



SCC

Carmel-by-the-Sea

2020-21 Pandemic Operating Vision
Prepared by C. Sandin 5/20/20

Overview

- Sunset Cultural Center Inc. (SCC), a community led nonprofit 501(c)3, manages Carmel's two treasured cultural assets – the Sunset Center complex and the outdoor Forest Theater. Contractually, SCC receives 20% (\$770,000) of its annual budget (\$3.9 million in 2019) from an operating grant provided by sales, TOT, and property tax-generated revenue. SCC contributes to the local economy by presenting celebrity and other cultural entertainment that stimulates activity in our local restaurants, retail shops, and even hotels.
- On March 13, SCC made the early decision to close both facilities to ensure public health during the COVID-19 pandemic. Today, months later, these two venues remain closed to public gatherings and likely will not be permitted to resume cultural activity until Phase 4 of the pandemic recovery. No one has any guess as to when that might occur.
- SCC's earned income accounts for between 60 to 70% of budget revenues (depending on the year) – virtually all of which has been eliminated due to the sudden shutdown of operations in March 2020. All remaining spring events – rentals as well as our own presentations – were cancelled or rescheduled to later dates. Cash flows were severely impacted and monthly administrative and facilities fixed expenses remain.
- SCC made the very difficult decision in March to eliminate 4 of its 20 total staff positions and subsequently also reduced all remaining staff members in administration, facilities, events, development, programming, and marketing by 50%. SCC also immediately applied for financial assistance through the SBA PPA program and eventually received loans that would support this new structure until June 30, 2020.
- SCC is working hard to pivot to a new model that serves the community through virtual offerings and collaborative partnerships with other local arts and business organizations. Still, this content is difficult to monetize and SCC will need to survive on grants and contributed income for the foreseeable future. Of course, this will also require that we significantly shrink our operation and staffing while facilities remain closed to public gatherings.

SCC's Pandemic Operating Vision

- After much data collection, discussion, and debate, the SCC Board of Trustees, informed by staff, have decided the best course of action is to remain closed for the duration of one full season, or until the introduction of therapeutics for the virus restores the public's confidence in returning to mass gatherings.
- SCC will re-examine this operating strategy quarterly, or at whatever point positive news about the treatment for COVID-19 emerges and our society moves toward a Phase 4 re-opening of our economy. It is widely known that concert halls and theaters will not be allowed to operate again until we reach this Phase 4.
- SCC will shift gears downward into a “power saver mode” where we can remain intact to the degree that we will be ready to “drop in” entertainment events and program a full diverse season and schedule outside presentations, the core of our operation and brand, in the future. To be properly prepared to do this will require a minimum of lead time, facility care, and staffing as outlined on the next page.
- During this closure SCC will focus on core competencies, retaining key programming and development staff to provide just enough cultural content and community activity to keep our audiences and donors engaged during an extended closure. At this level, we will also be poised to launch a main-stage performance program and a “re-opening” fundraising drive that could return us to near-normal for the (hopefully) 2021-22 season. SCC would need between 3 to 6 months lead time to program a season and prepare for a return to full operations, including activity from our historical and community presenting partners.

Projected Revenue & Expenses – Full Closure / Limited Service

REVENUES:		
	Contractual Operating Support	\$ 770,000.00
	* Budget Relief (25 % reduction)	\$ (192,500.00)
	2020-21 City Support Total	\$ 577,500.00
	SCC Contributed Income	\$ 100,000.00
	2020-21 TOTAL REVENUE	\$ 677,500.00
EXPENDITURES:		
	Administrative Overhead Total	\$ 150,000.00
	\$12,500 per month	\$ -
	Facilities Overhead Total	\$ 270,000.00
	\$22,500 per month	\$ -
	(pro-rated for closure)	
	Staffing Total - 2 FTE	\$ 250,000.00
	E.D./Artistic & Development	\$ -
	Misc. Expense	\$ -
	TOTAL EXPENDITURES	\$ 670,000.00

LIMITED SERVICE SCOPE:

*Minimal facility and usage monitoring. No landscaping, gutter or window cleaning services. No facilities, event, technical support, or box office staff retained. Administrative / programming / development functions covered through department heads (2 FTE). No venue marketing, booking, or event support until a re-opening is in sight. *SCC reserves the right to an increase in additional grant money should the City budget recover more substantially and quickly than anticipated.*

• Admin costs include:

- Legal/Accounting
- Liability insurances
- Equipment & Software licenses
- Phone/cable/Misc.

• Facilities costs include:

- Alarm systems & tests
- Fire safety systems & tests
- Elevator/Lift & HVAC maintenance contracts
- Pest control
- Utilities

• Staff costs include:

- Combination of department heads (2 FTE) in: Admin/programming/development

Benefits for All

- A continued full facility closure that prohibits public assembly currently appears to be the most likely ongoing scenario for the **public health and safety of our community**.
- Funding SCC at the proposed level **ensures the sustainability of the desired model of a community led nonprofit organization** managing treasured cultural assets.
- Continued funding enables our organization to be very nimble while **maintaining the ability to be responsive when the time to stage entertainment events arrives**.
- **The SCC Board has agreed to remain intact** throughout a long period of closure.
- **Key talent will be retained** for limited ongoing virtual programming and development efforts.
- Periodic engagement efforts by SCC will **contribute to the recovery of our local economy** even during a theater closure.
- **City staff will not need to take on venue-related inquiries and issues** that still occur during closure.