

**Challenge facing Rep despite gains**  
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by Lynn Graebner

In the 10 months since The San Jose Repertory Theatre got a 10-year \$2 million line of credit from the City of San Jose to keep its doors open, the theater has laid some strong foundations for its survival.

"We don't assume there's going to be a miraculous recovery," says Kay Winer, chief deputy city manager who's staff meets with the theatre several times a month. But, she adds, "There are some very good signs of stabilization."

As of May, the theatre's operating revenue was \$3.68 million, 6.7 percent more than the city projected it would be. The theatre's fiscal year ends Aug. 31.

Expenses also are a tad higher than projected, coming in at \$4.13 million compared to the projection of \$4.09 million. But the theatre has also been able to draw down less from the city line of credit than the city had projected. As of June 1, the company had drawn \$459,281; it had been projected to use \$577,685 by now.

Along with the line of credit came a lot of oversight from the city. Now a city staff person sits on the theatre's finance committee and on its board of directors as a non-voting member. There are also city accounting staff people who meet with The Rep several times a month before Winer has her monthly meetings with them.

"In the beginning, it was a little bit awkward," she says. "They came asking for money and we didn't know what had happened in the past." But she says the monthly meetings have improved communication and both she and Rep managing director Nick Nichols agree that the city's participation has been a big help.

"We were able to tap into such a big brain trust (at the city)" Nichols says.

Nichols, who started at the Rep as production manager in 2003, became interim managing director last March and officially took that title last November.

Nichols has said that the theater had lofty expansion goals but not the financial monitoring procedures to keep the group out of financial trouble. The theatre brought in theater management consulting firm Albert Hall & Associates LLC last November. Albert Hall has helped rework the role of the board of trustees, revamped the mission and vision statement, and reworked the role of the board of directors and the theatre's fiscal oversight.

"We're seeing wholesale changes," Nichols says.

There are 25 board members and each has an annual obligation to give or raise \$10,000. Nichols says contributed income and fundraising is one area where the Rep is lagging this year. It's about 14 percent behind projections. But at least the company is projecting those numbers, something it hadn't done in the past.

"I've always said one of the reasons it got into trouble was it didn't have the infrastructure to project," Nichols says. Now the theater does have that infrastructure and was able to see in February that it wasn't going to make its fundraising goal. So the theatre launched a campaign to leverage the \$150,000 its trustees have contributed this year. It is trying to raise \$3 for every \$1

of that \$150,000 and is still a long way off the mark, having raised \$240,000 so far and aiming for \$450,000.

Nichols is pleased with attendance this year. Ticket sales for its last play, *Rabbit Hole*, didn't meet projections -- \$370,795 compared to a goal of \$375,000. Nichols supports the theater's mission of performing works by emerging American playwrights. *Rabbit Hole* won the Pulitzer several weeks before it opened at The Rep.

The Rep's current play -- "Ella," about Ella Fitzgerald -- opened June 23 and "is just selling the doors off the place," Nichols says. The single ticket goal is \$135,000 and the theater is already approaching \$100,000. *Ella* closes July 22.

So far, the roughly \$1 million that the Rep has cut from its annual expenses hasn't been obvious on the stage, Nichols says. "The only comments I'm getting are, 'I thought you guys were in financial trouble. How are you doing the stuff you're doing?'"

Winer says the board is taking all this restructuring seriously. "They're looking at what is the board's role, how it can maintain an audience and be a first rate theater and cut back expenses," she says. "They're looking at what they can afford to be."

One of the company's contributions to this community is its Red Ladder Theatre Company, a social outreach program now in its 15th year. The Rep estimates that it has served 16,369 at-risk youth and disabled adults using improvisational theater to help people make positive choices, solve problems, focus and work collaboratively. He says theaters from around the world are coming to take a look at the program. Within the past year, Karen Altree-Piemme, director of outreach/Red Ladder helped start a similar effort in Anchorage, Alaska, and last summer she went to Chile to share the Red Ladder template.

Nichols considers Red Ladder a unique effort. "I don't know of any other improvisational troupe going into the jails," he says.

The Rep also works with schools and parents to bring theater to children, he says.

He is hopeful for the Rep's future, given the changes the company has made so far, but realizes it's just a start.

"We never thought we'd come in and wave a magic wand and become a healthy company," he says. "Next year will be a hard year. We've got to really perform."

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