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THOMAS V. LEE  
DEPUTY CITY MANAGER  
DOWNTOWN DEPARTMENT

CITY OF SACRAMENTO  
CALIFORNIA

APPROVED  
BY THE CITY COUNCIL

AUG 25 1998

OFFICE OF THE  
CITY CLERK

AG 98-128  
AG 98-129

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August 17, 1998

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: "RAILFAIR '99" \$100,000 LOAN**

**LOCATION AND COUNCIL DISTRICT: All Districts**

**RECOMMENDATION:**

It is recommended that Council, by Resolution, authorize the City Manager to execute an agreement to loan the California State Railroad Museum Foundation, Inc. \$100,000 in General Fund Administrative Contingency Funds as seed money for the 1999 event, "Railfair '99" to be held in Old Sacramento from June 18-27, 1999. The California State Railroad Museum Foundation, Inc. has requested the County of Sacramento to lend a matching amount. As in 1981 and 1991, the California State Railroad Museum Foundation, Inc. will repay the interest-free loans to the City by August 1, 1999, from proceeds derived from admission revenue. The City's loan shall be contingent on the County of Sacramento's agreement to lend an equal amount to the California State Railroad Museum Foundation, Inc. for Railfair '99.

**CONTACT PERSON:** Barbara Bonebrake, Downtown Department Manager, 264-7733

**FOR COUNCIL MEETING OF:** August 25, 1998

**SUMMARY:**

This report provides a brief history of the City's past funding of "Railfair" events in Old Sacramento, and discusses the significance of the event with respect to the railroad's role in the history of California and the Gold Rush. This report also requests "seed money" for the event in the form of a \$100,000 loan to the California State Railroad Museum Foundation, Inc. from the City's General Fund Administrative Contingency. As in past years, the loan is to be repaid shortly after the event from proceeds from event admissions.

**COMMITTEE/COMMISSION ACTION:**

None.

**BACKGROUND INFORMATION:**

- On August 14, 1990, the Sacramento City Council approved Resolution Number 90-623 which authorized execution of a loan agreement between the City and the California State Railroad Museum Foundation, Inc. in the amount of \$100,000 with all loan proceeds used solely to fund activities in connection with the Railfair
- Railfairs in 1981 and 1991 drew over 200,000 visitors to Sacramento over a ten-day period while adding millions of dollars to the local economy in the form of sales tax revenues, transient occupancy taxes, and parking fees.
- For ten days in June 1999 (June 18-27) Old Sacramento will host Railfair '99. It is anticipated that more than 250,000 visitors will attend the event in Old Sacramento and fill nearly every hotel in the region.
- The event will celebrate the origins of the railroad, its contribution to California history over the last 150 years and its renewed vigor as a centerpiece of modern transportation in the state. The event will feature steam locomotives and other railway equipment displayed in settings evocative of the state's major industries and diversity.
- Staff anticipates that the revenues from the 1999 Railfair will surpass those of the 1981 and 1991 events by marketing the '99 event as a Golden partnership event of the California Sesquicentennial.
- The City's loan shall be contingent on the County of Sacramento's agreement to lend an equal amount to the California State Railroad Museum Foundation, Inc. for Railfair '99.

Staff recommends that Council authorize the City Manager to execute a short-term interest-free loan agreement with the California State Railroad Museum Foundation, Inc., the significant terms of which are as follows:

1. The loan shall be between the City of Sacramento and the California State Railroad Museum Foundation, Inc. in the amount of \$100,000 from the General Fund Administrative Contingency.
2. The loan shall be paid out in a single installment within thirty (30) days of the execution of the agreement.
3. The loan shall be repaid in full by August 1, 1999. Any amount not repaid by August 1, 1999 shall accrue interest at the rate of 10% per annum.
4. Proceeds from the loan shall be used to fund activities in connection with Railfair '99, such as hiring a marketing firm, event planner, transportation commitments for exhibits and physical plant improvements in Old Sacramento.
5. In addition to the Loan Agreement, the California State Railroad Museum Foundation, Inc. shall execute a Security Agreement and a Promissory Note which secures the loan by collateral in the form of (1) all revenues from ticket sales for Railfair '99; (2) all furniture, fixtures, equipment, and computers owned by the Foundation; and (3) all California State Railroad Museum Gift Shop inventory owned by the Foundation.

**FINANCIAL CONSIDERATIONS:**

In 1980 and 1990 the City entered into short-term loan agreements under the same terms as described above. In both cases, the loans were repaid within the time period specified. Staff anticipates that the proposed loan in 1998 will also be repaid within the specified time period. Funds exist in the General Fund to finance the loan.

**ENVIRONMENTAL CONSIDERATIONS:**

The activity described in this report is exempt from CEQA review pursuant to Section 15378(b)(3) of the California Environmental Quality Act, "general policy and procedure making".

Participation in the Railfair 1999 through a short-term loan to the California State Railroad Museum Foundation, Inc. provides the City with an opportunity to increase revenue to the City at low risk, while attracting thousands of visitors to the community.

**MBE/WBE:**

None. No goods or services are being purchased.

Respectfully submitted,



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Thomas V. Lee,  
Deputy City Manager

**RECOMMENDATION APPROVED:**



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William H. Edgar  
City Manager

APPROVED  
BY THE CITY COUNCIL

AUG 25 1998

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 98-441**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

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

**"RAILFAIR '99" \$100,000 LOAN**

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

1. The City Manager is authorized to execute an agreement between the City and the California State Railroad Museum Foundation, Inc. ("Foundation") in the amount of \$100,000 from the General Fund Administrative Contingency.
2. The loan shall be paid out in one installment within thirty (30) days of the execution of the agreement.
3. The loan shall be repaid in full on or before August 1, 1999.
3. Any amount not repaid on or before August 1, 1999 shall accrue interest at the rate of 10% per annum.
4. The loan shall be secured by the following collateral:  
(1) all revenues from ticket sales for Railfair '99; (2) all furniture, fixtures, equipment, and computers owned by the Foundation; and (3) all California State Railroad Museum Gift Shop inventory owned by the Foundation.

\_\_\_\_\_  
MAYOR

ATTEST:

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

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

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

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