

MINUTES

OF THE

SACRAMENTO CITY COUNCIL
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT COMMISSION
SACRAMENTO CITY FINANCING AUTHORITY

REGULAR MEETING

August 25, 1998

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at 2:05 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

Present: Councilmembers Cohn, Fargo, Hammond, Kerth, Pannell, Steinberg, Waters, Yee and Mayor Serna

Absent: None

1.0 CONSENT CALENDAR (Items 1.1 through 1.15) except Item 1.2

A motion was made by Councilmember Hammond, seconded by Councilmember Cohn, to waive the reading and adopt the Consent Calendar, items 1.1 through 1.15, except item 1.2 which was pulled for separate consideration. The motion carried with an 8-0 vote, with Councilmember Kerth being absent.

Public Review Items - Informational Only

None

Sacramento Housing and Redevelopment

None

City Council

- 1.1 Renewal of Consultant Services Agreement for Douglas Wright/Smith Dawson and Andrews, providing Federal Transportation Funding Assistance for FY 98-99 for an amount not to exceed \$90,000 per year. (D-All)

Adopted Resolution 98-433 approving Agreement 98-127.

RESOLUTION NO. 98-433

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH DOUGLAS WRIGHT CONSULTING AND SMITH, DAWSON & ANDREWS FOR A TOTAL AMOUNT NOT TO EXCEED \$90,000

- 1.2 Patio Avenue Extension Project (SJ66), located between Northgate and Lachwood Drive - Approval of plans and specifications, accept the bid of Biondi Paving in the amount of \$233,633 and authorize the City Manager to execute a contract for the Patio Avenue Extension Project. (D-1)
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Councilmember Waters questioned the MBE/WBE language used in the bid documents, saying it was his understanding that we were going to wait until the ruling was in regarding Prop 209 in the San Jose case in progress.

Duane Wray, Technical Services Manager, responded that Public Works was still abiding by City Council's expressed wishes; the low bidder did not meet the goals, did not submit GFES, so the bid was passed on to the second lowest bidder.

Mr. Waters expressed concern about the City's position related to low bids and Prop 209. City Attorney Jackson explained that the City's policy had 3 components originally: 1) preferences; 2) goals; and 3) Good Faith Efforts (GFES). Preferences have been eliminated, but goals are still in place and/or GFES if goals are not met.

Mr. Waters asked when the San Jose case will be resolved? Mr. Jackson was uncertain as to a specific time for that. Mr. Waters urged caution regarding issues involving Prop 209; he wanted to avoid possible lawsuits.

A motion was made by Councilmember Fargo, seconded by Councilmember Hammond, to adopt the staff recommendation awarding Contract 98-122. The motion carried with an 8-0 roll call vote, with Councilmember Cohn being absent.

Councilmember Fargo expressed her support of the project, saying it was a good one.

- 1.3 North Sacramento Water Main Replacement Project - Phase 3 (PN:ZE43), located in various streets in the North Sacramento Area - Award contract to Navajo Pipelines, Inc., for an amount not to exceed \$689,780. (D-2)
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Adopted Resolution 98-434 awarding Contract 98-123.

RESOLUTION NO. 98-434

RESOLUTION AUTHORIZING THE CITY MANAGER AND CITY CLERK TO SIGN AND EXECUTE A CONTRACT WITH NAVAJO PIPELINES, INC. FOR THE NORTH SACRAMENTO WATER MAIN REPLACEMENT PROJECT - PHASE 3 (PN:ZE43) FOR AN AMOUNT NOT TO EXCEED \$689,780.

- 1.4 Naming of the 90 foot Ballfield at the Freeport Shores Youth Sports Complex, "Wes Yeargin Field" which is located one mile south of the intersection of Freeport Boulevard and Meadowview Road. (D-7)
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Adopted Resolution 98-435.

RESOLUTION NO. 98-434

A RESOLUTION APPROVING THE NAMING OF THE
90-FOOT BALLFIELD AT FREEPORT SHORES YOUTH
SPORTS COMPLEX "WES YEARGIN FIELD"

- 1.5 Establish a Capital Improvement Project for On-Street Angled Parking Requests. (D-All)
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Adopted Resolution 98-436.

RESOLUTION NO. 98-436

RESOLUTION ESTABLISHING A CIP PROJECT FOR
ON-STREET ANGLED PARKING REQUESTS (PN:XXXX)

- 1.6 Q/R Alley Sewer Replacement Project (PN:XM42) located between 25th and 29th Streets - Award contract to Bay Pacific Pipelines, Inc., for an amount not to exceed \$225,235. (D-3)
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Adopted Resolution 98-437 awarding Contract 98-124.

RESOLUTION NO. 98-437

RESOLUTION AUTHORIZING THE CITY MANAGER AND
CITY CLERK TO SIGN AND EXECUTE A CONTRACT
WITH BAY PACIFIC PIPELINES, INC., FOR THE
Q/R ALLEY SEWER REPLACEMENT PROJECT
(PN:XM42) FOR AN AMOUNT NOT TO EXCEED
\$225,235.

- 1.7 Kaiser South Detention Pond (PN:WH51) - Award contract to Sierra National Construction, Inc., for an amount not to exceed \$190,781. (D-8)
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Adopted Resolution 98-438 awarding Contract 98-125.

RESOLUTION NO. 98-438

RESOLUTION AUTHORIZING THE CITY MANAGER AND
CITY CLERK TO SIGN AND EXECUTE A CONTRACT
WITH SIERRA NATIONAL CONSTRUCTION, INC.,
FOR THE KAISER SOUTH DETENTION POND PROJECT
(PN: WH51) FOR AN AMOUNT NOT TO EXCEED
\$190,781.

- 1.8 Approval of modification to City Agreement No. 97-148 for time extension of Funding Agreement with the U.S. Department of the Interior, Bureau of Reclamation for the Water Intake Fish Screen Improvements at E.A. Fairbairn and Sacramento River Water Treatment Plants (PN:ZF56). (D-All)
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Adopted Resolution 98-439.

RESOLUTION NO. 98-439

AUTHORIZE THE CITY MANAGER AND CITY CLERK TO EXECUTE A MODIFICATION TO CITY AGREEMENT NO. 97-148 BETWEEN THE CITY OF SACRAMENTO AND THE US DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR FISH SCREEN IMPROVEMENTS AT THE E.A. FAIRBAIRN (PN:ZF46) AND SACRAMENTO RIVER WATER TREATMENT PLANTS (ZF:56)

- 1.9 Ordinance amending Section 1.01.070 of Title 1 [General Provisions] of the Sacramento City Code relating to Criminal Sanctions, Civil Actions, and Administrative Penalties for violations of the Sacramento City Code, Charter, Uncodified Ordinances, Uniform Codes, Orders, Conditions, and Requirements. (D-All)
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Passed for publication of title and continued to September 1, 1998.

- 1.10 Willowcreek II Assessment District (PN:41AD) located in the South Natomas Community Plan area which includes 43 parcels of undeveloped land just west of the Natomas Main Drainage Canal and south of Interstate 80 - Execute Supplemental Agreement No. 1 to City Agreement No. 97-114 with Psomas and Associates for additional construction management for an amount not to exceed \$150,000. (D-1)
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Adopted Resolution 98-440.

RESOLUTION NO. 98-440

RESOLUTION TO AUTHORIZE THE CITY MANAGER AND CITY CLERK TO EXECUTE SUPPLEMENTAL AGREEMENT NO. 1 WITH PSOMAS AND ASSOCIATES, FOR ADDITIONAL CONSTRUCTION MANAGEMENT FOR AN AMOUNT NOT TO EXCEED \$150,000.

- 1.11 Workers Compensation/Risk Management Program Status Report. (D-All)
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For Council information; received and filed.

- 1.12 Extension of an Emergency Zoning Ordinance amendment to require a Special Permit to establish a Single Room Occupancy Hotel (SRO). (M98-009) [~~requires two-thirds vote~~] (D-All)
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Adopted Emergency Ordinance 98-037.

ORDINANCE NO. 98-037

AN ORDINANCE AMENDING SECTION 2-E-50 OF THE COMPREHENSIVE ZONING ORDINANCE (NO. 2550, FOURTH SERIES, AS AMENDED), RELATING TO RESIDENTIAL HOTEL-SINGLE ROOM OCCUPANCY AND DECLARING THE ORDINANCE AN EMERGENCY MEASURE TO TAKE EFFECT IMMEDIATELY (M98-009)

1.13 "Railfair 99" \$100,000 Loan. (D-All)

Adopted Resolution 98-441 approving Agreements 98-128 and 98-129.

RESOLUTION NO. 98-441

"RAILFARE '99" LOAN

1.14 Request to open an application period for Construction Codes Advisory and Appeals Board due to November 21, 1998 term expiration scheduled for M. Abrahams. (D-All)

Application period opened; applications due September 25, 1998.

1.15 Request to open an application period for Sacramento Heritage, Inc. Board of Directors, due to November 16, 1998 term expirations scheduled for R. Miller and M. Nwoke. (D-All)

Application period opened; applications due September 25, 1998.

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2.0 SPECIAL PRESENTATIONS

None

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3.0 WORKSHOP

W3.1 Approval of Short-Term Funding stabilization in the amount of \$335,000 for the Sacramento Ballet, Sacramento Opera, and Sacramento Theater Company. (D-All)

Mayor Serna advised that today's focus is short-term, but the Working Group has been asked to look at long-term solutions. Further, the Mayor commented that: 1) all theater groups are important to Sacramento because they define our culture; 2) they must operate as a business; the Mayor and City Council must manage public money properly; and 3) today an appeal is also issued to the corporate community for support on a regional basis. Mayor Serna urged that an Endowment Fund for the Arts be established, while today's issue is to fix the short-term budgets for these three groups: the Sacramento Opera, the Sacramento Ballet, and the Sacramento Theater Company. Mayor Serna added that Mark Turtletaub has worked hard for the Sacramento Theater Company this year, to operate in the black.

Mayor Serna stressed that public funds should not be used to assist one business group over another; he supports the Sacramento Theater Company, but is also working to assist another group, the B Street Theater, to buy a suitable building. The Mayor commented that there is room for everyone here, but there must not be lopsided support of cultural groups.

Deputy City Manager Masuoka commented that Mayor Serna articulated the need to focus on the short-term, what is needed to keep the major performing arts groups alive for the next six months. Staff will return after that with a long-term stabilization plan. Ms. Masuoka added that two questions must be answered: 1) can the community support these groups, and 2) what must be done to achieve adequate support? Ms. Masuoka discussed loans that the County has with the Ballet and the Opera.

Michelle Walker, Executive Director, Metropolitan Arts Commission, commented that the short-term solutions proposed today would allow operations to continue for the next six months, and would 1) defer the majority of accumulated past debt; 2) provide monthly cash grants to provide 75% of the cash flow shortage; and 3) immerse the organization in a technical assistance program led by business consultants National Arts Stabilization (NAS), which has a strong record of turning around arts organizations and returning them to long-term sustainability.

Mike McGrane, Budget Manager, presented the income statement from the arts groups. An analysis revealed that re: total revenue (earned and contributed) in the future, a large part of the budget must be raised by donations. All three organizations lost money last year; their current liability is greater than their assets, by a ratio of 5-1.

Using graphs to illustrate, Mr. McGrane noted that the Ballet deficits over the last two years indicate that their debt is the largest liability. Regarding the Sacramento Theater Company, there is a large deficit for the past two years. Sacramento Opera showed profits for two of the last three years, but was down last year. They are seeking contributor revenue.

Ms. Walker commented that intervention was needed now, to defer accumulated debt so that immediate problems can be addressed. Ms. Walker discussed incentives tied to organizations and restructuring; to ensure fiscal accountability, grants are designed to protect groups and the City's interests through incentives. Regarding the technical assistance program, a five-year financial analysis is being sought from NAS, which would cover the last five years of the organization. NAS will be asked to provide an organizational analysis to develop a structured work plan; a market analysis; and an analysis to determine community and regional support. NAS is also being asked to develop a system of benchmarks.

Mayor Serna established with Ms. Walker that the groups are being required to submit a business plan. The Mayor urged a third-party review from the private sector, for example, banking or business people. Ms. Walker advised that NAS would assist with the business plan and would advise as to various financial approaches.

Larry Wodarski, Chief Administrative Officer of the Money Store and President of the Board of Trustees, introduced Ron Cunningham, Artistic Director of the Sacramento Ballet, who commented that the excellence of the Ballet was not in question; he applauded the efforts of the stabilization task force. Mr. Cunningham advised that there had been a growth in audience members from 15,000 to 75,000; he agreed that the Ballet should be run as a business. Mr. Cunningham requested that the word "investment" be substituted for the words "bail out". He advised that the Sacramento Ballet had received a grant from the Farrish Foundation in Texas; they were amazed as to community outreach efforts, and awarded us \$25,000, which was unusual in that they have never given grants outside of the State of Texas before.

Mayor Serna commented that taxpayers do not speak in terms of "investment" in the arts, but in terms of spending priorities. The Mayor noted that taxpayers will ask why the City is not spending money on Fire and Police.

Speaking for the Sacramento Opera were Charles Roberts, Executive Director of the Sacramento Opera Association, and Tony Arostegui, President of the Sacramento Opera Association, expressed his thanks to Council and to Metro Arts for the financial arrangements. He stressed the importance of Council's making a public statement today as to the value of arts in the community.

Susan Edling, President of the Sacramento Theater Company's Board of Directors, introduced Peggy Shannon, the new Artistic Director. Ms. Edling advised that she had been asked why Sacramento Theater Company was given so much money; she explained that STC presents both classic and contemporary productions, and must hire many different people. Ms. Edling assured Council that the funds would be used for that purpose, and not to branch out into empire building or to place the competition at a disadvantage. She added that STC will have a struggle even with the funds being proposed for us.

Ms. Edling commented that we are fortunate to have Peggy Shannon and Wendy Armagnac, the new Managing Director, with us. Both women have extensive experience with turnaround situations. STC is in a turnaround mode; Ms. Edling believed that STC has an excellent future. The goal is to work competitively and collaboratively. She supported the proposal and expressed her thanks to SMAC.

Ms. Shannon advised that she had led a major theater in Seattle, helping to raise \$35 million there; she expressed a belief in world-class art.

Gerry Kamilos, Chair, Sacramento Metropolitan Arts Commission, expressed his thanks to the City Council and all who helped facilitate this process. Mr. Kamilos emphasized that every viable arts group is important; he added that all were included in the process: neighborhood, community, and regional groups. The infrastructure includes education. Mr. Kamilos stated that he was personally excited about bringing in the National Arts Stabilization Group, which has worked successfully in other cities.

Mr. Kamilos was pleased that the Ballet, the Opera, and STC opened their books so the final analysis could be done; he expressed his thanks to the Money Store for assistance on the audit. The problems were identified as 1) accumulated debt, and 2) programming. The Commission and all Commissioners are committed to this whole process, he stated, urging Council support.

Buck Busfield, representing Theater for Children, Inc., thanked Council for putting funding for the arts "front and center". The theater was founded in 1986, became the B Street Theater in 1991, and is now second in Sacramento, with the first being SLOA. Mr. Busfield reported that B Street Theater is now fiscally stable; in its first year, it realized \$125,000, and this year \$800,000.

Mr. Busfield asserted that he and his brother, Tim, plan to remain in Sacramento. They are now planning a 350-seat theater, to encourage kids and families to come Downtown. He added that if STC is lost, it would be a great loss to the whole theater community. Mr. Busfield added that the mission statement of B Street Theater is to do small, original plays, as compared to SLOA, which focuses on larger events and plays. He expressed concerns regarding funding and competition,

urging looking at retaining a degree of separation between STC, SLOA, and B Street as to programming type.

Mayor Serna emphasized that the policy is to support all; he added that B Street Theater would not be put in jeopardy with public money. The Mayor urged STC, SLOA, and B Street Theater to work together; he observed that B Street Theater did not ask for public funding, only assistance in finding suitable theater space. The Mayor commented that he wanted all of the groups to survive, adding that not only do the arts define the cultural aspect of the City, but it is good economics. Mayor Serna felt there is a need for a new Performing Arts Center, but performers are needed to perform in it; it demands a cooperative spirit among the performing arts and artists. The Mayor cautioned that any detection of dissension between the various groups puts aid at risk.

Councilmember Cohn expressed his appreciation of staff's work, noting that it was a business-like approach and saying that he was hopeful for good results. Mr. Cohn asked staff what the definition was of short-term stability, whether we were speaking of 6, 9, or 12 months? Ms. Walker responded that in order to keep the doors open, the time period defining short-term was through June, 1999; she wanted a 3-5 year projection.

Mr. Cohn observed that staff would return in February, 1999 with recommendations for long-term funding; it may not be possible to resolve this issue until November, 1999. There may be a 3-phase approach; short-term this year, a T.O.T. discussion, and a long-term plan.

Ms. Walker stressed that there must first be a plan, then staff would be looking at an endowment or other sources. Mr. Cohn suggested that the gap could possibly be filled with cable funding. Ms. Walker advised that most of the work would be done by November, 1998, with staff returning in February, 1999 with a progress report and to lay out long-term plans. Mr. Kamilos advised that the long-term plan would include all of the arts groups, not just these three.

Mr. Cohn asked for an interpretation of the graph shown by Mr. McGrane which indicated significant declines in revenue in 1998 vs. 1997 for all three groups. Ms. Walker advised that there was some connection related to the decline of the economy and also the accumulated debt affected the figures. Mr. Cohn commented that he was not referring to net income, but revenues. Ms. Walker acknowledged that gross revenues were all down. STC last year had higher income expectations than those actually realized, for a loss of \$300,000; the prior year, the loss was \$200,000. The Opera experienced many changes, including one program being deferred to this year; there were also staffing changes. The Opera's projections also were higher than those realized.

Ms. Walker commented, regarding the Ballet, that the \$19,000 over budget was due mostly to past debt. This action requested today would freeze the past debt, freeze the future debt, and focus on the present. Ms. Masuoka advised that the charts related to net income; staff did not compare with just the revenue side.

Mr. Cohn observed that all three groups had similar problems regarding past debt, and low contributions. Ms. Walker commented that accumulated debt equals the inability to work with the present. Mayor Serna commented that today's funding was not for dealing with the deficit.

Wendy Armagnac, Managing Director for STC, advised that a contributing factor is that the Symphony went down. Mr. Wodarski noted that B Street Theater has a different dynamic than the Community Center Theater.

Mr. Cohn suggested that the City needed to look at the rent policy on the facilities, in that part of the purpose is for local arts groups; it may be necessary to rethink the policy. He emphasized that public funds were not being used to compete with the private sector; he urged STC to focus on types of productions not being performed by B Street Theater or SLOA. Mr. Cohn asked Ms. Shannon how to go about accomplishing this diversification? Mayor Serna interjected that he did not feel politicians should get involved in issues concerning taste in the arts. Mr. Cohn agreed with the Mayor regarding not getting involved in dictating taste; he wanted to understand the difference, and why it was appropriate to give public funds to STC and not the B Street Theater and other theaters.

Ms. Shannon observed that on her first day on the job, she recognized the need to set up a meeting with the B Street Theater, shared ideas being planned for next season, and explored the possibility for a co-production. Ms. Shannon advised that she came to us from Seattle, where there are 8 professional theaters, all of which vie for the same material. There were more than 7 small, good plays per year. Ms. Shannon added that STC is an original theater, offering a broad range of contemporary material; she envisioned the next two years as STC turnaround years.

Mr. Cohn indicated his support of the proposal, but felt that the City Council should scrutinize carefully the use of public funds in the future. Ms. Shannon remarked that the first step is to retire the debt; she asked whether Mr. Cohn had reservations regarding STC's similar taste in plays? Mr. Cohn responded that was only relevant when one group was the recipient of public funds and another was not.

Mayor Serna observed that the scales were uneven because we are tilting them with the addition of public funds; he established with Ms. Shannon that STC would probably not survive without the addition of those funds. Mayor Serna expressed concerns regarding influencing the marketplace with public funds, possibly creating unfair competition in that way. He added that there was already an imbalance because the City owns the STC site. Ms. Shannon advised that more than likely only one or two of the seven plays may possibly impact B Street Theater competitively. Mayor Serna urged STC and B Street Theater to work cooperatively, without stepping on each other's toes.

Councilmember Yee commented that a perfect example of this was a situation involving the paramedics. Mr. Yee agreed with Mayor Serna's and Mr. Cohn's explanation of marketing competition. At the same time, he understood B Street Theater's concerns regarding an unlevel playing field. Mr. Yee felt that 2 plays out of 7 in competition with B Street is still too much; he advised both parties to avoid selecting competitive plays and urged mutual cooperation.

Ms. Masuoka advised that several years ago, the City Council passed a resolution identifying how they thought 2% of the T.O. General Funds ought to be distributed. It was decided to allocate 1% of the T.O. to the Community Center Fund to help retire the debt, .5% to the Convention Bureau to increase programming there, and .5% to Arts regranting, to augment existing funding. When the Symphony defaulted, .5% was used to repay the General Fund. Now we are using this .5% for funding for the arts.

Mr. Yee referred to page 4, funding specifics. Ms. Masuoka advised that we are providing only 75% of what these groups have projected for the coming year; they must provide the other 25%. Mr. Yee asked whether \$335,000 was only 75% of the projected cost? Ms. Masuoka reiterated that each group must get 25% themselves; if they are not able to do that, we may have to let them go as not being viable organizations.

Tim Busfield spoke in support of the proposal, saying he felt that Peggy Shannon was great; his concerns and those of his brother Buck stem from their years of experience in the arts in Sacramento, and the struggle to operate in the black. Mr. Busfield noted that their first priority is childrens' theater; currently 130,000 children per year are potential participants. This requires quality in the schools. There are now 20 equity contracts. Mr. Busfield added that we are now on the verge of having childrens' theater in Sacramento, reaching 3,000 to 4,000 junior high students per week; a mid-town site is being looked at. Outreach efforts are being made. Since 1994, B Street Theater has done all plays original to this area, regional premieres. Mr. Busfield expressed concern regarding Ms. Shannon's similar choice of plays. He did not want to see the \$50,000 per month funding used as seed money for STC to re-mission themselves, since that kind of competition would put both theater companies out of business with the production of regional premieres. For example, a childrens' theater would cripple the B Street Theater, as would an emphasis on small, original plays.

Mr. Busfield added that people were formerly going to San Francisco all the time; when Leland (Ball) started the Broadway series, and people saw the magical sets, then the Symphony, the Ballet, and STC got hurt. B Street Theater's opening at around the same time also made a dent in the clientele.

Another concern of Mr. Busfield's was the critic's star system locally; he observed that a 3-star review in the Sacramento Bee can ruin a run, since that rating in New York is the same as a pan. He added that thus far, B Street Theater has been able to survive, pay a large rent and other fees; he asked the City to be fair.

Mr. Yee appreciated Mr. Busfield's comments; he advised if the competition becomes very intense, Mr. Busfield could return to the City Council. Mr. Yee applauded B Street's self-funding; he suggested that Mr. Busfield might wish to sit on the Board for the various groups to advise them as to how B Street is able to operate in the black. Mr. Busfield noted that he respected STC, and realized that the Council must fund them, but just did not want unfair competition.

Mayor Serna directed Ms. Walker to monitor any potential conflict with public dollars. Ms. Walker responded that this funding would assist with the deficits; she noted that there was a list of payables, but there was no funding to do any expansion. Ms. Walker agreed to monitor the situation.

Councilmember Fargo commented that it was not the wish of the City Council to be an angel to assist one above the other; the question is how to go about keeping theater in Sacramento. Ms. Fargo felt that this short-term stabilization, long-term approach through NAS was a good one. Ms. Fargo believed that there was a need to look at what the City Council can support, and what funding source is appropriate to use. She observed that the City of Sacramento lost millions of dollars this year through losses from State legislation; we must determine whether we have a monetary source. Ms. Fargo discussed the T.O. (Transient Occupancy) tax and/or the Cable Fund, asking if it was

readily available for this purpose.

Ms. Masuoka responded that the T.O. tax is at 12%; each percentage point generates \$1 million. Of that, 10% goes to the Community Center Fund, 2% goes to the General Fund; .5% goes toward Arts regranting. About \$300,000 is available right now, plus several hundred thousand from last year. There is no impact on other budget areas now; it is General Fund money; the assumption is that we will be constrained to stay within the T.O.@ .5% as in the past.

Ms. Fargo commented that it was her hope that some of the arts groups would admit they made mistakes in the past, and that they would look at changes to fix things permanently. She suggested more traditional programs that people would more dependably pay for over the next two years during the debt retirement period. Ms. Fargo wanted the various organizations who were asking for assistance to think about alternative approaches, should City Council deny aid.

Ms. Walker advised that the groups were asked to assess their exact positions before they would have to file for bankruptcy; that is why NAS was brought in.

Councilmember Steinberg supported the proposal with the caveats described by Tim Busfield; he felt that STC must be stabilized, or there will be a domino effect and other arts groups would be adversely affected. Mr. Steinberg felt that the larger question was how cosmopolitan this city really is at this stage of its history? It was evident that it could not support the Symphony of that size; we are not a large enough city or corporate structure to support that. Mr. Steinberg asked whether there was really enough demand for two good theater companies in Sacramento. Mr. Steinberg felt that the State should be included in the financing considerations. Regarding the obtaining of grants, etc., he was concerned about the short-term assistance, asking how there could be any certainty that revenues would be within the 5%? Ms. Walker explained that the grants would be distributed monthly; if a major difference is noted, that will act as a flag that something is not working. If that becomes evident, the City payment will be stopped.

Councilmember Kerth inquired as to why this was not dealt with when SMAC allocations were made earlier? Ms. Walker responded that SMAC organizations were given 37% of funding; available funds are limited and insufficient. Contributing to the difficulties are new grass-roots and multi-cultural groups coming into the program. Ms. Walker added that cash flow problems were one reason; gearing up is underway, but the money is not coming in as rapidly. Mr. Kerth felt that off-budget financing is ignoring other City needs; he urged that it be done at budget time, and did not want to give double bites of the apple to some groups. Ms. Walker agreed that this was not fair, adding that that is why NAS was brought in.

Mr. Kerth noted that the City budget is not balanced; we are spending our savings now. These groups cannot be continually bailed out, he added. Mr. Kerth agreed that there was a need to stabilize the arts, but not at the expense of Police and Fire; he felt that B Street Theater is in a bad location, not in a subsidy zone!

Councilmember Pannell asked whether any other cities were in the same condition as Sacramento? Ms. Walker responded that one such city was Tucson, AZ. NAS worked with them; many cities in the same shape we are received significantly more funding and/or donations from the private sector. Ms. Pannell asked whether NAS was the way to go? Ms. Walker advised that we are taking a different approach than in the

past. Ms. Pannell indicated her support.

Councilmember Hammond felt if the competition were to become unfair, the City should discontinue funding; she requested that language be included in the resolution. City Attorney Jackson advised that it be included in the motion.

Councilmember Waters commended Ms. Walker's efforts, adding that the community needs the arts; he expressed approval of bringing in NAS.

Mr. Waters directed comments to Ms. Masuoka regarding the \$335,000, saying he was comfortable with the T.O. tax being used; he noted that the City would receive \$350,000 tonight from the Cable Commission and asked whether those funds could be used? Ms. Masuoka responded that these funds from the T.O. tax were already set aside, and were not part of the Convention Center T.O.T; they can make their payments without it. Mr. Waters asked what would be done re: funding if the situation were not resolved in this way? Ms. Masuoka replied that the issue would return to Council for spending direction for the arts.

PUBLIC TESTIMONY

Robbin Ware felt that assistance should be long-term, saying that the arts are invaluable to the community. Mr. Ware quoted Comstock's as saying that businesses do not move here because we do not offer enough vis a vis the arts. Mr. Ware approved of the suggestion for independent review, adding that we are in a period of transition now. Mr. Ware urged support of these 3 organizations; he added that problems in the arts community are of our own making, and that we should work together.

John Lambeth, representing Friends of the Arts Commission" advised that two independent private non-profits, "Friends of the Arts Commission", which raises private as well as public monies, and the Downtown Partnership, urge the City Council's support for the proposal, adding that arts are helpful for downtown businesses.

Councilmember Hammond requested that the Resolution be amended by the following addition: "if groups funded with this resolution begin new competitive ventures at the expense of others, the issue must be returned to the City Council".

A motion was made by Councilmember Kerth, seconded by Councilmember Hammond, to adopt Amended Resolution 98-442 approving Agreements 98-151, 98-152, 98-153, 98-154, and 98-155, and Amended Agency Resolution 98-038.

Councilmember Kerth commented that the arts are not just entertainment, but contribute to the rebirth of communities.

Mayor Serna commented that the short-term solution is basically a hand up; he added that the arts are important to the City Council and the Mayor, since they define the culture of a city. The Mayor added that within the next few weeks he looked forward to the Sacramento Endowment for the Arts which would, as elsewhere, engage regional corporate support, such as that which could be offered by such companies as Hewlett Packard, Packard Bell, Blue Diamond, Campbell Soup, etc.

The Mayor observed that there is a great Art in Public Places program in the City; he wanted to get permanent support for all of the arts, engaging the business community. Mayor Serna stressed that the City can be a part of the solution, but cannot be the whole solution.

The motion carried with a 9-0 roll call vote.

AMENDED RESOLUTION NO. 98-442

SHORT-TERM FUNDING STABILIZATION

RESOLUTION APPROVING ALLOCATION OF \$335,000 TO IMPLEMENT A SHORT-TERM STABILIZATION PROGRAM FOR THE SACRAMENTO BALLET, THE SACRAMENTO OPERA, AND THE SACRAMENTO THEATRE COMPANY.

AMENDED REDEVELOPMENT AGENCY RESOLUTION NO. 98-038

AUTHORIZING AN AMENDMENT TO THE SACRAMENTO BALLET LOAN AGREEMENT

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4.0 COUNCIL IDEAS AND QUESTIONS

4.1 Residential Development Demolition Review [Cohn/oral report]

Councilmember Cohn proposed that an ordinance be brought back to Council addressing discretionary review of any proposed property moving or demolition in the Central City, and in particular the Alhambra Corridor. Mr. Cohn established with City Attorney Jackson that if a landlord/property owner planned demolition and/or maintenance of a building for housing, then a permit for demolition or moving could not be denied, but in the instance when demolition or moving a property would create a blighted condition in the neighborhood, the City Council could legally require constraints. Mr. Cohn requested that the City Attorney bring back an ordinance with the proper legal language, phrased in such a way that people must comply.

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5.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

5.1 Grant Williams apprised Council of some difficulties he was having and requested a waiver of late payment penalties for utility fees. Mayor Serna referred the matter to the City Manager for resolution.

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6.0 CLOSED SESSION

None

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ADJOURNMENT

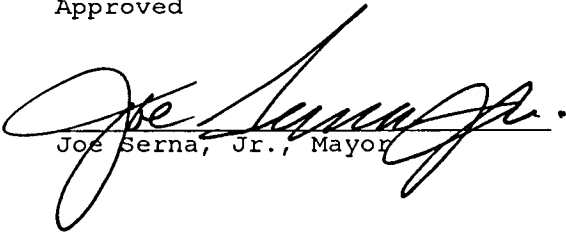
There being no further business to come before the City Council, the meeting was adjourned at 4:50 p.m.

Submitted



Valerie A. Burrowes, City Clerk

Approved



Joe Serna, Jr., Mayor