cases they will not support groups in the red.

2. Local memberships seem low. Private contributions should be 20% of budget. What about the people bringing children to Nutcracker? This audience should be targeted and further developed by Board and volunteers.

3. Seems administrative heavy. Some of the work could be done by volunteers.

4. Campaign for senior citizens and students. Why is this a target audience? \$40,000 net income seems unrealistic.

5. Cut \$1,000 for costume fitting. Why not make locally? Why Texas costumer? This is a name designer, but has little local impact.

6. Planning to bring back Dance Theatre of Harlem. Why August? Bad time.

7. Projecting too many special events. Costs money, staff, and volunteer time to put on.

Exhibit C  
6

# SACRAMENTO BALLET

April 4, 1989

RECEIVED  
APR - 5 1989  
ARTS COMMISSION

Ms. Wendy Ceccherelli  
Director  
Sacramento Metropolitan Arts Commission  
800 Tenth Street, Suite 2  
Sacramento, CA 95814

RE: City of Sacramento 3 Year Grant to Sacramento Ballet Assoc.

Dear Wendy:

As a result of the meeting that Kathy Randlett and I had with Commissioner Dr. Alan Gordon, Commissioner Susie Williams and yourself last Thursday at your offices, the Sacramento Ballet is pleased to respond to your concerns regarding our Draft Report submitted to the mayor's office on February 16, 1989. This letter will serve as the response to the 11 areas of concern.

1. \$30,000 Additional Request to Retain Board Strengthening & Financial Revamping Consultant, Dr. Richard LeBlond

RESPONSE: The Ballet Board of Directors approved hiring of Dr. LeBlond only if new funding were found to retain him. The County of Sacramento subsequently denied our additional consultancy request for Dr. LeBlond. The Board's priority is debt reduction, therefore there will be no attempt to retain Dr. LeBlond at this time. Dependent upon the situation next fiscal year, a reassessment of this position will be made, but no earlier than Fall '89.

2. Local Membership in the Sacramento Ballet Association Seems Low/Private Contributions Should be 20% of Budget/Targeting Persons Bringing Nutcracker Children

RESPONSE: Membership in the Sacramento Ballet Association is comparable to memberships of other major performing arts groups with similar budgets, with one exception.

Private contributions are less than 10% of the Ballet's annual operating budget. This figure is doubling on an annual basis, from the point where the Ballet turned professional three years ago. As the youngest professional performing arts organization in Sacramento, the Ballet has to build this base each season, as it matures.

December 1988 Nutcracker attendees were solicited for donations with both curtain speeches and a mailing campaign which grossed the Ballet over \$9,000. Given sufficient planning and lead time, this effort can be improved upon next season.

1812 J Street, Suite 22, Sacramento, CA 95814 916.444.2493

Gloria Deukmejian  
Honorary Patron

Violette Verdy  
Honorary Patron

Barbara Crockett-Gallo  
Founding Director

Ron Cunningham  
Artistic Director

Kathleen A. Randlett  
President

George J. Britts  
Executive Director

(Page 2 Letter to Ms. Wendy Ceccherelli, April 4, 1989)

3. Ballet Seems Administratively Heavy/Some Work Should be Done by Volunteers

RESPONSE: The Ballet will be taking a critical look at our administrative structure, to determine if some economies and consolidations can be achieved. Currently, the Ballet contracts out to a part-time consultant for media/press relations. All other major performing arts organizations in Sacramento have staff already on board to provide this function. Additionally, all other major performing arts organizations in Sacramento have either 3/4 or full-time development staff. At the Ballet, this function is added to the responsibilities of the Executive Director.

The Ballet is actively involving Ballet Guild volunteers and Board members to assist in mailing campaigns for both the 1989-90 Season Subscription campaign, as well as a major fundraising campaign for our season closing performance in late April, 1989. Additionally, the Ballet is utilizing student volunteers from Cordova High School to assist in mailings.

4. Why Target a Campaign for Senior Citizens and Students?

RESPONSE: Discussions with the Ballet's Public Relations Consultant identified that we were not actively marketing to these two groups. Based upon this revelation, the Ballet submitted a proposal to the Sacramento Regional Foundation to provide seed funding for marketing these two special, unserved population groups. The proposal was not funded, therefore we will not be proceeding with the project. We have, however, initiated preliminary discussions with California State University, Sacramento to explore ballet ticket group discounts for staff and faculty.

5. Cut Costs for Costume Fittings/Hire Locally

RESPONSE: We have unsuccessfully tried to find local costume designers who specialize in ballet-specific costume fabrication. The ones that are available are located in San Francisco and are cost-prohibitive. We have been fortunate in retaining Ms. Ray Delle Robbins of Texas, who fabricates our costumes at cost, since she has adopted the Sacramento Ballet as her favorite charity.

6. Why Present the Dance Theater of Harlem in Aug. 1989?

RESPONSE: The Sacramento Ballet feels strongly that we should be involved with Sacramento's minority community, and that by presenting nationally-acclaimed dancers, we would be providing such a service. An agent approached the Ballet to be a presenter of the Dance Theater of Harlem during their West Coast summer tour. The only dates that they were available were August, and also, these were the only open available dates at the Community Center Theater. Subsequently, the Ballet discovered that the Dance Theater of Harlem was scheduled to be brought to Sacramento's Community Center Theater in January 1990 by the University Of California, Davis. The Ballet felt that there was a timing conflict and elected not to present the Dance Theater of Harlem at this time.

7. Ballet Projecting Too Many Special Events

RESPONSE: Some of the events, such as presenting the Dance Theater of Harlem will not transpire. (Refer to Item 6). Other events will be carefully costed out to guarantee a minimum level of success. The Lake Tahoe fundraiser is still being planned, albeit scaled proportionately to realistic revenue expectations. The Fall 1989 Cinderella Ball hinges entirely upon identification, location and reservation of an appropriate space.

8. Net of Dr. Richard LeBlond's Contract Vs. Income Generated

RESPONSE: Not applicable. (Please refer to Item 1).

9. City/County Get More Involved in Monitoring Grant/Loan

RESPONSE: Both the City and County are requiring periodic reports back to the respective bodies before releasing incumbured or additional funds. The entire process is being monitored by the Sacramento Metropolitan Arts Commission, which has been delegated the authorized programmatic review entity by both for the Ballet. This monitoring process seems to be working successfully.

10. Raising Ticket Prices

RESPONSE: Ticket prices for the 1989-90 ballet season subscriptions have been increased an average of 12%, generating an anticipated \$10,720. Increase in single ticket prices for Nutcracker should net an additional \$10,000.

(Page 4, Letter to Ms. Wendy Ceccherelli, April 4, 1989)

Please refer to Attachment A, Chart A - Comparison of Single Ticket Prices/Season Subscription Prices for 1988-89 Season Vs. 1989-90 Season + Percent Change. Attachment B indicates seating arrangement at the Sacramento Community Center Theater.

- 11. Summary Comments: (A. Membership; B. Renewal; C. Special Events; D. B.V.A. Assistance; E. Ticket Trade for Services; F. Simultaneously Broadening Audience Base).

RESPONSES:

- A). Membership Campaign will be reassessed, with major emphasis being upgrading current donors and identifying new prospects for the Fall '89 Campaign.
- B). Current Renewal campaign has started. Next year's campaign will rely heavily on volunteers.
- C). Special events will be critically costed out to factor in staff and volunteer time, as well as anticipate revenue after expenses, and built-in contingencies.
- D). Business Volunteers for the Arts assistance is already being utilized. Mr. Dave Mullet, (P.G. & E. Chief Accountant and B.V.A. volunteer) has developed the Ballet's Strategic Five Year Financial Plan. The Ballet is also working closely with Ms. Carson Wiley, B.V.A. Director, on "Business Night at the Ballet" on Thursday, April 20, 1989.
- E). The Ballet is already trading tickets for goods, services, and in some instances, debt reduction.
- F). The Ballet audience base can only be expanded if special seed funding is secured. (Refer to Item 4). Otherwise, the Ballet will concentrate on it's mean average age cohort, a 41 year old ballet goer, as identified in the Ballet's 1987 Meta Survey.

I trust that this letter addresses all those issues raised by the Arts Commission. Please call if more data is needed.

Sincerely,

*George Juri Britts*

George Juri Britts  
Executive Director

Attch.

c.c. Ms. Kathy Randlett, Board President

ATTACHMENT A

CHART A

COMPARISON OF 1988-89 TICKET PRICES TO 1989-90 PRICES  
(Friday & Saturday Evenings)

<u>Seating</u>	<u>Single Ticket \$</u>		<u>% CHNG</u>	<u>Season Ticket \$</u>		<u>% CHNG</u>
	<u>1988-89</u>	<u>1989-90</u>		<u>1988-89</u>	<u>1989-90</u>	
Orch. A	\$20	\$25	25% ^	\$52	\$60	15% ^
Orch. B	\$20	\$15	25%	\$52	\$40	23%
Orch. C	\$10	\$10	0%	\$25	\$25	0%
Balc. D	\$20	\$25	25% ^	\$52	\$60	15% ^
Balc. E	\$ 9	\$10	11% ^	\$25	\$25	0%
Balc. F	\$ 8	\$ 5	38%	\$18	\$12	33%

(Matinees, Sundays & Weekdays)

Orch. A	\$15	\$18	20% ^	\$38	\$45	18% ^
Orch. B	\$15	\$12	20%	\$38	\$30	27%
Orch. C	\$ 8	\$ 8	0%	\$22	\$20	9%
Balc. D	\$15	\$18	20% ^	\$38	\$45	18% ^
Balc. E	\$ 8	\$ 8	0%	\$18	\$20	9% ^
Balc. F	\$ 7	\$ 5	29%	\$15	\$12	20%

NOTE: ^ = % Increase  
 If not otherwise noted, all other %'s reflect no increase (0%) or decrease (no notation).

# SEASON SUBSCRIPTION PRICES

ATTACHMENT B

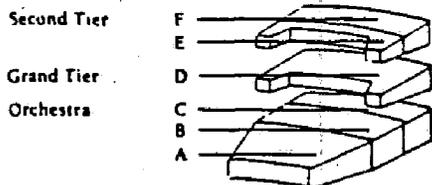
6

SERIES I	SERIES II	SERIES III
Friday Nights 8:00 p.m.	Saturday Matinees 2:00 p.m.	Saturday Nights 8:00 p.m.
November 3, 1989 December 8, 1989 March 23, 1990	November 4, 1989 December 9, 1989 March 24, 1990	November 4, 1989 December 9, 1989 March 24, 1990

Section:  
(See chart below:)

Orchestra	A	\$60.00	\$45.00	\$60.00
	B	40.00	30.00	40.00
	C	25.00	20.00	25.00
Grand Tier	D	60.00	45.00	60.00
Second Tier	E	25.00	20.00	25.00
	F	12.00	12.00	12.00

- To Order:
1. Choose preferred SERIES (I, II, or III)
  2. Choose preferred SECTION for seating (A-F)
  3. Prices for each are listed by SECTION
  4. Check form of payment (check or charge)
  5. SEATING WITH FRIENDS. If you wish seating next to other subscribers, all order forms and payments to be included in one envelope.



- All performances at the Sacramento Community Center Theater, 14th and L Streets, Sacramento.
- Performances feature the Sacramento Symphony Orchestra; under the direction of Maestro Alan Barker.

## ORDER FORM

Name (Mr./Mrs./Ms.) \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone (Day) \_\_\_\_\_ Phone (Evening) \_\_\_\_\_

Order	Series Preference (circle one)	Section Preference (circle one)	#Seats X Price	Total 1st Choice
1st Choice	I II III	A B C D E F	x =	\$
2nd Choice	I II III	A B C D E F		

Those requiring special services or seating are urged to place their order and indicate their needs as early as possible

Order Total \$ \_\_\_\_\_

Mailing and Handling \$ \_\_\_\_\_

I'd like to make a tax-deductible contribution \$ \_\_\_\_\_

GRAND TOTAL \$ \_\_\_\_\_

Enclosed is my  check  money order in the amount of \$ \_\_\_\_\_

CREDIT CARD ORDERS:  VISA  MasterCard

Account # \_\_\_\_\_ Expiration Date \_\_\_\_\_

Signature \_\_\_\_\_

\_\_\_\_\_ funds.

Return your order and remittance to: SACRAMENTO BALLET, 1812 J Street, Suite 22, Sacramento, CA 95814

Please Note: All seating is assigned by date payment received. If we cannot accommodate your first or second request, we will contact you. Programs and performance lists are subject to change.

April 24, 1989

The Sacramento Metropolitan Arts Commission  
Mrs. Kathy Randlett, Chair  
1131 11th Avenue  
Sacramento, CA 95818

Dear Commissioners:

At its April 21, 1989, regular meeting, the Awards Committee having reviewed the April 4, 1989, report submitted by the Sacramento Ballet Association to Wendy Ceccherelli, Director, in regard to the City of Sacramento 3-year grant, issued the following comments:

1. Concerning the hiring of Dr. Richard LeBlond as a consultant. - The committee viewed the postponement of hiring this consultant under the terms stated, as a positive move;
2. Dance Theater of Harlem. - The committee had been very concerned about the timing of the presentation and welcomed its cancellation.

However, the committee feels that the responses to its concerns regarding membership development, administration consolidation, costs containment and fundraising are not sufficiently specific.

Most importantly, the lack of a comprehensive artistic and financial long-range plan addressing itself to the next three years is very critical.

The committee believes that, in the absence of more pertinent data, it must limit its remarks to the above.

Sincerely,

*Allan Gordon*

Dr. Allan Gordon, Chair  
Awards Committee

cc.: Awards Committee members  
Wendy Ceccherelli, Director, Metro Arts