

ECPAC
EAST COUNTY PERFORMING CENTER

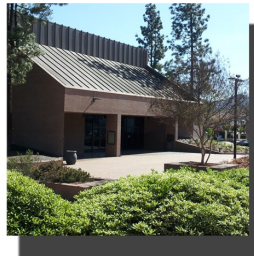


FOUNDATION

PROPOSAL

by the ECPAC Foundation

for the Management of the
East County Performing Arts Center



June 2012

EC THE PAC

EAST COUNTY PERFORMING CENTER



FOUNDATION

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Proposal to the City of El Cajon Regarding the East County Performing Arts Center

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Section I: Executive Summary

The Save ECPAC Working Group (Working Group) has been asked by members of the El Cajon City Council to prepare a proposal for operation of the theater with minimal government subsidy.

5 Most fundamental to this proposal is the creation of a new public-benefit nonprofit 501(c)3 corporation, the ECPAC Foundation (Foundation). This is the optimal vehicle to operate the theater in the best interests of the community and to allow the organization to receive tax-deductible contributions, as well as grants and subsidies.

10 A key goal of the Foundation is to reopen the theater as quickly as possible, so that the upcoming season will not be lost to other venues. Foundation participants agree that it is extremely important to have the ECPAC theater back in operation for the city's centennial celebration in November.

There are many benefits to returning the ECPAC theater to service:

- An operating theater is a magnet, bringing people into town who may not otherwise venture into the downtown area.
- 15 • Restauranteurs and vendors in the downtown area report vastly increased business with theater events occurring.
- Many members of the community participated in getting the theater built and equipped for service, representing a thread of history and culture that sets the city apart from others in the vicinity. Returning the theater to service preserves this thread.
- 20 • The East County has a cluster of traded businesses in the music industry, Taylor Guitar and Deering Banjo. This cluster helps the economic vitality of the area with sales of products not just to local residents but nationally and globally. Revitalizing the theater serves to buttress this cluster and encourage its growth.
- 25 • Music, dance, theater, and other performing arts are all components in the culture of the human species. Far too often, this culture is lost in the din of advertising and divisive political discourse. Returning the theater to service returns the opportunity for residents to participate in the performing arts and to partake of the richness of this cultural asset.
- 30 • ECPAC -- consistently recognized for its excellent sight lines and acoustics -- has been the venue for many artists and groups, such as Tony Bennett, the Dixie Chicks, the London City Opera, San Diego Ballet, Judy Collins, Tim Flannery, Neil Sedaka, Diavolo Dance Theatre, Preservation Hall Jazz Band, Natalie MacMaster, and in its earlier days, the San Diego Symphony Orchestra. This is an asset that is too good to lose.

The Foundation proposes that:

- the City of El Cajon (City) works with the ECPAC Foundation to refine this plan and commit to reopening the ECPAC theater.
- 35 • the ECPAC Foundation rents the theater from the City for \$1 per year for five years with an option for renewal, with no responsibility for renovation costs.
- the ECPAC Foundation manages the theater with no mandatory direct subsidy from the city,

saving the City \$350,000 over the prior manager, but with utilities initially paid by the City directly to service providers.

- 5 • the Foundation conducts a gala fundraising event this summer to raise funds for initial expenditures and to celebrate the return of the theater to the community. The Foundation suggests that the City provides matching funds to double the funds raised directly by the community.
 - 10 • the ECPAC Foundation be responsible for day-to-day operation of the theater, primarily focusing on the rental business and adding self-presented concert subscription packages, similar to what has been successful by the Grossmont Community Concert Association (GCCA), while embracing mainstream self-presented acts.
 - 15 • the theater be realigned from a pure performing arts venue to an arts and entertainment venue, to embrace mainstream entertainment acts, while still supporting traditional performing arts events.
 - 20 • the City continues responsibility for regular and major maintenance of the venue, such as roofing, landscape maintenance, HVAC upgrades, and other required maintenance.
 - 25 • the City assists with renovations and improvements to the theater in a phased implementation plan. Initial improvements include cleaning and interior refinishes, ADA compliant drinking fountains, orchestra lift maintenance, adding cup holders to the armrests of the seats, and improving the concessions area. Initial renovations amount to about 10% of the costs envisioned by the most recent consultant report, estimated to be about \$400,000 instead of \$4.3 million.
 - 30 • the City works with the Foundation to plan future renovations including a Backstage Patio with a new concessions area and more restrooms, as well as improved street and freeway signage. The phased improvement implementation plan will require less funding from the city than what has occurred in the past for operational subsidies.
 - 35 • the Foundation secures a license to sell alcohol in the theater, including a variety of beers from the El Cajon Brewing Company and wines from local wineries, as well as cocktails, with the intention of improving the revenue stream from concessions which can easily be the dominant revenue stream in a rental scenario.
 - the Foundation will collaborate with the existing Downtown Promenade (PBID) district regarding cooperative promotion plans, events scheduling, and permanent signage projects.
 - the Foundation intends to primarily focus on the rental business but also develop event subscription packages to keep promotion costs to a minimum, and work to self-present headliners when the risk is reasonably low.
- 35 The Foundation shows in the comparative analysis that the theater can compete with other venues by reorienting the theater as an arts and entertainment venue offering diverse mainstream acts, rather than restricting programs to those offered by a traditional performing arts venue.

The Foundation will operate all events as if they are rental events, including any self-presented events, to ensure that the operation will be able to cover its own costs.

The Foundation board has a wide range of capabilities in the performing arts, business, grant writing, marketing, sales, and has roots in the original residents who worked to get the theater constructed.

The Foundation proposal shows that the ECPAC Foundation is superior to other possible options for operating the theater. To have the Christian Community Theater (CCT) run it again is not recommended because the recent operation did not meet community expectations. Having the PBID run it is not optimal because the PBID is a mutual-benefit, 501(c) 6 nonprofit that cannot win grants and accept tax-deductible contributions. Having the Grossmont Union High School District (GUHSD) operate the theater limits the uses to those that are approved for school districts; this cannot result in the theater attracting new money to the City and would likely be difficult to run without a subsidy.

5
10 Having the City run the theater is not optimal because the City cannot support the type of staffing to generate the continuous variety of uses exemplified in this proposal.

Therefore, the ECPAC Foundation submits this proposal to the City for review. The Foundation does so with the understanding that if other proposals are entertained, that this proposal be considered on a parallel with any others. The Foundation has generated many ideas for improved operation of the theater and would rather have these compared fairly rather than co-opted by other groups.

DISCLAIMER

20 The volunteers who have spent a great deal of time generating this proposal have done their best to create a final and accurate proposal for City review and approval. However, the members of the working group have had limited time and limited access to the theater. The volunteers have not had time to secure budgetary quotes on proposed changes, for example. Therefore, some elements of this plan may be incorrect or need adjustment as discussions move forward to reopen the theater. Rather than resolve all operational issues now, the Save ECPAC Working Group hopes to establish a collaborative relationship with the City of El Cajon, so that unknowns will not be show-stoppers, and the theater can be reopened in a timely manner.

Section II: Introduction

The ECPAC Foundation (Foundation), a nonprofit public-benefit organization, hereby submits this proposal to the City of El Cajon (City) to manage the East County Performing Arts Center (ECPAC or theater), located in and owned by the City of El Cajon, California.

5

The Foundation recognizes that the City does not wish to administer the day-to-day operations of the theater. Day-to-day operations include, but are not limited to, booking and marketing performances, administering contracts, operating the box office and concessions, and maintaining associated accounting functions. Instead, the ECPAC Foundation will either directly assume these duties or

10

ECPAC has been closed for over two years. A consultant hired in 2010, Kurt Swanson, suggested that it would require \$4.3 million in necessary improvements before the theater could become operational again. The Foundation suggests that the venue can be opened for 10% of that figure, or about \$400,000 in repairs and enhancements, followed by a phased renovation and improvement program.

15

The Foundation was organized after the City entered into an agreement to negotiate with a developer to demolish ECPAC and build a hotel on the site. Community members have conducted more than eight public meetings to discuss approaches to save ECPAC and to allow it to be run successfully for the benefit of everyone in the region. Progress has been documented publicly at the site: ECPACFoundation.org and is open to everyone. Meetings are open to the public.

20

This group requested a tour of the facility to assay changes and improvements necessary to reopen the theater. This tour revealed to the group that the theater can be opened far less than the suggested \$4.3 million in improvements. On May 22, 2012, the City Council hosted a workshop where ECPAC demolition and construction of the hotel was publicly discussed. At that meeting, ECPAC Foundation representatives suggested that the theater should be saved. Councilmember Ambrose requested that the Foundation submit a proposal to the City.

25

30

The Foundation therefore submits this proposal to the City as a starting point for negotiations to return ECPAC to operational status..

Section III: Operating Proposal

The ECPAC Foundation (Foundation) functions as a community-run organization to ensure the continuous, cost-effective, non-preferential operation of the ECPAC theater.

Goals of the ECPAC Foundation

5 The primary goals of the ECPAC Foundation are to:

- Reach agreement with the City of El Cajon (City) on a long-term commitment from the City, so the Foundation can initiate negotiations with potential theater clients.
- Ensure that necessary repairs and cleaning occur expeditiously, to enable the theater to reopen as quickly as possible, so that potential renters will not be lost to other venues for the upcoming season.
- Reorient the theater from a pure performing arts center to an arts and entertainment venue, providing options that will grow and expand the functionality of the theater in a manner that will provide live performances, as well as other events for the public benefit.
- Operate the ECPAC theater with no direct subsidy from the City of El Cajon, thereby conserving City resources, while contributing to the economic health of the greater East San Diego County region through bringing performing arts and diverse kinds of entertainment, events, and culture to the community.

Time Is of the Essence

20 Most theater-renting organizations plan their seasons 12 to 18 months in advance and have already entered into agreements for the upcoming September to June season. However, those agreements are somewhat flexible, so many clients may elect to use exit clauses to change the location of the venues if the Foundation can act quickly enough.

25 Also, it is of prime concern to members of the community that the ECPAC theater be returned to operation prior to the celebration of the city centennial celebration in November, 2012. Having the theater remain closed at this important time will provoke disturbing commentary about the City and must be avoided.

30 The Foundation has charted a course for ECPAC that will allow it to continue to flourish for many years to come. Through this proposal, the ECPAC Foundation shows that it is the best type of organizational structure, has the best business plan that avoids pitfalls of the past, has been proactive in moving this issue forward with maximal public involvement, and has a creative array of proposed uses for restoring the theater to its former status as an exemplary venue.

The vision of the ECPAC Foundation is set forth in the following table:

Types of productions:	offer any event that can be successful in this marketplace. Any surplus revenue will be committed toward underwriting educational and outreach events. The Foundation will present a variety of program types without allowing any one type to dominate the theater at the expense of the total number of attendees. It will reorient the theater from a pure performing arts venue to an arts and entertainment venue.
Community integration:	involve all segments of the community, including artists, performers, users/renters, merchants and the business community, public and private schools, arts organizations, music industry manufacturers, and economic cluster stakeholders.
Preserving history:	preserve the history of the theater, and operate it in the public interest. The ECPAC Foundation was formed in response to a threat to demolish the theater and build a hotel instead. Many key players in the original formation and operation of the theater, including the GCCA, support the ECPAC Foundation.
Incorporating the community:	establish the ECPAC Foundation as (will be) a 501c3 public-benefit, nonprofit and therefore, tax-exempt organization, optimally suited to serve the public. The Foundation has no other purpose than to ascertain that the theater continues to run without any direct subsidy from the City of El Cajon, provide an economic boost to the downtown area, contribute to the cultural fabric of the region, and provide function space for local and touring acts and events.
Outreach:	underwrite educational events and outreach to schools and educational institutions using any surplus funds or grants and donations. As a 501(c)3 organization, the Foundation is the best vehicle to address all funding options as donations are tax-deductible.

Types of Programs Supported

A goal of the ECPAC Foundation is to support all facets of the performing arts and entertainment spectrum, all age groups, ethnicity, and interest groups. Expanding the gamut of events should allow the theater to be more successful than it has been in the past. The key to future success is to reorient the theater from a pure performing arts venue to an arts and entertainment venue.

Recognizing that not all events will be good business for the theater, nor for the El Cajon business community, the Foundation will adopt policy for programs that meet high standards.

Historically Supported Program Types:

- Children's Theater and Family G-Rated theater events, theater academies, and schools:

- 10 ○ Christian Community Theater (CCT) and Christian Youth Theater (CYT) have a healthy operation in East San Diego County, and offer excellent productions that educate new performers and attract families and church members of the local area. CCT has used the theater for 35 to 52 days per year in recent years; the Foundation will facilitate its continued use of ECPAC.

- Theatreworks USA provides young audiences with a taste of the performing arts and gives young actors, writers, directors, and designers an opportunity to work in this field. Shows can be scheduled for the theater, like “A Christmas Carol,” “Charlette's Web,” “The Civil War,” and similar programs with typical rentals five to six times a year.

5 • Classical Symphony Performances

- Grossmont Symphony Orchestra (GSO) is a steady client of the theater, providing symphonic and popular orchestral productions. Historically, they use the theater five to six times per year. Attendees are friends and family of performers and some members of the public.

- 10 ○ GCCA (see below) also provides this genre from time to time.

• Variety Series

- Grossmont Community Concerts Association (GCCA)ⁱ provides a wide range of performances to a stable audience that purchases season tickets of six concerts per year. This has been one of the most successful formulas, but not all performances are as good as others. They currently work with a single production company, Live On Stage. A committee reviews available performers in Nashville during the summer for the season just over a year from then. Ticket prices can be \$10 per seat if the audience is consistent; otherwise, prices are \$15 per seat or \$90 per season ticket is optimal for this type of performance. They produce six concerts per year.

20 The audience includes many members from convalescent homes, retirees, and probably averages 70 years old. However, the association has been in operation since 1947 and continues to promise healthy operation, especially if the ECPAC theater reopens.

25 This formula is perhaps the most successful and the ECPAC Foundation will work to repeat it with other concert series arrangements that do not have the same risks as more expensive headliners.

- The genre of these concerts ranges widely, but the audience likes Broadway music, George Gershwin, and Big Band music, some classical, and vocalists. Because they currently work with the single production company, they are limited to the selections made available.

30 • Beauty and Dance competition and performances – a number of dance competitions and final performances such as :

- Academy of Dance Art, California Ballet, Diane's School of Dance, Nexstar Dance Competition, San Diego Dance Centre, Starbound, Star Power Dance Competition, Thunderstruck Dance Competition

- Miss El Cajon contest

35 • Video and Film Festivals; Video and Movie Screenings

- Film Festivals have been booked in the past but generally only on days when no other performances are scheduled. A new screen and modern projector would be needed to

support these on a regular basis. The screen would be purchased, but the projector may be rented.

- School events, performances, graduations, nonprofit fundraisers, and other events.
 - Our Lady of Peace High School (two days)
 - 5 ◦ Valhalla High School (two days)
 - Julian High School Graduation
 - SPRITES of East County Benefit: <http://www.spritesofeastcounty.org> (SPRITES are a mother/daughter volunteer group who work for philanthropies in San Diego County)
- Religious observances & Multicultural Events
 - 10 ◦ Temple Emanuel High Holy Days, consistently scheduled four days per year.
 - El-Funoun, Palestinian music and dance.

In addition to those events the ECPAC Foundation envisions:

- Self-presented thematic concert series, similar to the formula used by the GCCA. This business strategy is described in APPENDIX C. As a rule of thumb, these require about 300 tickets to be sold for each series to cover the incremental overhead (with less expensive shows), about 400 tickets to cover the entire (burdened) overhead with better shows. Filling the house (selling about 1150 tickets) provides up to about \$45,000 in net surplus each, which can be used to subsidize other new series. Such series rely on cost-effective artist fees only available when working with other theaters and generally unknown artists who are just starting their careers.
- 15
- 20 • POP/ROCK concerts that cater to the under 30 crowd, who are the most likely to buy tickets to attend music events. The temporary orchestra pit seating can be removed and this area allocated to a dance pit, standing room area. This can add another 170 tickets to the venue, but it is necessary to confirm with officials that capacity can be increased this way. (There are other issues with regard to the orchestra lift that are covered later in this document.)
- 25 • ALL VENUE FESTIVALS. Event presenters may wish to create a festival event where the theater, Promenade Park, and North of Theater venue are all used, as well as the Backstage Patio, once it is available.
- Simulcast VIDEO EVENTS. Live performance events or corporate meetings, which are simulcast from the performance site.
- 30 The objective is to make each event so attractive that it will attract people from the beach and hotel districts to El Cajon, which is only 15 to 20 minutes away from these areas.

Responsibilities of the ECPAC Foundation

The following business points comprise the primary responsibilities of the ECPAC Foundation. The Foundation will:

- 35 • establish a 501(c)3 public-benefit corporation and have regular board meetings to discuss,

brainstorm, and reach consensus on decisions related to the operation of the ECPAC theater.

- 5 • hold fundraisers, such as the kick-off gala event, tentatively planned for this summer, to raise funds for the operation of the theater from the general public. In this case, the funds will be used for start-up expenses and expenditures and operating capital for the Foundation. Future fundraisers may be targeted for equipment upgrades, for example.
- write grants for funding from arts organizations and other appropriate entities.
- define a business plan and a strategic plan for the next five years, and make annual reports on the performance and the plans for the future.
- 10 • track the finances of the organization using standard accounting practices and provide a report reviewing the finances each year. The fiscal year will be July 1 to June 30 to synchronize with the operating seasons of the theater.
- determine staffing and business partners to effectively operate the theater, including front office operations (box office ticketing and concessions), production department, custodial, security, sales, and marketing.
- 15 • secure a liquor license to allow sales of beer, wine, and cocktails. Virtually all other successful theaters serve alcohol. Concessions in general are a very important element in the plan for success.
- outfit the theater with services, such as telephone, ticketing, office equipment, meeting facility chairs and tables.
- 20 • approve rates and business policies for renting the theater and for services available to renters.
- enter into contracts with renters of the theater.
- develop self-presented concert subscription series and work to develop audiences for each series. These will be created one at a time unless sufficient start-up capital can be raised to support the series during the first year or two as the audience is developed.
- 25 • develop self-presented headliner concerts when feasible and when a business case can be made for success with a minimum of risk.
- work with the City of El Cajon to realize the phased renovation plan, including Phase 1 Emergency Maintenance and targeted upgrades, followed by the other phases as outlined in this proposal, including vastly improved signage for both the theater and the downtown district.
- 30 • meet with the City of El Cajon and other stakeholders, such as the Downtown Promenade PBID, to refine the operation of the theater and reach consensus on enhancements to ensure the theater is working with other stakeholders and not at cross-purposes.

Relationship with the City of El Cajon

35 Key to the relationship with the City of El Cajon will be to run the theater with no required direct subsidy for theater management from the City. To be clear, that means there is no money paid directly to the Foundation from the City of El Cajon, but the Foundation plan does include indirect support, and

will accept funds from the City for specific projects. The following business points summarize the main features of the relationship:

- 5 • Firm Commitment by City of El Cajon: It is extremely important that the ECPAC Foundation receive a firm commitment from the City of El Cajon so that venue renters will feel confident in contracting with the Foundation, and we can proceed in lining up engagements to occur as soon as possible. Until the venue gets back in operation for several years, renting clients have the feeling of instability and worry of possibly losing their contracts, if the City does not make a solid commitment to keeping the theater in operation.
- 10 • Required Direct Subsidy from the City of El Cajon: \$0
 - Note: the prior subsidy under CCT contract was \$350,000ⁱⁱ, and so this represents a significant improvement due to elements of the business plan that is explained below.
 - Members of the City Council have estimated that the directly subsidy would have to be at least \$500K.
 - 15 ○ The ECPAC Foundation plans to create specific projects that can be funded by the City or other entities so as to offer specific educational and cultural programs that would otherwise be impossible, and present these for funding on a case-by-case basis.
- Rent = \$1 per year
 - The City of El Cajon purchased the theater from Grossmont/Cuyamaca College district for \$1 with the expectation that it would be run in the public interest. This obligation is expressed by allowing a 501(c)3 public benefit nonprofit such as the ECPAC Foundation so that it is operated in the public interest at this minimal rental rate.
 - This is comparable with the model used by San Diego Theaters which operates the Balboa Theatre and the Civic Theatre.
- 20 • Term: Five years with Renewal Option
 - Given prior false starts, the Foundation suggests a five year term with a renewal option for 20 years if goals described in this plan are met.
- No Renovation Fee
 - This fee was customarily paid to the city at the rate of about \$1 per ticket.
 - CCT paid \$46,817 for the Renovation Fee to the City in 2006
 - 30 ○ Since there is no subsidy, this artificial expense must not be imposed.
- Utilities – Electricity, Water and Sewer – Indirect subsidy.
 - The City pays utility invoices for the theater directly to San Diego Gas and Electric (SDG&E) and Helix Water District.
 - Estimated annual utilities (electricity, with no energy saving upgrades):
 - 35 ▪ Baseline cost (No Shows) = \$40,000

- Estimated additional cost for 200 operating days @ \$300 each = \$60,000
- Approximate total annual utilities cost = \$100,000 (Monthly Utility Budget = \$8,125)
- 2006 Audit of Art Beat Management by the City of El Cajon stated that utilities paid by the City to SDG&E were \$105,295.
- 5 ○ Improvements in electrical fixtures can substantially decrease the utilities bill. LED lighting is now available, which not only reduces consumption directly, but also emits less heat, thereby decreasing air conditioning expenses. Also, improved air conditioning zone control may decrease costs substantially, if office spaces and the box office can be active while the rest of the theater is not. SDG&E may be able to help fund these efficiency improvements.
- 10 These improvements are slated for Phase 2, but the City may opt to move these changes back to Phase 1 to save money on utility costs.
- Space exists on the roof for solar panels. The south-facing roof is ideal for a solar panel array that would help with utility costs. It may also be an improvement that can be funded through utility or government assistance.
- 15 • City provides Building Repair and Maintenance, including:
 - Roof repair and scheduled re-roofing, as needed.
 - Add scuppers to parapet walls to drain rain water, if drains are clogged.
 - Roof repair does not need to be done immediately, but should be scheduled prior to the rainy season and hopefully will be completed during the summer when few renters will
 - 20 want to use the theater because their season is generally September to June.
 - Landscape and related maintenance.
 - Maintenance of signage, including the lighted marquee sign on Main Street.
 - Major renovations and repairs, as listed in the schedule which is described in detail in this
 - 25 plan. Immediate list includes cleaning and internal finishes, cup holder upgrades to the seats, concessions upgrade, drinking fountain upgrade and repair to meet American with Disabilities Act (ADA) requirements, and orchestra lift repair. An estimate of immediate repairs (including roofing) is \$400,000.
- Signage: The City with work with the ECPAC Foundation to identify locations for improved and new temporary, semi-permanent and permanent signage at key locations around the City.
- 30 Signs will likely include temporary signs promoting specific events and electronic displays which can be updated with minimal staff time.
- Improvements according to the renovation plan, including:
 - Permanent Signage: A large freeway visible sign is a project to benefit the entire downtown area and should be a joint project with the City, Downtown Promenade PBID and the
 - 35 ECPAC Foundation. Signage improvements are detailed in the improvement schedule.
 - Concessions Improvements – Key to the success of the theater without a city subsidy will be improved revenue from concessions. Adding cup holders to the seats and expanding the

concessions area is essential and is a capital improvement to the theater. The Foundation proposes that these be included in the phase 1 renovation plan.

- All renters treated equally. The City is invited to hold events at the theater under the same rental schedule as other renters, so the Foundation can cover the fixed overhead and incremental costs. A limited number of free or reduced cost tickets can be made available to some events when they are not sold out.
- Promotion of ECPAC Events by the City: The City will promote events at the theater at city council meetings, other city sponsored events, in literature, websites, and on normally scheduled coverage of city council meeting (Government Access TV). The City will allow ECPAC to produce video previews of events for airing on Government Access TV and for promotion of space for rentals.
- City Permits: Conditional use permits and other processing within the city will be processed at no charge to reduce start-up costs.
- Use of patio and adjacent venue space: ECPAC will occasionally desire to use the patio immediately north of the theater and the lawn area, immediately south of the theater, as well as other venue spaces nearby for events that will cooperatively schedule with the City of El Cajon. It may be necessary to rope-off or otherwise secure these areas to provide for limited access for registered attendees.

Relationship with Downtown Merchants Association Promenade District (Private Business Improvement District – PBID)

One of the underlying goals of the ECPAC Foundation is to run the theater to bring people into El Cajon, and thus into the downtown area. Historically, 60% of the attendees of events at the theater are not El Cajon residents. The theater caters to a much broader audience of the entire San Diego County area. If run correctly, ECPAC is a huge magnet pulling people into the downtown area. Therefore, it is logical for the theater to be working arm-in-arm with the PBID. When the theater is successful, the businesses in the downtown area that benefit from increased downtown area pedestrian traffic are also successful.

However, as described in subsequent sections, it is not optimal to have the PBID also run the theater, as it is not a 501c3 public benefit nonprofit organization and has a different focus.

Therefore, the ECPAC Foundation proposes the following business points to maximize the effectiveness of the theater for the downtown area with regard to the PBID:

- Representation on PBID Board: The City of El Cajon is one of the largest funding sources for the PBID, based on the area of the City property in the district. Since ECPAC is essentially operating as another business on main street, the ECPAC Foundation should have a representative who attends PBID board and planning meetings so that the needs of the theater can be represented and our efforts can be aligned accordingly.
- Cooperative promotion: The impediment to attracting people to the downtown area and promoting theater events is frequently the cost of promotion. By collaboration, the City and the Foundation reap greater rewards by promoting all events together, when that is appropriate. For

example, if mailings or fliers are produced, events at ECPAC, as well as those on Main Street, Promenade Park, and others can all be promoted together. This goal of cooperation is not a mandate; sometimes more focused promotions will be appropriate.

- 5 ○ ECPAC events can be promoted on PBID sponsored placemats, table easels, and the like.
- 5 ○ ECPAC can distribute coupons and suggest that attendees patronize local restaurants and other venues.
- 5 ○ Creation of permanent freeway-visible signage would benefit the downtown area, including ECPAC.
- 10 • Cooperative Advertising Funding: Since the downtown area can greatly benefit from advertising of theater events, the Foundation suggests that the PBID provide some funding for advertising of events at the theater.
- 15 ○ This will likely be the normal business practice of the PBID without any provision in this plan, but it should be noted here.
- 15 ○ It may be most cost effective to the Foundation and PBID to cooperatively use the same marketing staff to generate materials and contract with media outlets for both the theater and the PBID area.
- 20 ○ The Foundation expects that the PBID will budget at least _____ per month to help underwrite promotional expenses of ECPAC and in turn, the merchants of the downtown area. However, this amount is only a rough estimate; the exact amounts for cooperative campaigns will be worked out in conjunction with PBID management.

Concessions

As with all movie theaters, ball parks, stadiums, and other event venues, key to the financial success of ECPAC is a healthy revenue stream from concessions. According to Kurt Swanson's Conceptual Business Plan (2010)ⁱⁱⁱ, the typical attendee purchases \$1.30 in concessions. At many venues, the typical attendee purchases \$6 in concessions. The actual per-ticket revenue for CCT/ABM events was only \$0.63 (\$27,214 in revenue and 42,908 tickets sold in 2006)^{iv}. This theater can do better.

To boost this revenue stream, the Foundation plans to:

- 30 • Review and improve the efficiency and effectiveness of the concessions area, including adding cash registers and more concessions areas to avoid a single-point crowd, where many people balk when seeing long lines, and to expedite sales during critical breaks in events.
- 35 • Add concession items, including alcoholic beverages, such as beer, wine, and cocktails, as well as add a coffee and tea bar. (A liquor license will cost about \$60,000 and will take about 90 days to secure.) This would be a Type 20 license, which disallows removal of any alcohol from the premises.
- 35 • Add fixtures to support sales of designer beer selection from El Cajon Brewing Company, and/or other local micro-breweries.
 - El Cajon Brewing Company is interested in supporting theater needs with a refrigerated

beer cart that can be rolled in and can support three different types of beer. Cost for the cart is estimated at about \$5,000.. Using this cart can effectively increase the concessions area and reserve the main counter for non-beer and wine sales.

- Add beverage holders on armrests or on the backs of seats in the theater.
- 5 • Include staff for sales of items to attendees while they are still seated in the auditorium.
- Plan an additional outside concessions area in conjunction with expansion of the south patio (Backstage Patio), which can also be accessed from Main Street during other Main Street events. (See Enhancements, below).

Rentals

10 The primary initial focus of the ECPAC foundation will be to operate the theater as a rental to anyone who wishes to promote their own event. Although the terms and conditions for renting the hall will be subject to the free market and can be negotiated with each renting producer, the following terms are suggested as a starting point. (Other rates as used by the prior operator are listed in the Appendix.).

- Base Rental Rates:
 - 15 ○ Nonprofits:
 - The target minimum revenue is \$2000.
 - \$1500 plus tax for nonprofit events when the bar and concessions can be open.
 - \$2000 for rehearsal/load in days or any events when the bar is not open.
 - Commercial:
 - 20 ▪ Target minimum revenue is \$3000.
 - \$2000 plus tax for commercial events when the bar/concessions can be open.
 - Bar must do a minimum of \$1000 or pay the difference.
 - \$3000 for rehearsal/load in days/non-bar/concessions events.
 - 25 ○ (Note: San Diego County venues, on a per-seat basis, suggest that for ECPAC, rates should be for nonprofit/commercial: \$1326/\$1990 minimum or \$2358/\$3034 average or \$3938/\$4426 maximum. Given the location, the Foundation is starting with below-average rental rates.)
- Add \$1 per ticket for non-ticketed events.
- 8.75% tax from gross ticket revenue. 3.5% fee on CC ticket sales + ticket printing charges.
- 30 • ECPAC retains 100% of all food and beverage sales and 20% of all merchandise revenue.
- Fees, ASCAP, and other deducted from the ticket price rather than added to sale price.
- Includes:

- Hosts, ushers, and security for an eight hour period.
- In-house sound and lighting system.
- Limited advertising.
- Promoter provides: any additional staffing, venue cleaning, license fees, equipment rental, barricade rental (\$500) if required, all other advertising, event liability insurance or \$1000 fee, merchandise sales staff.
- 50% nonrefundable deposit on rental to secure the date and 100% deposit of estimated expenses.
- These provisions may be changed by the ECPAC Foundation without prior notice.

10 ***Business Partners***

The ECPAC Foundation may subcontract many of these activities, to achieve the most cost effective organization. Success with self-presented events depends heavily on personal contacts. Promoter organizations and professionals have vast experience and numerous contacts, which are key in successful events at the venue, and are accessible only by hiring a seasoned professional or contracting with an event production firm.

Key Milestones

The following milestones are suggested to move this proposal toward successful implementation:

- Discuss business points with City officials
- Schedule formal presentation to city council
- Reach agreement with the City of El Cajon on a five-year minimum commitment with a renewal option.
- Start the process to establish a nonprofit corporation and a 501c3 tax exemption. In the meantime, the ECPAC Foundation will operate as a nonprofit organization sponsored by Citizens Oversight, Inc., a Delaware 501c3 corporation, and can accept tax-deductible pledges and donations.
- Start scheduling rental engagements for 2012-2013 season.
- Engage in general cleaning and minimal renovation of the theater per the schedule and recharging consumables.
- Conduct a fund raising gala event. (See details below.) The target is to raise \$100,000 for initial expenses, matched by the City for a total of \$200,000. (These contributions would be accepted as pledges until the contract is done.)
- Initiate procurement of required permits and other expenses (see list).
- Locate staff and outsource contractors.

- Establish initial performance schedule.
 - Release of marketing schedule.
 - Stage an Opening Night
 - Review a budget on a quarterly basis.
- 5 • Set a full year schedule.

Initial Expenditures and Expenses

There are a number of initial costs that must be addressed to allow the ECPAC Foundation to take over the operation of the theater, as listed below. These are shared between the City, that will cover building maintenance and renovation, and working capital, which will be raised in the gala fundraiser.

10 NOTE: Many of these line items need to be more carefully studied based on facilities and equipment that already exists in the theater.

Expenditures:

- Equipment
 - Furniture and Fixtures
- 15 ◦ Concessions area improvements
- Additional of cup holders to the seats, estimated cost: \$45,000
 - Beer cart: \$5,000 (may need additional power circuit and outlet).
- Leasehold Improvements
 - General cleaning. Steam clean carpets and seats, clean backs, air vents, and other items.
- 20 ◦ See Phase 1 of renovation plan in Section IV for details.
- Security deposits: Telephone, internet, and other items
- Inventory – Concessions
- Licenses and Permits:
 - Liquor license – Does not expire. Requires \$800 per year maintenance fee.
- 25 ▪ Full license estimate is \$50,000 and 90 days to process. \$8,000 initially with the balance due in 30 days.
- Beer and wine license is \$5,000 and 90 days to process.
- Food service permit, conditional use permits, and other permits required. (These can be minimized if the City will waive the fees to get the theater open again).
- 30 Expenses:
- Computer repairs

- Legal and consulting fees
- Insurance and performance bonds
- Accounting fees
- Salaries and wages – Training/Setup
- 5 • Benefits and taxes – Training/Setup
- Office supplies
- Business supplies
- Printing – business cards, stationery, brochures
- Pre-opening advertising

10 ***Fundraising Gala Event***

The ECPAC Foundation has already started planning the ECPAC Foundation Gala event, perhaps entitled “ECPAC ROCKS.” This will occur later this summer, if the Foundation plan is accepted. The Foundation has already created a committee with excellent organizers who will be working to make this gala event exceptional. Attendees will be: Founding Sponsors, merchants, PBID, cluster traded

15 companies -- Taylor Guitar, Deering Banjo, users and renters of the theater: GCCA, Grossmont Symphony Orchestra, CCT, and others, prior major contributors, Thomas Fletcher Hawk, son of Virginia Fletcher Hawk, Music Scholarship Council (Formerly the Women's Committee of the GCCA), AAUW, other groups, younger professional supporters, other groups, local artists: Tim Flannery, Switchfoot (band), and others.

20 Details of this gala event are not included in this plan but are well underway.

Section IV: Venue Repairs and Improvements

The Foundation reviewed the renovations suggested by Kurt Swanson in his “Conceptual Business Plan”^v of 2010, and found that most were unnecessary to ready the theater for reopening, while many key improvements to make the venue competitive as an arts and entertainment venue were not addressed.

The ECPAC Foundation arranged for a tour of the facility (available as a video^{vi}) and discussed whether the renovation or repair was required for opening, and whether it was desired on a long term basis or not.

It is noteworthy that the entire building has seismic issues and ADA upgrades will be required, if major changes to the building are performed. The building was built before asbestos was banned and would be an issue with any major revisions.

The ECPAC Foundation proposes that the building and infrastructure be improved using a steady schedule of improvement rather than an expensive all-inclusive initial approach. Given that there is no direct subsidy to the ECPAC Foundation, such capital improvements are correctly paid by the City to maintain city infrastructure. (Given that the theater has been closed for two years, at a savings of \$700,000, immediate improvements represent a savings over the status quo).

The tables below lists the repairs and enhancements both suggested by Swanson or by the ECPAC Foundation, and well as a Foundation evaluation of the repair and a cost estimate. This list was reordered based on the suggested phased renovation plan.

The City may suggest that the repairs and changes to the theater be implemented by the Foundation rather than directly by the City.

Phase 1: Immediate Improvement Summary

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
Roof	\$100,000 for adequate repair (Swanson estimate: \$800,000)		\$100,000 was the best guess for adequate repair by contractors who said they had the job evaluated. (There is no threat of rain for some time to come, so this can be delayed for later this summer.) The Foundation suggests adding scuppers for clogged-drain water exit.
Interior Finishes	\$100,000 (Swanson Est: \$300,000)	Indep. of ADA/seismic upgrades	Some repainting and repair is necessary, say \$100,000 at the most, but mainly the venue needs a good cleaning, and volunteers can help with this job.
“Dance Pit” + Orchestra Lift Safety	\$100,000 (Swanson's)	Repair does not require ADA upgrades. Suggest that consideration be made	There may be ways to make the lift safe for 200 dancing attendees, such as using manual jackposts, to ensure safety, plus provide for

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
Repairs	Estimate: \$150,000)	of using this as a dance pit which can be lowered slightly and install safety rails, to allow perhaps 200 people to use this for standing-room tickets. Providing walkway behind pit can qualify as ADA upgrade.	ADA walkway at front of seats and before the dance pit, which will allow the entire upgrade to be categorized as an ADA upgrade change.
Cup Holders	Est. \$15-40,000	Not Suggested by Swanson	Cup holders are now a standard feature in theaters and allows increased revenue from concessions. The Foundation is seeking a refined estimate based on modifying or replacing the armrests.
Drinking Fountains	\$20,000	Not specifically mentioned by Swanson. Fountains need to be changed to meet ADA height requirements. (They are too high.) . Possibly there are 4 fountains. Also existing fountains are rusting out.	HAWS Model 1001 should fit in the existing location, just mount lower for wheelchair access. They are only \$1,250 each, which could drop the total price significantly. The City may want to use model already adopted as standard throughout all facilities.
Concessions Area Upgrades	\$25,000	Not specifically mentioned by Swanson.	The Foundation is uncertain what these are yet, but anticipates that additional cash registers, credit card processing, and the like will be required, and perhaps power for a refrigerated beer cart.
Other random repairs	\$50,000	Unknown other repairs that may be needed in addition to repainting and finishes.	\$50,000 is just a guess as the Foundation has no evidence of anything to be repaired right now.

Phase 2 Improvement Summary

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
Signage	\$150,000 (\$50,000 x 3) (Vendor Estimate)	Not suggested by Swanson Needs data cable or phone line for electronic updating. Should be a joint venture	Upgrade to better color electronic marquee on Main Street, new sign on Magnolia, as well as n two-sided color electronic sign visible from I-8. It should be LED with 32000 colors to display photographs, logos, or video clips and with remote-control

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
		with PBID, City and Foundation.	update.
Projection Screens	Needs research	Not Suggested by Swanson	Three-screens – two on each wall around the stage and one centered. The center screen can be used for video events as well as for music background videos.
Permanent Crowd Control	Needs Research	Not Suggested by Swanson	The Foundation can use temporary barricades for crowd control prior to the Phase 2 upgrade.
Electrical / Lighting	\$150,000	Should move to LED lighting; may be able to qualify for incentive subsidies.	Look into green energy upgrades, including improving HVAC localization. This will likely significantly reduce energy consumption. The City may want to move this to Phase 1.

Phase 3 Improvement Summary – Backstage Patio

5 The Backstage Patio plan includes some of the suggestions in the Swanson report, but with a different emphasis. The Foundation plan provides an optional alternative entrance; however, the patio is mainly used as an additional concessions and entertainment area, with restrooms and meeting rooms in the same building. Details are below.

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
Backstage Patio	\$500,000 (estimate)	Not specifically suggested by Swanson.	The cost estimate includes all of the following changes but emphasis is different so there is greater return on the investment..
Reorient Entrance	Swanson's Estimate: \$280,000	Connected room probably not feasible without all seismic and ADA upgrades	This proposal suggests improving the Backstage Patio area and providing an optional secondary backstage entrance, which will not require massive ADA upgrades. The main entrance would remain.
Additional women's room	Swanson's Estimate: \$180,000	Perhaps build external building that would not need upgrades	The Backstage Patio upgrade can provide the additional restrooms without modifying the building itself.
Water -- New Main	Swanson's Estimate: \$127,000	Might avoid this by using water-saving fixtures. Probably not necessary without women's room expansion	The Backstage Patio may force some of this improvement.

Phase 4+ Improvements

<u>Element</u>	<u>Cost</u>	<u>Comment</u>	<u>Working Group Consensus</u>
Sound - Digital Upgrade	\$292,000	Attendees say this is essential for touring acts. There is an analog mixing board in the theater.	Sound system is the same one used at 4th and B and at Humphrey's. Acts that need digital sound will bring in their own sound board and set it up next to existing board.
Lighting - Digital Upgrade	\$750,000	Also needed to be compatible with touring acts.	Existing lights are sufficient for most acts, especially simpler concerts as opposed to theater productions. Should repair rigging/catwalk to allow lights to be lowered/adjusted, or use remote-control lights in that area.
ADA Upgrades	\$175,000- \$200,000 Dressing Rooms	Not required unless other major changes occur.	Generally, these upgrades would become necessary, if other changes to the venue are made. However, it may be the case that government officials may require some of these upgrades.
Fly Tower	Not Planned	Swanson makes a strong case that a new fly tower is not feasible, and certainly would activate ADA upgrades. The fly tower issue is still being researched as other options may be possible.	Current fly space is inadequate to support typical touring theater productions. Typical requirement is that the fly tower be 2.5 times the proscenium opening, which allows a full height set piece to be stored completely out of view of the audience. ECPAC space is insufficient and too difficult and expensive to correct.

Improvement Details

The City should review the discussion provided in Kurt Swanson's report for most of the upgrades. The following were not covered in his review or need additional definition:

5 **Dance Pit**

Mainstream concerts include an area in the front of the stage where people stand, dance, and cheer. In fact, many venues, such as the House of Blues and 4th & B, primarily sell general admission tickets which means attendees are standing during the concert. More research is required, but the initial idea will be to use the orchestra pit area as the dance-floor area, perhaps the area should be lowered so that people in this area will not block the view of the first row of seated ticket holders. Safety rails and a walkway will likely be maintained behind the lower pit area. It will be necessary to provide the lift with additional supports to support an additional 40,000 lbs of perhaps 200 people who are jumping around. This would increase capacity by 168 people (i.e., 200 people in the pit minus 32 seats that are sacrificed.) Status: The Foundation is still researching the cost and design of this upgrade.

Cup Holders

In 1977, when this theater was built and outfitted, the term “cup holder” was probably not even coined. Most cars did not have cup holders until the mid-1980s. Today, they are standard operating equipment in most theaters, cars, stadiums, and ball parks. Unfortunately, the ECPAC theater has no cup holders.

5

Since concessions are a big factor in the ECPAC Foundation business plan, cup holders will be required for each seat. There are several options, ranging from adding a small cup holder to the existing armrest, to changing the armrests, to upgrading all the seats. The Foundation agrees that the seats are still serviceable, and upgrading the arm rests is being investigated.

- 10 The estimated cost for this upgrade on 1142 seats follows: \$10 to \$40 per seat, or \$11,420 to \$45,680. Budget for this important upgrade: \$50,000. This is proposed as part of the initial expenses. (A quote has been requested from a vendor to refine this proposal.)



. Typical theater with cup holders

CREDIT: EL CAJON HISTORICAL SOCIETY AUDITORIUM

ECPAC Theater -- no cup holders

Improved Interior Concessions Area

The current concessions area in the theater is currently very minimal. The Foundation will need to research the exact changes needed, but the Foundation anticipates needing more or newer cash registers, credit/debit card processing, larger preparation area, larger display, and other items.

15

- The estimated budget required to get started: \$25,000.
- The concessions area should include a bar for beer, wine, and cocktails.
- The El Cajon Brewing Company has suggested a rolling refrigerated beer cart, which can provide three kinds of beer, to be located in the lobby area. (There is a need to verify the location and adequacy of power in the proposed location, or power may need to be run to support this.)

20

Projection Screens

This is a common feature in venues today, allowing close-up live video of pianists, for example, so everyone can see the keyboard, or video/background accompaniment, which is common for mainstream productions. Some venues that produce foreign language plays have translations on these screens. The theater will likely need one main screen in the center, which can be used for high definition (HD) projection, as well as two smaller screens, with one on each side.

25

The estimated cost for this upgrade is \$15,000 per projector to procure and \$10,000 to install. The estimated cost for screens: \$5,000 each for two smaller (163” diagonal) screens and 20,000 for the main screen. Total cost: \$100,000

5 Some events are simulcast at other locations, and for ECPAC to be involved in those simulcast events there would need to be additional communications gear, such as a satellite dish for satellite downfeeds. Costs for those upgrades are perhaps \$50,000.

Crowd control fixtures

10 If the predictions of the promoters who are associated with the ECPAC Foundation are realized, there will be a significant increase in crowds at the theater before, during, and after performances, as well as in the use of other facilities in the vicinity of the theater. Such fixtures that will likely be needed include stanchions that fit into holes in the concrete with ropes or fencing to control lines at the box office and the door of the theater. In the meantime, temporary barricade fencing can be used for that purpose, until it is learned what are the best places to route the crowds around the theater.

Street and Freeway Signage

15 The current street sign is inadequate to help promote events at ECPAC. The Foundation suggests that the sign on Main Street be upgraded to color LED lighting on two sides, and add an additional sign on Magnolia. The Foundation would like to see if it is feasible to add a sign that is visible from Interstate 8, maybe in the vicinity of Magnolia. This sign should be a color-LED sign capable of images, not just text.

- 20 • An estimate of cost of upgrading signage is \$150,000 to \$200,000 (or more, depending on the design)
- Such signage will benefit the entire downtown area and should be a joint venture between the Downtown Promenade District, PBID, the City, and the ECPAC Foundation.
- 25 • Improved signage on the building is needed. There is metal lettering on the building, but it is unlighted and difficult to see from the street.

Backstage Patio

A Backstage Patio would expand the south patio area. Currently, the southwest doors lead to a small sidewalk that exists just east of the duck pond and fountain, and connects to the sidewalk on Main Street. This enhancement expands this into a patio area, preferably with the following characteristics:

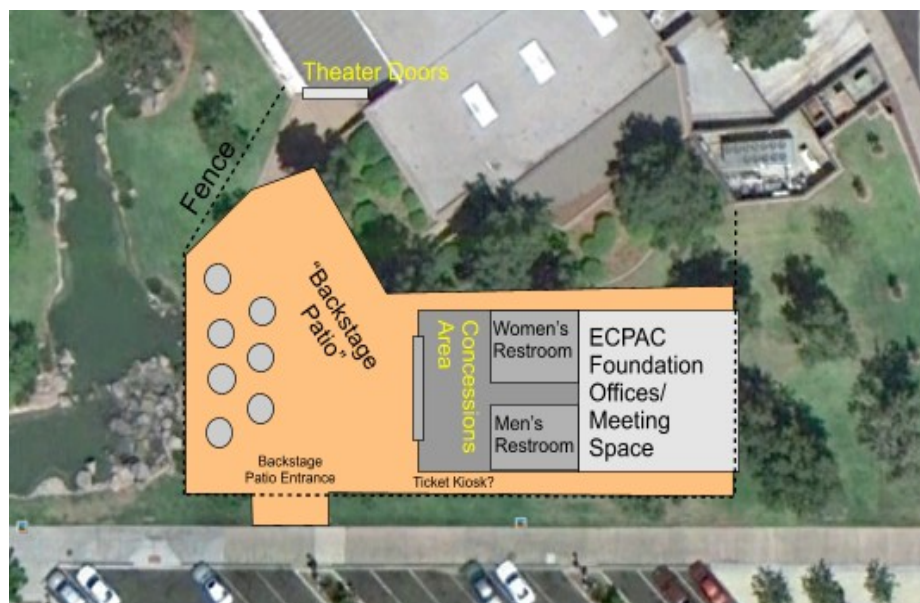
- 30 • Patio area must have access limited walls or fences to keep the public from accessing the patio without a ticket to the venue.
- The west side of the patio should have clear visibility of the duck pond and water feature.
- Emergency exit doors and perhaps an entrance at the extreme south end of the patio near the street sidewalk should be included.
- 35 • This will provide space for tables, chairs, and mood lighting for theater goers to enjoy before,

during, and after the performance.

- Add a building without a direct connection to the theater, including a larger concessions area facing the patio, and with restrooms behind the building. This area and restrooms may be made available to the public for other events at the Promenade Park, street events, car shows, parades, and miscellaneous events.
- The patio area can be used for other types of meetings and events.
- The building may have other space for meetings or office space. The theater itself has very few areas for staff and contractors to work.
- The building can also provide a larger space for signage on Main Street, with marquee boxes, and even potentially a ticket kiosk.

The adjacent diagram provides a rough idea for the Backstage Patio. The current water feature is smaller than the one shown here. This concept provides additional restroom facilities. A concept provided by Pacific Realty Advisors in 2008 included a building for more meeting space. It provided a three story building with additional enclosed meeting spaces. However, it did not address the needs for additional concessions area or restrooms for ECPAC

This diagram is just a sketch to provide the general idea. In this concept, a single building would be built to contain the concessions area, restrooms, and additional meeting or office space. If a second story also existed, it could provide needed space for meetings and break-out sessions, if the theater is used for convention space.



Section V: Comparative Analysis

How does the ECPAC Theater compare with other venues in this market area? The Foundation consensus is that it compares quite well. The technical details of the ECPAC Theater are provided in Appendix A.

5 **Largest Venues (> 10,000 seats)**

ECPAC is a medium-sized venue. It is too small for top headliner acts, which may opt to use the largest venues:

- **Cricket Wireless Amphitheater** (19,492 seats), the largest venue in the San Diego Area run by Live Nation (which runs 41 club and theater venues across the United States), or
- 10 • **Viejas Arena**, at San Diego State University which seats 12,845 for concerts.

Comparable Venues

Other music venues of significant size include:

4th & B

- 15 Capacity of 4th & B is 850 people (seated) or 1,500 in a general admission configuration, which means almost everyone is standing. This theater is in downtown San Diego, meaning parking is frequently difficult. It primarily hosts mainstream popular music for a younger crowd.
- 20



House of Blues

- 25 House of Blues is a chain of theaters that can benefit from common scheduling and artist purchases. It is operated by Live Nation (same as Cricket Wireless Amphitheater). In the San Diego location, seated capacity is 200 but they run concerts with 800, most standing in the music hall and the rest in pricey box seats.



Humphrey's

- 30 A 1450 seat outdoor venue that overlooks the marina in Point Loma, this venue compares with ECPAC, but has a much better location and scenery.



Seating consists of inexpensive white folding chairs, zip-tied together with no arm rests or sufficient space for individuals. ECPAC has very comfortable seating with lots of leg room. Humphrey’s emphasizes concessions. Restroom facilities are minimal.

Sycuan Live

- 5 • 457 “plush seats, live and up close” – Tickets are usually priced at \$25/\$35 or \$35/\$45, \$45/\$55, with 23 acts listed.
- Cocktail Service: two full bars are located inside the theater. All events are ages 21 and up with ID; nonsmoking.
- Two jumbo projection screens on each side of the stage.
- 10 • No cup holders on the seats are visible.
- This venue is about 20 minutes from ECPAC, and the roads are narrow and winding.
- Stage is small in dimension and probably cannot support any sort of theatrical event or large bands, orchestras, or dance troupes. There is no pit dance floor.



15 **Viejas**

Viejas is no longer presenting acts in their outdoor venue, as they did several years ago. They have only the Dreamcatcher lounge and the V lounge. Events are free, and those venues probably can hold 200 people at the most. Viejas features only lounge acts.

- Must be 21, with I.D. No cameras, free parking or valet service for \$3.
- 20 • This venue is about 20 minutes from ECPAC.

Balboa Theatre

The Balboa Theatre, located at 868 Fourth Ave, San Diego, is a 1,335 seat, restored, historic, vaudeville theatre located in the heart of the Gaslamp Quarter. After being closed for 20 years, the Balboa Theatre was reopened in January 2008 after a \$26.5 million renovation and restoration. It now operates as a

performing arts venue. It is managed by San Diego Theatres, which also operates the Civic Theater.

The rental rate is \$4,000 plus extras, as they separately charge for each service provided.

5 Theater provides alcoholic beverages, which are dispensed and secured by San Diego Theaters. Their seats have no cup holders.

The theater has an orchestra level plus one balcony.



Balboa theatre - view from the balcony

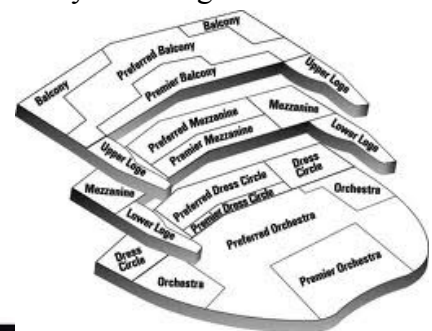
Civic Center Theatre

10 The 2,967 seat San Diego Civic Theatre is the region's largest and most attended performing arts venue. The Civic Theatre is owned by the City of San Diego and is managed and operated by San Diego Theatres on behalf of the community.

Rental rate is: \$8,500 minimum vs. 10% of gross sales, \$11,500 max

The theater has an orchestra level and three balconies.

15 It has full bar service, but no cup holders.



California Center for the Arts, Escondido



California Center for the Arts view of the stage.



A view of the Center Theater taken from the stage.

- There are two theaters that are nicely appointed.
 - 404 seat theater
 - 1523 seat concert hall, with balconies and boxes, comparable in size with ECPAC.
 - Stage: 68 x 47; Dressing rooms: 10; Line sets: 58;
 - The orchestra pit accommodates up to 60 musicians (fewer than ECPAC's 70).
 - There is a full-service conference center and banquet facility.
 - It has art and educational studios.

- RENTAL PRICING:

<u>Concert Hall (1523 seats)</u>		<u>Commercial</u>	<u>Non-Profit</u>
	Performance (Matinee or Evening)	\$2700.00	\$1900.00
	Performance (Second in one day)	\$1350.00	\$950.00
5	Fri-Sun Rehearsal/Load-In/Load-Out	\$2700.00	\$1900.00
	Mon-Thu Rehearsal/Load-in/Load-Out	\$1350.00	\$950.00

<u>Center Theater</u>		<u>Commercial</u>	<u>Non-Profit</u>
	Performance (Matinee or Evening)	\$850.00	\$600.00
10	Performance (Second in one day)	\$425.00	\$300.00
	Fri-Sun Rehearsal/Load-In/Load-Out	\$850.00	\$600.00
	Mon-Thu Rehearsal/Load-in/Load-Out	\$425.00	\$300.00

- The California Center for the Arts, Escondido, is 30 miles from downtown San Diego, taking 36 minutes (no traffic) to drive there from downtown San Diego. This is twice as far as ECPAC is from San Diego and is about the same distance from El Cajon.
- The average theater ticket price for all performances was \$16.33, quite low compared with commercial venue spaces. They have many educational outreach programs.
- The Arts Center report is here: http://www.artcenter.org/about/statements08/links/report_2009-10.pdf

20 **Joan Kroc Center**

- 2,732 Square Foot Stage
- 75 Foot Fly which holds up to 35 Scenes
- Motorized Orchestra Pit
- Two Steinway Pianos
- Full Dressing Rooms and Green Room Facilities
- In-House Catering Available
- Permanent Seating for 580; 20 disabled locations (600 total)
- Large Multi-Purpose Conference Room & Courtyard



Summary of Comparison with Competition:

The ECPAC Theater differs from its competition and provides features to make it a success, particularly if operated more as an arts and entertainment venue and less of a pure performing arts center. The following points are important considerations:

- 5 • ECPAC is too small for major headliner acts, which will choose the Cricket Wireless Amphitheater or the Viejas Arena.
- ECPAC does not have the features for full theatrical productions nor sufficient seating and decorative appeal to compete with larger performing arts venues, like Balboa Theatre or the Civic Center Theatre.
- 10 • ECPAC has more comfortable seating for a medium-sized venue, with plush seats with arm rests compared with the very uncomfortable seating of Humphrey's, for example, or standing room mostly venues like 4th & B and House of Blues.
- ECPAC is larger than casino venues. It is more than two times larger than Sycuan (1142 vs. 547 square feet), and larger than House of Blues and 4th and B when fully-seated (But they pack them in with standing only tickets.).
- 15 • ECPAC is closer to downtown San Diego than California Center for the Arts, Escondido, and all casino venues by factor of two.
- Viejas is no longer conducting outdoor concerts. As they only have lounge entertainment, they are no longer a direct competitor for this size venue (and may be a good partner).
- 20 • Sycuan and Viejas restrict admittance to those over 21 years of age. Sycuan has two bars in the theater. With an improved concessions area and cup holders on the seats (which they lack), ECPAC can compete from an amenities standpoint with Sycuan. But they do have dual projection screens, which ECPAC currently lacks. They have a smaller stage and larger acts or theater production are not feasible, so ECPAC can run acts they cannot.
- 25 • California Center for the Arts, Escondido is oriented to high-art performances only and cannot support mainstream acts, although they do offer alcoholic beverages. However, the Arts Center does have convention, meeting space and full banquet capabilities, which ECPAC lacks. But the arts center seems so far away that it does not directly compete for the entertainment dollar for the ECPAC market area, and even all of downtown San Diego, La Jolla, and other coastal
- 30 areas..
- The Joan Kroc Center is attractive and has a large fly area (75 ft with storage for 35 scenes), but it is only about half the size of ECPAC in terms of seating, too small for mainstream acts.

Casinos can't compete in the under-21 or theater presentations category. Mainstream venues like 4th and B, House of Blues, and Humphrey's are not as comfortable for similar capacities.

35 With the dance pit upgrade, ECPAC can compete directly with mainstream venues.

In summation, ECPAC should be a competitive theater, if a few changes are made and attractive acts are scheduled. It is close enough to the main metropolitan area to pull attendees to the venue, more than all but the downtown venues.

Section VI: ECPAC Foundation – Organization

Business Model

The business model of the Foundation primarily operates the theater as a rental and contracts with promoter organizations to manage both the rental operation and performance ventures.

5 Thus, the Foundation is somewhat protected from exposure to risks inherent in estimating the type of shows that will be successful in this market, and successfully marketing those shows. However, it will also engage in self-presented event ventures, such as season packages, single headliners and functions in co-promotion arrangements with independent promoters.

10 The Foundation can do outreach to schools in the form of educational events, if fundraising activities or surplus from rentals or event ventures results in surplus money.

A key difference in this model from those of the past is the larger emphasis on concessions as a profit center for the operation. The 501(c) 3 public benefit orientation of the Foundation embraces purely educational and public-benefit events that would be impossible to fund from traditional nonprofit fund sources.

15 **A Fresh Start**

20 The ECPAC Foundation is a new organization and represents a fresh start with a business model that differs from prior attempts. Review of operation of the theater under other managers and business models is provided below to point out why this approach is different, and why the ECPAC Foundation is a successful model. These comparisons with other management approaches is provided in Appendix B – History.

Currently, the ECPAC Foundation is being sponsored by Citizens Oversight, Inc., a 501c3 organization with primary offices in Delaware. When this plan is approved by the City of El Cajon, The Foundation will process the paperwork to secure ECPAC Foundation tax exemption documents and will then operate as an independent entity.

25 The ECPAC Foundation is a community-based organization and is not a result of any City initiative (except for the threat of demolishing the theater.). It is composed of people who love the theater and want to see it returned to service.

Structural Business Chart

30 The following organizational chart illustrates the fact that the theater is always operated as a rental, even if the events are self produced. This is a substantial difference with previous operators who did not adequately track their finances.

<p>ECPAC FOUNDATION Board of Directors Various Committees Advisory Board</p>		
<p>General Management Finance & Accounting HR & Volunteer Coordination</p>		
<p>Rental Operation</p> <p>Rental Sales / Marketing Event & Art Show Scheduling Limited Event Advertising Venue Operation House Manager Security & Custodial Concessions Ticketing / Box Office</p> <p>Sound / Lights / Stage / Artist Hosp.</p>		<p>Fundraising</p> <p>Major Donors Patron Giving Plan Fundraising Events / Galas NGO Grants Govt Grants and Subsidies Merchant Associations PBIDs</p>
<p>Renting To Independent Promoters</p> <p>Grossmont Community Concerts Association (GCCA), Christian Community Theater (CCT), Grossmont Symphony Orchestra (GSO), Theaterworks, Nexstar Dance, Star Power, Thunderstruck, Miss El Cajon, Film Festival, etc.</p>	<p>Self-Presented Events</p> <ul style="list-style-type: none"> • Single Headliners • Season Packages • Back-end Splits • Co-promotion <p>Venture Program Management: Self-Presented Programs Scheduling Contract Negotiation Marketing Operations</p>	<p>Outreach</p> <ul style="list-style-type: none"> • Schools • Educational Events

Founding Board

The ECPAC Foundation is a new entity. However, its roots go back to the history of music in the East County.

Ray Lutz – Founding Chair

Ray Lutz is tied to the original musical heritage of the ECPAC Theater and the East County area. The Grossmont Community Concerts Association was founded in 1947 by Harold G. Lutz, (Ray's father), then band and orchestra director at Grossmont High School, winner of multiple statewide awards for the quality of the music department at that high school. The ECPAC Theater was initially envisioned and brought to reality by the Women's Committee of the GCCA (now the Music Scholarship Council), shepherded by Virginia Fletcher (subsequently Virginia Fletcher Hawk.) Ray Lutz was president of the GCCA from 2003 to 2005. Now, Ray Lutz is leading the group proposing the establishment of the ECPAC Foundation to save the theater from the proposed demolition and move it forward toward success.

Mr. Lutz has a Master's degree in Electrical Engineering from San Diego State University (SDSU). He is not a professional musician, but has experienced high quality music performances throughout his life and can play the piano. His background in starting and managing numerous nonprofit and commercial entities, including the Chase Ranch Montessori School, located in El Cajon, provides the necessary background to envision a workable business plan and to launch the ECPAC Foundation toward long-term success.

Mr. Lutz also has knowledge of sound systems and acoustics, as well as a significant amount of real-world experience in marketing campaigns and press relations. He is currently the national coordinator for Citizens Oversight, Inc., a Delaware 501c3 corporation.

Ivars Bezdechi (AKA Paul Kruze)

Ivars Bezdechi (also known through his professional name, Paul Kruze) is a San Diego-based award-winning television journalist, actor, writer, producer, and director with an extensive background in graphic design, multimedia, and marketing communications. His written work on many subjects has appeared in several regional and national publications including the San Diego Union-Tribune, MicroPublishing News, and Microtimes. Bezdechi holds degrees in Radio/TV Broadcasting, a Bachelor's degree in Communications Management and Marketing from the University of Portland (with honors), and has done graduate level work in telecommunications and film at SDSU.

Born in Portland, Oregon, but raised by parents who were professional concert pianists from Europe, Bezdechi has an extensive background in the arts as a professional trumpet player, as a soloist and as a member of various musical ensembles. For five years he assisted in the development and management of a San Diego-based Internet radio station called "World Music Webcast" (1999-2004), where he hosted a weekly program called "Songs From Across The Baltic Sea" featuring traditional and contemporary music from the Baltic States of Latvia, Estonia, and Lithuania. For two seasons, he published "Centerstage Magazine," a publication which was distributed to audiences at the East County Performing Arts Center.

Duane Swainston

Duane Swainston has a Bachelor of Science degree in Business Management. He has been an East

County resident for the past 30 years. He has been in management in the aerospace manufacturing industry for the past 16 years. He has been a small business owner. He is an avid concert and theater goer who has contacts to many businesses in the East County.

5 **Ben Kalasho**

Ben Kalasho is an El Cajon resident who studied economics at the University of California at San Diego (UCSD). He is the president and chief executive officer (CEO) of two East County based companies. Ben excels in business management and business growth. Ben’s goal has always been to strengthen the local economy. Ben Kalasho believes that with the right business plan and management group, ECPAC can be a valuable asset to the community.

Pat Parlin, President, GCCA

Shirley Stowers, President, AAUW

15 (Longer biography will be provided soon)

Thomas Fletcher Hawk

Dr. Thomas Fletcher Hawk, of Cumberland, Maryland, and son of the late Virginia Fletcher Hawk of El Cajon, is Professor of Management, Emeritus, Frostburg State University. He taught in the Master’s of Business Administration (MBA) Program at Frostburg State University from 1972-2009, serving as Chair of the MBA Program for thirteen years. Dr. Hawk is currently finance chair for two non-profit arts organizations, the Western Music Association and the Allegany High School Band Boosters. He also sings western songs and released one CD, “Yodeling Familiar Trails,” in late 2010.

Miriam Raftery

25 Miriam brings over 30 years of experience in media, marketing, major event organizing, fundraising and grant writing to the Foundation. Currently the editor of “East County Magazine,” (ECM) which she founded with a successful grant funded by San Diego Foundation for Change, Miriam is also a member of the Heartland Foundation grant writing team. Her grant writing experience includes federal grant applications to the National Endowment of the Humanities for organizations, including Boosters of Old Town.

30 Miriam also has extensive experience as the organizer of many major events. These include the Sea Pointe Celebrity Tennis Tournament, starring John Forsythe (a benefit that raised \$30,000 for the UCSD Children’s Cancer Center), a dinner for 800 guests at the La Costa Resort, the statewide conference for California Press Women, Media Day for the Rancho San Diego Chamber women’s leadership program at 10 News, and ECM fundraising events including Celebrate East County, Summerfest, and Outstanding Citizens Awards. She has served as media director for the national Democracy Fest Conference and as a media consultant/coordinator for various political campaigns.

Her company, Writer Ink, has handled marketing and business writing projects for major companies such as Marcus & Millichap, commercial real estate, and Questar Pools (named by the Robb Report as the world’s most influential pool designer).

5 Miriam also has a background in the arts as former assistant to San Diego Symphony Maestro David Atherton and to the orchestra’s manager. Her experience included drafting radio commercials, media and marketing outreach materials for symphony programming, as well as artist’s biographies and program content, coordinating scheduling and overseeing activities of guest concert artists from around the world. As an award-winning journalist, she has won dozens of top journalism awards for her
10 writing for national and local publications. She has also written and produced a play on women’s history and authored a script on La Mesa’s history; she could apply her skills to a centennial program at ECPAC.

“East County Magazine” has committed to donate advertising to the ECPAC Foundation for an ECPAC
15 gala and efforts to reopen the theater, as well as initial programming. ECM has had as many as five million hits and 110,000 visitors a month, making it the second most widely read news site in San Diego. Miriam also has a broad network of media contacts throughout southern California, knowledge of social networking promotion and public relations, and many valuable contacts with tribal leaders, arts organizations and other potential supporters of ECPAC and the ECPAC Foundation. She recently
20 assisted Palomar State Park’s Foundation to raise \$72,000 that saved the state park from closure, entirely through an online fundraising drive. Publicity in ECM also enabled Rescue Task Force to raise \$20,000 in 48 hours to assist victims of monsoon flooding in Afghanistan, where the task force runs a school for Afghan girls and women. ECM also was instrumental in efforts to save the La Mesa Flag Day Parade. The magazine’s reach is countywide to draw theater-goers from throughout the region to
25 ECPAC. In addition, Miriam has served on the board for Society of Professional Journalists and is an active member in the San Diego Press Club, making her ideally suited to maximize media outreach for the ECPAC Foundation and the theater’s grand reopening.

Operations Qualifications

30 The Foundation will meet the qualifications to provide technical theater services, including theater lighting and design, audio mixing, stage rigging and Occupational Safety and Health Administration (OSHA) requirements.

The Foundation plans to recruit, train, and maintain an efficient and professional corps of volunteer
35 ushers, concessionaires, and bar service operations consistent with restrictions of appropriate licenses and public health requirements;

The Foundation plans to provide box office services, including subscriptions, telephone and walk up
40 orders, and on line ticketing capabilities.

Marketing and public relations qualifications

Insurance & Hiring

ECPAC Foundation will have general liability and property damage insurance, in an amount of not less than \$1 million. The Foundation will also have directors and officers’ liability insurance; and workers’ compensation insurance as required by law.

5 Such coverage shall name the City of El Cajon and its elected and appointed officials, officers, employees and volunteers, by separate endorsement, as additional insureds, and shall otherwise comply with the City Council Policy D-3, for insurance.

10 ECPAC Foundation adheres to the Affirmative Action guidelines as set forth in Executive Order 11246: The ECPAC Foundation does not discriminate in employment decisions on the basis of race, color, religion, sex, or national origin.

Why This Proposal Is Superior to Other Options

15 The Foundation asserts that the ECPAC Foundation is the correct and best way to run the ECPAC theater in El Cajon, with a minimal subsidy from the City, initially covering utility costs, and likely phased out altogether over time. Why is this better than other options?

Run by the CCT

20 The CCT/ABM approach has been tried and failed to produce what was expected. Furthermore, it continued a high annual subsidy (\$350,000 per year). Certainly, it did not result in the sort of robust list of headliners everyone hoped for when they entered into this expensive agreement. Instead, CCT/ABM ran it only as a rental house but lost their most important rental client as a paying customer – themselves.

25 Furthermore, the Foundation asserts that CCT/ABM have not been successful in maximizing revenue from both fundraising efforts (which are non-existent) and concessions. The Foundation anticipates that the CCT will not embrace serving alcohol, which is a staple at similar venues and in family-oriented functions, such as baseball games.

Run by the City

30 This may be an effective way to manage it as a rental house, and it could definitely be done for less than \$350,000 a year. But, it would eliminate the possibility that the venue could really be a success when run as a road house, with many self-presented events. It would certainly eliminate the creative thought that will occur when the venue becomes a productive and competitive operation under the ECPAC Foundation plan.

Run by the Downtown Promenade PBID

35 It may be proposed that the PBID manage the theater roughly in the same manner as is being proposed by the ECPAC Foundation. Although this proposal has some merit because of the common promotion has been mentioned, this is not the optimal solution because:

- The PBID is really focused on improving and operating the business district, whereas the ECPAC Foundation must be interested in optimal operation of the theater.
- The ECPAC Foundation lacks a seat on the PBID board (since the City of El Cajon is a major funding source for that organization), but the operation of the theater should have its own board, staff and volunteers.
- Fundraising will be difficult if the PBID runs the theater. Funds and grants will likely be available for a 501(c)3 nonprofit like the ECPAC Foundation running the theater to benefit the public at large but is rarely (if ever) available for a PBID type of merchants association, which is a 501(c)(6) mutual benefit corporation and as such, is not qualified for tax-deductible contributions.

Transfer to the GUHSD

There was a proposal by some members of the public to have the Grossmont Union High School District (GUHSD) fund renovations of the theater. In trade, the City would allow the district to use the theater for performing arts courses and other uses. This option did not gain support by the consensus of the Foundation working group because:

- A law exists (Proposition 39) that disallows sinking funds into property that is not owned by the district.
- To circumvent this problem, it was proposed that the City sell the theater to the GUHSD for \$1.00. The GUHSD could then improve it for use by the schools without any problem with Proposition 39. However, it would likely not be usable as a general arts and entertainment venue, particularly with the notion that alcoholic beverages would be sold on the premises.
- If the other issues were resolved, perhaps five or six high schools would want to use the theater for rehearsals and performances, resulting in heavy use in periods when normal renting business is brisk, so the two uses are in conflict and would turn the theater into doing only school events for most of the year.
- If this option is not selected, the theater can still be cooperatively utilized by the district in cooperation with the ECPAC Foundation for intern positions in a world-class theater with actual performances occurring.
- Using the theater primarily as a resource for the high school districts will not build a healthy entertainment district which acts as an economic engine for the region.

Therefore, establishing a separate 501c3 nonprofit is the optimal solution. The ECPAC Foundation is the best vehicle for this purpose because it is a new organization with no other mission than to operate the theater effectively. Founders have exhibited their vision for creating a viable arts and entertainment venue.

Section VII: Appendices

Appendix A – Venue Technical Information

5 Built as a concert hall in 1977, the East County Performing Arts Center (Center) is located in the heart of downtown El Cajon. Roughly 200,000 people come to events in or around the Center annually and over 55% of the Center's patrons come from outside the east county area. San Diego Magazine voted ECPAC the "Best Acoustic Venue" in the 2004 Best of San Diego Edition.

Auditorium

10 The Auditorium features continental seating with 1098 permanent seats in 27 ranked rows of approximately 50 seats each. There are no center aisles. There is space to accommodate 12 wheelchairs. Thirty-two (32) seats are available in the pit area.

- Permanent Seating: 1098
- Wheelchair Spaces: 12
- Pit Seating: 32
- TOTAL: 1142
-
- Stage 3,220 square feet (70'W x 46'L)
- Orchestra Pit accommodates 70 musicians
- Complete drapery

Artist Accommodations

- 20 • 1 Green Room
- 1 Star Dressing Room at stage level with restroom and shower
- 2 Chorus Dressing Rooms on the 2nd floor with restrooms and showers.
- 2 overflow dressing rooms on 3rd floor (no facilities)

Load In

25 The stage door and loading dock driveway are located on the east side of the building on W.D. Hall Drive. The dock is wide enough to accommodate two (2) semitrailers 48ft in length. Note: the dock will not accommodate a full-size semi-trailer (48ft) and the tractor truck. The tractor must be removed to allow traffic on W.D. Hall Drive. The dock door entrance is located on the upstage right side of the stage. The dock height from driveway is 3'4" and the loading door is 8' x 11'.

30 Sound System Overview

The East County Performing Arts Center contains a professional sound system designed and installed by Clair Brothers Systems. (the following should be confirmed)

House Public Address System

The main house public address (PA) system consists of eight (8) Clair signature R-3T speakers hung stage left and right in vertical 2x2 clusters. Front fill is supported by four Clair RC-80 speakers, with one cabinet hung under each R-3T stack. A center cluster consisting of two (2) Clair Brothers R2D two-way speakers, provides all necessary house fill. Low end is supported by two (2) JBL SR47-19A double 18" sublow cabinets.

House PA Amplification

The CBX25 (QSC MX3000a) amplifier delivers 1250 Watts @ 4 Ohms, and drives the low end transducer of the R3T speaker cabinet. This transducer is capable of handling about 600 watts. This amplifier will also be used to drive each JBL sublow cabinet, which is capable of handling about 1200 watts @ 4 Ohms.

Midrange of the R3T cabinet is driven by the CBX15 (QSC MX2000a), which delivers 725 watts @ 4 ohms. This transducer is capable of handling about 300 watts.

The high end of the R3T is driven by the CBX8 (QSC MX1000a), which delivers 400 watts @ 4W. This transducer is capable of handling about 150 watts @ 16W.

Center Cluster and Front Fill Amplification

The CBX12 (QSC MX1500a with UFC2 internal crossover) amplifier delivers 600 watts @ 4 ohms, 400 watts @ 8 ohms, and drives both the lows and highs of the R2D center cluster. This cabinet's low transducer is capable of handling about 150 watts @ 16 ohms.

A separate CBX12 amplifier powers the RC-80 front fill cabinets. This is a 4W two-way speaker capable of handling about 400 watts.

All amplifiers are housed in fan cooled racks, powered via a Lyntec Sequential Power remote on/off system.

Lighting Equipment

(The following should be confirmed)

ETC Obsession Lighting Console

<p>Elipsoidals ETC 36 degree ETC 26 degree ETC 15/30 degree zoom ETC 19 degree 6x16 1000W 6x12 750W 6x9 750W</p>	<p>Cyc lights 1000W ea. (4 light units per instrument)</p> <p>Circuits (20a new style twist) 2nd AP 20 1st Electric 24 2nd Electric 26 3rd Electric 20</p>
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<p>32x10 500W 32x 8 500W</p> <p>Fresnels ETC PARNeI 750W 8" 1000W</p> <p>PARs ETC Pars 750W</p> <p>Striplights 8' 300W ea. (4 circuits)</p>	<p>4th Electric 15 Floor Pockets 30 Soca SR 30</p> <p>Company Switch/Supplemental Power Located stage right near Stage Manager's control 3-phase 400 amp.</p> <p>Followspots 2 Strong Truss Troopers HMI 1.2K 2 Strong HMI 575 (Metal Halide) spots (approximately 100' throw to stage).</p>
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5 The light bar over the stage used to be equipped with rigging to allow it to be lowered for light maintenance and adjustment. Theater operators found it was difficult to adjust the locations of the lights with the bar lowered because it was not possible to check the location of the light on the stage. At this time, the rigging is not operational and instead light adjustment is accomplished by an access.

Front of House

There are concession area and a full-service box office, including two small offices. Free parking is available evenings and weekends. Parking is limited during the day due to use by City and court business.

10 **Signage**

A lighted sign exists near the corner of W.D. Hall Drive and East Main Street. Directional signs, which say "Performing Arts Theater" exist in several locations.

Steinway Grand Piano

15 A Steinway concert grand piano was purchased and given to the theater by the Women's Committee when the theater originally began operations. This piano may need some maintenance and/or rebuilding. It has been stored below the stage in an area that may have been subject to excessive moisture.

Appendix B – ECPAC History

The theater has had a difficult history with many managers and approaches. In general, performing arts venues require substantial subsidies from the host city or region to be viable.

Timeline

- 5 • **1975-07-19** - Groundbreaking on \$2.1 million project to build the theater, won by Neilson Construction. A committee chaired by then El Cajon Mayor James Snapp and La Mesa Mayor Paul Fordem worked closely with volunteers from the Women's Committee of the Grossmont Community Concert Association, local businesses, clubs, and citizens to raise nearly \$400,000 to outfit the theater with lighting, seating, PA system, and other items.
- 10 • **1977-03-30** - Official opening. Originally built to seat 1200 people, then later revised to be ADA compliant with 1142 seats. Operated by Grossmont College.
- **1990** - Grossmont College hired a new manager for the theater who changed the venue's name to Theater East and focused primarily on educational presentations.
- 15 • **1993** - College relinquished management of the theater to the Christian Community Theater (CCT)
- **1995** - Property transferred to the City of El Cajon following college district Chancellor Dr. Jean Atherton's admission that "We have not been able to do justice to the theater which is really peripheral to our mission." CCT continued as manager with an annual subsidy of \$50,000 to cover utility bills.
- 20 • **1997** - Management turned over to the Arts Center Foundation, a 501c3 nonprofit organization. A professional chief executive officer (CEO) was hired to run the theater's day-to-day operations. The theater was renamed the East County Performing Arts Center.
- **1999** - Unique program for East County Schools was established, "Plug Into the Arts"
- 2001-03 - Consultants hired to provide marketing plan for ECPAC, Heying & Associates.
- 25 • **2005** - Blue ribbon commission established by the City submitted their final report, looking into the perception that the theater was costing too much money to run. The Arts Center Foundation had a serious flaw in its design, in that bills were paid by the city, and thus, there was little reason to be careful in spending practices.
- **2005** - Operated by CCT DBA Art Beat Management. CCT increased number of rentals substantially and tried a few headliners but were not obligated to conduct any headliners.
- 30 • **2009-12-24** - The City of El Cajon proposed a closure of the theater on Dec 24, 2009, for 18 to 24 months for renovations. See Recent Media (below) for details.
- **2010** – ECPAC was closed in the beginning of the year. GCCA was allowed to complete their contracted engagements.
- 35 • **2010-03-09** -- The City held two community forums and a public hearing was scheduled for 2010-03-09.
- **2010-03** - Consultant Kurt Swanson submitted a plant to remodel the theater for \$4.3 million.
- **2012-03-13** - El Cajon City Council voted 4-0 to negotiate with Arthur E. Neal, developer, to demolish the theater and replace it with a Courtyard by Marriott hotel.
- 40 • **2012-03-26** - [Save ECPAC](#) committee formed to save the theater for the community to use and

preserve the historic nature of this landmark.

- **2012-04-23** - Toured the theater and resolved the likely cost to reopen the theater: \$250,000 for roofing, painting, unknowns.
- **2012-05-14** - Save ECPAC working group voted to form the ECPAC Foundation and seek an arrangement with the City to reopen the theater.
- **2012-05-22** - City hosted a workshop on ECPAC Demolition and options for hotel construction on the site. City council requested that the ECPAC Foundation submit a proposal to reopen the theater

MANAGEMENT HISTORY

10 **Arts Center Foundation (ACF)**

The Arts Center Foundation (ACF) was a 501(c)3 nonprofit organization established by the City of El Cajon and tightly coupled with the City. It managed the operation of the theater from 1997 to 2005. It is useful to note the following:

- The most problematic characteristic of this arrangement was the tight coupling with the City of El Cajon. The contract specified that the City would pay the bills for the ACF and be reimbursed within 30 days. Later, this was extended to 90 days. With no bank account to respect, spending spiraled out of control.
- When repairs were needed at the theater, the city arranged for the ACF to perform these repairs to avoid union and prevailing wage restrictions existing for the City, with the expectation that the City would forgive the debt. Later the debt was not forgiven but used as rationale to fold the ACF. The capital improvements included:

◦ Audio Enhancements	\$159,582
◦ New Theatrical Lighting	\$270,875
◦ Furniture, Fixtures and Equipment	\$52,336
◦ HVAC Renovation	\$195,146
◦ Stage Lighting	\$10,753
◦ Equipment lease and repair	\$12,579
◦ Total	\$1,032,224
- The City was subsidizing ACF \$350,000 per year, but because of the capital improvements listed above, they looked like they were extremely behind in their payments to the City. It is simply the fact that if the City will pay for everything, it is somewhat hard to limit what is spent. Also, workers were paid as city employees and received the benefit package from the City.
- The City wanted to stop the subsidy, but when a theater operation (or any similar business) has made commitments, it is difficult to instantly stop using the subsidy for at least 12 months.

They were not given this time to bring the accounts into line.

- A Blue Ribbon Commission was tasked with reviewing the situation and making suggestions for theater operation. They suggested four options:
 1. Maintain the ACF as managers of the theater, forgive all outstanding debt, and fund the upcoming year for about \$400,000 to \$600,000, and move to a system where the ACF would receive the subsidy prior to making expenditures and handle their own procurement and accounts payable.
 2. Dissolve the ACF and form a new nonprofit organization. The Blue Ribbon Commission suggested that the advisory board of this new nonprofit should be the existing tenants (such as GCCA, CCT, and local performance groups), with the new organization running the theater as a rental house.
 3. The City would manage the theater, creating a new department or incorporating its operation as part of the Recreation Department, and would manage the theater as a rental house.
 4. Seek new management by soliciting requests for proposals (RFPs). The assumption was that this option would result in the theater operating as more than a rental house.
- The city opted to seek new management. Christian Community Theater (CCT) doing business as (DBA) Art Beat Management (ABM) was selected, (see below for results of that management period.)
- The correct course of action, as can be seen in hindsight, would have been an option that was not even presented by the Blue Ribbon Commission, but is most similar to Option 2. That is, establish a new 501c3 nonprofit, without the problematic financial coupling exhibited in the ACF arrangement; primarily run the theater as a rental house, but also allow it to self-present concert subscription packages and other headliners, but eliminate the subsidy. It is improper, in the view of the Foundation, for the nonprofit to be run by the renters of the house (as proposed by the Blue Ribbon Commission), since this is a conflict of interest. The Foundation position is that there should be an advisory panel that represents the interests of renters, if this type of option had been used.

This option, in essence, is what the Foundation is proposing for the ECPAC Foundation.

- As a side note, the ACF did serve alcoholic beverages on site. Their strategy was to use the liquor license of Downtown Bar & Grill (Gabe Marrujo) and his staff operated their alcoholic beverage sales on site.

Christian Community Theater (CCT) DBA Art Beat Management (ABM)

This most recent theater management company operated the theater from 1993 to 1997 and 2005 through 2009, and had the following characteristics during their most recent tenure (figures from the 2006 audit by the City of El Cajon).

- Received a subsidy from the City of El Cajon of \$350,000/year.
- In addition, the City paid utilities of about \$105,000/year (although utilities expense is only

listed as \$70,732).

- 5 • Transferred \$276,000/year to CCT as a management fee, with no tracking of the use of that money within CCT (at least not divulged in the audit). It is difficult to track whether the management fee was used for management of the theater or diverted for management of CCT-specific events.
- Not including any payroll or management fees, and not including any direct subsidy from the City (except for utilities and maintenance), CCT net revenue was \$488,155, assuming CCT would actually rent the theater like anyone else. Thus, the theater was in the black with no direct subsidy as long as CCT would not run it.
- 10 • The theater did not become the economic powerhouse hoped for in the theater district, and the downtown area. However, when theater events were occurring, merchants and restaurateurs reported increased patronage. The goal will be to do this more often, more effectively, and without any City subsidy.
- 15 • CCT increased the rentals from 89/year to 165/year (according to Kurt Swanson report). But again, many of these (52 in 2006) were CCT events and therefore, paid at a lower rate (if at all).
- CCT attempted several self-promoted events as headliners, but these were generally not successful. Only one such event was attempted in 2006.
- The final years consisted of CCT events and rental events with no headliners. There was no requirement for CCT/ABM to self-present shows. The inevitable result occurred: in later years, CCT did not self-present any shows.
- 20 • The box office (when events were not in progress) and address of ECPAC administration offices moved to the CCT offices at 1545 Pioneer Way, El Cajon, CA, over two miles away from the theater (definitely not within walking distance). They said they had no complaints about this, but perhaps those who did not buy tickets never drove the 2.2 miles to complain.
- 25 • A fundamental conflict of interest existed in this solution. CCT was a major user of the theater, and gave itself low or free use of the theater for rehearsals and events. No fundraising was done for the sake of the theater. Instead all such fundraising revenue – if there was any at all – was captured by CCT.
- CCT did not emphasize the concessions area sufficiently to be successful with larger and mainstream events. It is doubtful that they would serve alcoholic beverages, for example.
- 30 • The CCT/ABM proposal said they would have a “balanced stakeholder approach” with an advisory board, including groups such as the GCCA. People involved with GCCA have reported that they were never invited to participate in any advisory board, and apparently, no such board was ever established. Ultimately, the scale tipped completely in favor of the needs of CCT. In this respect, the ECPAC Foundation is an important vehicle because it is not aligned with a specific renter or stakeholder.
- 35 • CCT has been the worst of all solutions proposed by the Blue Ribbon Commission because it was previously the largest renter. The theater lost the rental income from their largest client and the City paid CCT a large subsidy as well.

Therefore, if CCT/ABM proposes to operate the theater again, The Foundation would rather see a fresh start with an organization that can focus strictly on operation of the theater; this would avoid the troublesome conflict of interest that became more apparent the longer CCT ran the theater. CCT has run the theater twice with similar results.

History: Attendance Statistics

The following have been compiled from former theater managers:

Headline Presentations 2000-2005

	2000-2001 Performance Season	42	Tickets Sold	35,774
10	2001-2002 Performance Season	32	Tickets Sold	22,288
	2002-2003 Performance Season	40	Tickets Sold	23,536
	2003-2004 Performance Season	31	Tickets Sold	26,004
	2004-2005 Performance Season	33	Tickets Sold	15,182

15 **Arts Education Programming 2000-2005**

	Total Attendance Shows and Workshops	11,569
	Total Number of Schools Participating	69
	Total Number of Classrooms Reached by ITV Educational Programming	700

Rental Attendance Statistics

20	Total Number of Tickets Sold for Rentals 1997-2004	397,000
	Total Number of Presentations and Community Rentals 1997-2004	633

Sample of Headline Performers:

Alison Krause The Kingston Trio The Peking Acrobats Englebert Humperdinck The Dixie Chicks Tony Bennett House of Blues Pam Tillis Christmas Show The Vienna Boys Choir Hal Holbrook Preservation Hall Jazz Band Tim Conway/Harvey Korman David Sanbom	The Irish Rovers Diavolo The Watts Prophets Lou Rawls/Fifth Dimension Afro-Cuban All Stars San Diego Chamber Orchestra Dave Koz & Friends Celtic Fiddle Festival Asian American Orchestra San Diego Symphony Bill Engvall Newport Jazz Festival Diana Krall
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Appendix C – Concert Series Strategy

Although a number of successful headliners have been hosted by the theater, many others were dismal failures. It is notable that the Grossmont Community Concerts Association (GCCA), originally founded in 1947, has been successfully using the theater for years, selling out nearly every season. Their use has the following characteristics:

- Subscription-based ticket sales -- Theatergoers purchase a complete season of tickets rather than one-by-one. Most subscribers purchase a new season every year, allowing promotion and marketing costs to be minimized. Such a business model is more about creating a consistent audience rather than trying to resell every single event to a new crop of attendees. It can take several years to build the audience, but then these can be maintained indefinitely with minimal promotional overhead.
- Low ticket prices -- the size of the theater allows the ticket prices to be kept very low. For many years, the subscription price was \$60 for six concerts, effectively \$10 each. Walk up tickets are sold if any seats remain in the house, historically for \$15 each. Recently, due to a need to move to the smaller Joan Kroc center in La Mesa, GCCA had to raise ticket prices. With the current market, the price point of \$15/seat (\$90/season) seems to be acceptable in this community.
- Such concert series were attempted by other theater managers, but they were not done consistently enough to get past the expensive start-up phase.
- Volunteers staff the functions of the GCCA, such as ticketing, greeting, concert logistics, and other matters, allowing costs to be minimized.
- Renewals are sold during the last couple of concerts each year ensuring minimal costs. GCCA used to mail out subscription forms but doing it on-site saves at least \$750 per year.
- Typical business model of this sort of subscription-based user:

Theater Rental for Six Concerts	\$2000 each	\$12,000
Artist Fees (these vary widely)	\$5000 each (avg)	\$30,000
Other overhead	\$1000 each	\$6,000
Other fixed expenses (Marketing, etc)		\$14,000
Total Expenses per year		\$62,000
Ticket Sales	\$60 each x 1150	\$69,000
Net Surplus		\$7,000

Note that:

- The rental rate proposed above is higher than the rates charged in recent history, which were based on a \$240/hour rate, minimum of 8 hours or \$1920. Kurt Swanson, in his proposal with an improved theater suggested \$300 per hour. A survey of local theaters suggests the market rates for the theater for nonprofits should be \$2,000 and \$3,000 for commercial renters.
- The number of tickets sold by GCCA is greater than the capacity of the theater. With such subscription sales, there are about 10% of theatergoers who do not show up for any single

concert. But there is a danger of running out of seats, if this rule does not hold true.

- The ticket prices were substantially increased in the past two seasons to \$120 instead of \$60, which is necessary for the smaller Joan Kroc theater. The larger ECPAC theater makes this business model work much better. Tickets can be sold for \$15 each in this community (\$20 at the door) in the current market. Thus, the maximum revenue from ticket sales would be $\$90 \times \$1150 = \$103,500$.
- Minimum ticket sales for break even in this model (assuming \$15/seat tickets, \$90/season) must cover the \$65,000 estimated expenses, or 722.
- Lower cost performers are readily available, especially from the local market, sometimes for as little as \$1500 or less. Careful selection of performers can create a profitable season for only 1/3 of the amount estimated above, \$10,000. Then the minimum break-even attendance is 500.
- To get more subscription-based shows started, the theater rental can be dropped until it gets started, while marketing costs will increase somewhat to sell enough season tickets. Assuming the rental rate can be dropped to a cost of \$1,000 for these initial subscription ventures, that saves \$9,000, with minimum attendance of 400. These subscription ventures can be started gradually and subsidized by the other existing subscriptions, functions, and rentals.

Concert Series – Self-Presenting

The ECPAC foundation need only cover costs for self-presented events for these to at least be somewhat productive. As long as the incremental costs for producing the show are covered, all other revenue covers fixed revenue, so the show is effective, even if it does not cover its full share. Consider the following example:

	Theater Incremental Overhead per concert	\$500 each	\$3,000
	Artist Fees (these vary widely)	\$3000 each (avg)	\$18,000
25	Other fixed expenses (Marketing, etc)		\$10,000
	Total Expenses per year		\$31,000
	Average net concessions revenue	\$10 each	(\$1.60 per concert)
	Ticket Sales	\$90 each	
	Minimum break-even ticket sales, per series		310 tickets (series)

30 As each series becomes more mature, it will cover the additional fixed overhead (\$350) allocated for that day (the next 21 tickets, 331 total), and then cover the normal rental rate of \$2,000 (400 tickets total).

35 The Average CCT/CYT performance had 367 attendees in 2006, where as the average GCCA (concert series) had 992 attendees. (That was actual attendees, not the number of tickets sold, which was about 1150 to 1200 tickets). The CCT performances could bear a lower attendance because they did not have to pay for the performers. (In fact the performers paid for their instructions to perform.)

If a series is sold-out, then also assuming better performers (\$5000 artists on average) are the case, and 1150 tickets are sold, then \$115,000 is the total revenue. Cost is \$12,000 for the theater, \$30,000 for

performers, and \$20,000 for overhead, or \$62,000. The net surplus is \$38,000. Once a successful series is produced, it can subsidize the development of another series.

5 In this analysis, the assumption was a low concessions revenue. If, on the other hand, the Foundation reached half the industry norm of \$6 a ticket (\$3 a ticket), and assumed that there was the average number of attendees that GCCA would have (962), then there would be another \$1.20 per person, or another \$6,926 (over the six concerts), making the surplus \$45,000.

How Many Concert Series Are Possible?

10 Assuming that these are not headliners, they won't make as much money. But, the Foundation would expect that there could be, perhaps, six to eight such concert series every year, each with a specific theme, such as:

- Classical instrumentals – strings, chamber orchestras, piano, violins.
- Broadway & Hollywood favorites – groups that specialize in stage productions and movie theater favorites.
- Jazz
- 15 • Guitar and banjo – County Western, American Folk
- World Review – Music from around the world
- Curator Spice – a bit of everything.
- Comedy
- Distinguished lecture series

20 According to the Wolf-Brown “Ticket Buyer Segmentation Report”
http://wolfbrown.com/mups_downloads/MUP_Ticket_Buyer_Segmentation_Report.pdf

there are six dimensions of preference for Performing Arts programs:

1. Classical art forms based in western tradition, primarily classical music
 - symphonic, chamber music, opera
 - 25 • Shakespeare, ballet
2. Jazz
 - Bebop, jazz fusion, Latin jazz, Swing or big band, New Orleans jazz
 - Jazz or tap dance
3. Dance/visual
 - 30 • modern dance, ethnic dance, ballet, jazz or tap dance, acrobatic or circus
 - world music, multi-media theatrical, Latin jazz
4. Narrative-based art forms
 - spoken word events, lectures/speakers, contemporary drama, multimedia theatrical
 - Shakespeare, comedy
- 35 5. Broadway/entertainment
 - Broadway, comedy

- Swing or big band, acrobatic or circus, jazz or tap dance
- 6. Folk or ethnic-based performance
 - world music concerts, gospel music, bluegrass or Appalachian folk music, ethnic or folk dance

5

Appendix D – Rental Business

The following information was adopted from the Kurt Swanson report.

- 5 During 2007 and 2008 groups used the theater on a total of 331 of the 730 available days for a 45.34% occupancy rate. The following table was provided by Kurt Swanson in his rental analysis. The highlighted figures are those that the Foundation questions or makes comment. Building repair should be borne by the City in the case of Foundation management. Liability insurance and security should be dependent on whether events are run.

Expense Category	Daily Sunk Cost 365 days	Add'l cost on Occupied days (331)	Total to cover single day only	Full cost paid by occupied days with 331 days rented.
Direct Labor	\$345.21	\$0.00	\$345.21	\$761.33
Indirect Labor	\$155.34	\$0.00	\$155.34	\$342.60
Office Equipment	\$2.55	\$0.00	\$2.55	\$5.62
Utilities	\$107.84	\$284.32	\$392.16	\$522.16
Building Repair	\$42.28	\$0.00	\$42.28	\$93.25
Supplies	\$42.57	\$0.00	\$42.57	\$93.89
Liability Insurance	\$58.92	\$0.00	\$58.92	\$129.93
Security	\$55.00	\$0.00	\$55.00	\$121.31
Subscriptions	\$0.52	\$0.00	\$0.52	\$1.15
Miscellaneous	\$12.99	\$0.00	\$12.99	\$28.65
Custodial	\$0	\$221.44	\$221.44	\$221.44
Information Tech.	\$0.93	\$0.00	\$0.93	\$2.05
Property Insurance	\$28.07	\$0.00	\$28.07	\$61.91
Totals	\$345.21	\$505.75	\$850.96	\$2,385.28
Annual Total	\$126,000	\$167,403	\$281,668	\$789,528
NET Target Concessions Revenue: \$6/ticket @ 500 tickets per event		\$993,000		

- 10 Rentals with opportunity for additional revenue, in terms of concessions sales and per-ticket charges can offset the entry level price for renting the facility. This factor was not included in Swanson's analysis. Also, unless rentals are the sole use of the theater, there are days which are unavailable to rentals wherein costs are covered by other functions. Therefore, those costs can be subtracted from the "Daily Sunk Cost" accordingly.
- 15 Assuming the overhead above, and assuming 500 tickets sold per event and concessions average \$6 a

head, what rental rate will cover expenses? It turns out that if the rental rate is only 7.12%, the Foundation can still break-even. That is only 26 shows.

Historically, rentals were commonly only about 90 days per year, or 12.3%. Assuming a lower flat rental price of \$1500, how much concession income are needed to break even at that rental rate? The Foundation could break even with only 67 people buying concessions at the rate of \$6 each per show. That's less than 6% of a full house buying concessions.

As usual the key to the viability of the theater finances has to do with concessions, and key to boosting concessions output is to serve alcohol. When that is done there is a corresponding increase in security costs, but clearly, it more than covers that.

10 SUMMARY OF PLAZA LIVE ORLANDO RENTAL RATES

The ECPAC Foundation working group looked at other theater venues to see if one could be found that was roughly similar to ECPAC. Some market research was done by considering a number of similar venues, such as one in Orlando, Florida. The web site addresses are below.

- 15 <http://www.plazaliveorlando.com>
- <http://www.plazaliveorlando.com/rental>

El Cajon is not Orlando. Orlando is two and a half times the size of El Cajon and has a lot of visitors. However, it is instructional to look at what they are doing. They cater solely to the younger crowd.

20 This theater in Orlando has two performance venues,

the Main Hall:

- 25 • Capacity: 931 fully-seated arrangement, 1155 seats with standing room on the main floor, 1655 general admission (all standing??)
- Base Rental Rate: \$5,000 plus tax for live events when the bar can be open.
- The bar must do a minimum of \$2500, or the renter has to pay the difference.
- Otherwise, renters pay \$7500 for rehearsal/load in days.

Small Theater

- 30 • Capacity: 336 fully-seated capacity, 400 mixed (200 seated, 200 on the pit of the main floor), 500 general admission (all standing?)
- \$2,500 base rental rate, \$2500 for rehearsal/load in days.

Common Terms

- 35 • Adds \$2 per ticket for non-ticketed events.
- 6.5% tax from the gross ticket revenue. 3.5% fee on CC ticket sales + ticket printing charges.

- Retains 100% of all food and beverage sales and 20% of all merchandise revenue.
- Fees, such as ASCAP, are deducted from the ticket price rather than added to the sale price.
- Includes: hosts/ushers & security for an eight hour period.
- In-house sound and lighting system.
- 5 • Limited advertising.
- The promoter provides: any additional staffing, venue cleanup, license fees, equipment rental, barricade rental (\$500), if required, all other advertising, and event insurance or \$1000 fee, merchandise seller.
- 10 • Requires 50% nonrefundable deposit on rental to secure the date and 100% deposit of estimated expenses.

Orlando bases 50% of their base return on bar sales.

15 Many events are \$10, \$5 for children, \$10 in advance, \$15 at the door, \$20. But Rick Springfield is \$45 to stand and \$90 for a seat in the balcony (only 130 seats). Jambando is free -- with 17 bands on four stages. All details of these events are not clear. There seems to be only one day where two different shows are going on at the same time on both stages.

Appendix E – Rate sheet from Art Beat Management

Art Beat management rental rates were taken from the ECPACLive.com web site. This was the most recent manager. The rates seem to be generally appropriate, but they will be reviewed by the ECPAC Foundation and center staff to determine the rates for ECPAC.

5 Facility Rentals

The following were the costs for the use of the East County Performing Arts Center space, which might include any or all of the following: theater auditorium, play stage, lobby, and certain dressing room space and games.

Non-Profit Organization Base Charge

10 (Proof of Non-Profit status was required before contracting)

The following base charges included the rental facility fee, technical director, house manager, trash and utility fees.

	Fri, Sat, Sun	Mon - Thur	
	08:00 am - 05:00 pm	\$1,500.00	\$1,250.00
15	03:00 pm - 11:59 pm	\$1,600.00	\$1,250.00
	08:00 am - 11:59 pm	\$2,000.00	\$1,750.00
	12:01 am - 07:59 am	\$200 per hour	\$200 per hour
	Non-performance day	\$1,500.00	\$1,250.00
20	Meeting rate 8:00am-12:00pm (lobby only)	\$1,000.00	\$750.00

Commercial Organization Base Charge

	Fri, Sat, Sun	Mon - Thur	
	08:00 am - 05:00 pm	\$1,650.00	\$1,400.00
	03:00 pm - 11:59 pm	\$1,750.00	\$1,500.00
25	08:00 am - 11:59 pm	\$2,500.00	\$2,250.00
	12:01 am - 07:59 am	\$250 per hour	\$250 per hour
	Non-performance day	\$1,750.00	\$1,500.00
	Meeting rate 8:00am-12:00pm (lobby only)	\$1,200.00	\$800.00

30

*** Those who booked three or more events a year, might take advantage of the frequent user discount of 10% of entire rental costs. ***

- 5 Charges accrued for all time used, including load in, load out, and the entire time period that the facility was used.

Payment on a contract estimate was received in full prior to load in. Contracts were not considered complete until all parties signed and payment was received. A nonrefundable deposit of \$500.00 made payable to Art Beat Management was required before the contract began. If any schedule changes occurred (i.e., time changes, cancellation of extra days, etc.) once the contract process was begun, clients might be responsible for additional charges. All contracts had to be completed and signed by both parties no later than 45 days prior to the scheduled rental date. Contracts not signed and completed were subject to cancellation of the date.

10

Payment on the contract estimate was due, in full, prior to load-in. Various payment plans were available. For information on these payment options, potential renters would call 619-450-0373.

15

Staffing

All staffing needs were determined by ECPAC management based on the specifics of each individual rental.

ECPAC Personnel

- 20 Due to liability issues, all casino personnel were provided by ECPAC.

Overtime: After 8 hours on call - 1.5 x rate; over 12 hours, between 1:00 am and 8:00 am, and during holidays - 2 x rate.

Technical Staff

Determined by the ECPAC Production Manager

- 25 Technical Director included in base cost

Production Crew - \$15.00/hour

Sound Engineer - \$100.00/day

Events with requirements for a crew size exceeding ECPAC’s in-house capabilities were supplemented and staffed with local theater professionals. Rates ranged from \$15.00 per hour to \$30.00 per hour. The ECPAC Technical Director mandated production crew size and source for each event.

30

House Staff

Director of Operations (days of event only) - \$20.00/hour

Front of House crew - \$12.00/hour

Ushers/Ticket takers - \$200.00/flat fee

Box Office staff (days of event only) - \$12.00/hour

Security - \$20.00/hour

5 Custodial Staff

PER DAY OR EVENT - \$350.00

ECPAC maintained a strict “no food or drink” policy backstage, and an additional cleanup charge of \$350.00 per day would result if this policy was disregarded. A renter could use the third floor dressing rooms at an additional charge of \$175.00 by advance written request.

10 ECPAC Equipment – determined by Production Manager

Lighting

Basic house lighting system included in base cost

Additional lighting instruments \$10/day per instrument; \$25/week

Follow spots \$75/day; \$100/week

15 Sound

House PA System (including 2 microphones) included in base cost

Additional microphones - \$10/day; \$30/week

Wedge monitors (6 available) - \$15/day; \$45/week

Stereo cassette deck (2 available) - \$25/day; \$75/week

20 CD player (2 available) - \$25/day; \$75/week

DAT player (1 available) - \$25/day; \$75/week

Mini-disk player (1 available) - \$25/day; \$75/week

Audio/Visual Equipment

Video projector (Sony 1042Q) w/projection screen \$400/day; \$800/week

25 Musical Equipment

Steinway concert grand piano* \$120/day; \$360/week

Baldwin upright piano* \$50/day; \$150/week

*Piano tuning (required for each use) \$105 per tuning

Orchestra shell \$200 per set up

30 Orchestra or choral risers \$10 per set up per unit

Miscellaneous

Rear projection screen (only) - \$75/day

Marley dance floor - \$200 per set up

White Poker Cyclorama - \$70/day; \$210/week

5 Company switch/auxiliary tie-in - \$50/day

Lectern - \$20/day; \$60/week

Tables - \$10 each

Speed drape with pipe and base - \$50 per set up

10 Equipment Available for Front of House

Front of house power service to plaza - \$50.00 per set up

Art/Merchandise/Signage display walls (8' x 6') - \$25/day; \$60/week

Tables (6.) - 2 included in base cost; additional tables (6') - \$15 each

Belly Bars - \$10 each

15 Table linens (blue) 2 included in base cost

Additional table chip stacks - \$5 each

Easels - \$5 each

Dressing Rooms

20 ECPAC offered one star dressing room, a secondary dressing room (for five to six people) and a Green Room all at stage level. They were included in the basic rental cost. The star dressing room and Green Room were for adult use only. The Green Room could not be used as a dressing room. Also included in the rental cost was the use of two chorus-style dressing rooms on the second floor. A chorus-style room on the third floor was also available by advance written request for an additional clean-up charge of
25 \$175.00.

Merchandise

All merchandise sold at ECPAC was subject to inventory control and 15% commission. ECPAC staff confirmed beginning and ending inventory of all items to be sold. A renter could choose to sell casino
30 merchandise, using its own personnel and cash box. At settlement, all funds were accounted for and sales tax and commission was charged to the renter. A renter selling its own merchandise could account for sales tax by providing a federal tax identification number. The renter could choose to have ECPAC personnel sell merchandise on the renter's behalf, with commission and sales tax being collected at the time of settlement.

35 ECPAC reserved the right to sell its own merchandise at any event.

Concessions

ECPAC had the sole right, but not the obligation, to sell food, beverages and games at ECPAC with no participation by the renter. The concessions area, storage areas and refrigerator spaces were NOT part of the rental package. Storage in these areas was not permitted to the renter.

5 Ticket Services

Determined by the Box Office Manager

Comprehensive Box Office services were available from Art Beat Management for organizations renting the theater. A renter wishing to sell their own chips were required to contact the Director of Operations at 619-440-0372. The following fees applied for ticketing through Art Beat Management:

10

Set-Up/Sales

Ticketed Events (non-profit) - \$100 for first performance
+ \$50 per additional performance

Ticketed Events (commercial) - \$200 for first performance

15 + \$75 per additional performance

For reserved seating set up, for non-profit or commercial rentals, an additional \$50 per event was charged. The fee included initial set-up of tickets in the computer system, plus ticket sales by telephone and at the window during regular daily hours.

Ticket Fees

20 *Patrons were charged additional fees upon ticket purchase.

Web orders and phone orders \$4.00 per order handling fee

Walk ups handling fee waived

ECPAC Renovation and Maintenance Fee

25 * All tickets sold or consigned to the renter were subject to the ECPAC renovation fee of \$1.00 per ticket. The fee was used toward the renovation of ECPAC.

* For free or non-ticketed event, the renovation fee was 10% of the final rental cost.

Box Office Hours and Policies

30 The Art Beat Management Box Office was located at 1545 Pioneer Way, El Cajon, California 92020, and was open Monday through Friday from 9:00 am – 5:00 pm for telephone and walk-up sales. The Box Office at ECPAC opened to the public prior to the performance and remained open until 30 minutes after the performance began. The renter could request that the Box Office remain open longer than an unspecified time after the performance started, with additional labor incurred at the Box Office Manager rate. This request had to be made no later than one (1) week prior to the event.

35 The Box Office accepted payment by cash, check (with proper identification), Visa, MasterCard, and Discover. Art Beat Management did not issue tickets on a “reservation” or “COD” basis; all payments

were required at the time of purchase. All sales were final. Exchanges could be made up to 48 hours prior to the event. There were no refunds.

5 Due to safety concerns, the number of audience members allowed in the building at any one time was carefully monitored by House Management. For ticketed events, any person over the age of two years (sitting in the auditorium) was required to have a ticket.

Consigned Tickets

10 Only one authorized representative from a renting organization could take tickets on consignment for direct sale by the organization. This representative signed for the consigned tickets. Five working days were required for ticket set-up and printing. All box office fees were assessed to the renter at settlement, except for non-ticketed or free events, which required advance payment.

15 It was recommended that organizations selling on consignment use general admission (nonreserved) tickets. If reserved seating was required for the event, consigned tickets would be taken by entire rows of seats. The ECPAC Box Office was responsible only for tickets sold by its own staff. The renter was responsible for all tickets, monies, and accounting for any consigned tickets. Only the renovation fee was payable to ECPAC from the sale of consigned tickets.

The renter had to return all unsold consigned tickets (in seat number order) to the Art Beat Management Box Office at least one (1) working day prior to the event, so they could be sold at the event. Tickets not returned on time might not be available for sale at the door.

ECPAC House Seats, Wheelchair Seats, Tech & Videographer Holds

20 ECPAC had the exclusive use of twenty-four (24) house seats. These tickets could not be sold by the rental client; seats were to be determined by Box Office Manager. Any unused tickets from the house “hold” would be returned to the system twenty-four (24) hours before each show and made available for sale at that time. At least six (6) seats from the house hold would always be available to the House Manager as “trouble” seats.

25 The Americans with Disabilities Act (ADA) required that twelve (12) seats be held for wheelchair use only, up until fifteen (15) minutes prior to each performance. ECPAC retained these seats, along with the same number of companion seats, until the required time.

A number of seats were held for technical purposes in Rows X, Y & Z. These seats might be available for release, if all other seats were sold, upon consultation with the Production Manager.

30 Seven seats were held (rows V-25, 26, 27 & W-25, 26, 27, 28) for use by the client’s videographer. No other location was approved for the set up of video cameras by the fire marshal. The Box Office Manager was to be informed if the renter would NOT be using the services of a videographer.

Catering

35 The health code permitted only food that was prepared in a professional, commercially-licensed kitchen to be served at ECPAC. If the renter desired to have a reception or party that would involve serving food, the kitchen or caterer must provide ECPAC with a copy of their business license, their health permit and a certificate of insurance as described in the section regarding liability insurance no later than two weeks prior to the event. ECPAC was notified upon contracting that food would be served. Additional clean-up charges might be assessed at that time.

Indemnity and Insurance

5 The renter was required at all times during the use of ECPAC to maintain in full force, comprehensive, general (broad form), liability insurance covering potential loss or damage which might result from fire, theft, vandalism or negligence during use of the facility. Such insurance was required at the face amount of not less the \$5,000,000 (five million dollars) combined single limit (personal injury, bodily injury and property damage.)

10 The renter was required to produce written proof of insurance coverage, naming ECPAC, Art Beat Management, and City of El Cajon as additional insured, as described above and signed by an authorized office of the insurance company, NO LATER THAN TWO WEEKS PRIOR TO THE MOVE IN DATE OF THE EVENT. FAILURE TO PRODUCE THE PROOF OF INSURANCE MIGHT RESULT IN CANCELLATION OF THE EVENT AND FORFEITURE OF ANY MONIES ALREADY PAID.

Cancellations

15 In the event the Renter canceled, the following payment schedule applied. The renter was responsible for the portion of the Total Estimated Charges as stated below:

- Within 60 days - 10% of Total Estimated Charges was due;
- 45 days - 25% of Total Estimated Charges was due;
- 30 days - 50% of Total Estimated Charges was due.
- 2 weeks - 75% of Total Estimated Charges was due;
- 20 • 1 week - 100% of Total Estimated Charges was due.

Force Majeure

25 In the event that any rental under contract by either party was prevented by force majeure, including, but not limited to, act of God, storm, fire, the acts or regulations of governmental agencies or public authorities or labor unions, labor difficulties, lockout, strike, civil disobedience, war, riot, fuel or power shortage, air raid alarm, air raid, act of public enemy, or epidemic, the parties were respectively relieved of their obligations under contract and there would be no claim for damages by either party against the other. Any costs incurred by ECPAC on behalf of the renter, however, would be the responsibility of the renter.

Summary of standard charges that were to be estimated before an event:

30 **Time Block**

Hourly charges for personnel

Per piece charges for equipment

Special requests for dressing rooms or food backstage

Ticketing services

35 Security deposit

Summary of charges that might apply after the event:

Fees assessed for damage or additional clean-up

Additional equipment used

\$1.00 per ticket Renovation & Maintenance Fee (or 10% rental costs for non-ticketed events)

5 15% commission on any merchandise sold by the renter or the renter's artists

- i Grossmont Community Concert Association – has recently moved their site to <http://sandiegocommunityconcerts.org/> due to the loss of the ECPAC theater for over two years.
- ii “Art Beat Management Audit – Fiscal Year 2006” – City of El Cajon (2007-04-03)
<http://www.copswiki.org/Common/M1264>
- iii Swanson, Kurt, “ECPAC Conceptual Business Plan,” Swanson and Associates (2010)
<http://www.copswiki.org/Common/M951>
- iv “Art Beat Management Audit – Fiscal Year 2006” – City of El Cajon (2007-04-03)
<http://www.copswiki.org/Common/M1264>
- v Swanson, Kurt, “ECPAC Conceptual Business Plan,” Swanson and Associates (2010)
<http://www.copswiki.org/Common/M951>
- vi ECPAC Video Tour, <http://www.copswiki.org/Common/M1256>