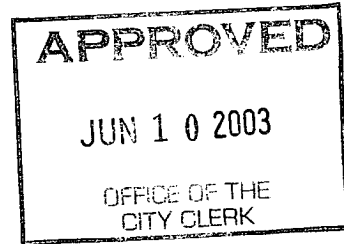


SACRAMENTO CONVENTION CENTER

June 5, 2003



City Council
Sacramento, California

Honorable Members in Session

**SUBJECT: AMEND THE CITY OF SACRAMENTO FEE AND CHARGE
REPORT FOR EXHIBIT SPACE RENTAL RATES**

LOCATION AND COUNCIL DISTRICT: 1400 J Street
Council District 1

RECOMMENDATION:

It is recommended that the City Council approve the attached resolution to amend the City of Sacramento Fee and Charge Report for the Convention Center to increase exhibit hall rental rates and implement fee authority policy as approved in the Sacramento Convention Center Business Plan.

CONTACT PERSON: Michael Ross, SCC General Manager 264-5291
Tina McCarty, Administrative Officer 264-8220

FOR COUNCIL MEETING OF: June 10, 2003

SUMMARY:

The recommended action amends the City Fee and Charge Report to establish per square footage rental rates for the Exhibit Hall at the Sacramento Convention Center for FY 2004, 2006 and 2008, as well as delegating authority to the Convention Center General Manager to increase rental rates, not to exceed a 10% average annual increase. The recommended action aligns the City Fee and Charge Report with the policy direction given last January when City Council approved the 2002-2006 Convention Center Business Plan.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

- In January 2000, Conventions Sports and Leisure Inc. (CSL) performed an analysis of key operating policies for the Convention Center. Ten major facilities around the country, with characteristics similar to the Sacramento Convention Center, were evaluated. The CSL study found that the rates for exhibit space at the SCC were significantly below industry averages. A plan to increase the SCC rates over a five-year period was approved by City Council on March 20, 2000. This included a rate of \$0.21 per net square foot per day in FY 2004 for the Exhibit Hall and \$0.22 per square foot for meeting space.
- On January 23, 2003, the City Council approved the 2002-2006 Convention Center Business Plan, including policy directives relative to the recommendations in the Plan. These policy directives included accelerating square footage rental rates at the Center within the near term to reach market levels and delegating the authority to the Convention Center General Manager to increase rental rates, not to exceed a 10% average annual increase.
- Convention Center management, in consultation with Scott Hospitality Consultants (SHC) which assisted in the preparation of the 2002/06 Business Plan and the Sacramento Convention and Visitors Bureau, recommend that Exhibit Hall rates be increased to \$0.23 per square foot, effective January 1, 2004 instead of the previously approved \$0.21 rate. This new rate is still below comparable facilities within California, including competitors Long Beach and San Jose. Meeting room rates will stay as planned and approved through 2004.
- Because conventions are typically booked several years in advance, the Convention Center rental rates are established for a minimum of 5 years. It is further recommended that rates increase for Exhibit Hall space in 2006 and 2008 to \$0.25 and \$0.27, respectively.

A summary of the proposed Exhibit Hall rates per square foot and effective dates, are listed below:

FY04	FY06	FY08
\$0.23	\$0.25	\$0.27
1/01/04	7/01/05	7/01/07

FINANCIAL CONSIDERATIONS:

The Proposed FY 2004 revenue budget for the Community Center Fund reflects the accelerated exhibit space rate of \$0.23 per square foot.

ENVIRONMENTAL CONSIDERATIONS:

Pursuant to Public Resources Code Section 21080 (b)(8), Council actions establishing or modifying fees are exempt from the review of the California Environmental Quality Act if the Council finds that the fees are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits.

POLICY CONSIDERATIONS:

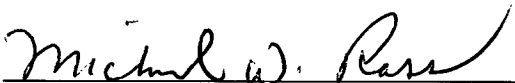
Amending the City's Fee and Charge Report to increase exhibit space rental rates at the Sacramento Convention Center is consistent with the City's Strategic plan goal to promote and support economic vitality.


ESBD CONSIDERATIONS:

None. No goods or services are being purchased.

Respectfully submitted,

APPROVED:


Michael W. Ross, General Manager
Sacramento Convention Center


for Barbara E. Bonebrake, Director
Convention, Culture and Leisure
Dept.

RECOMMENDATION APPROVED:

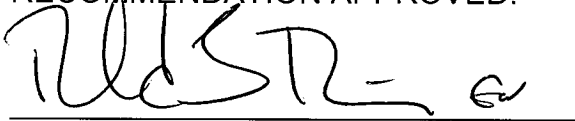
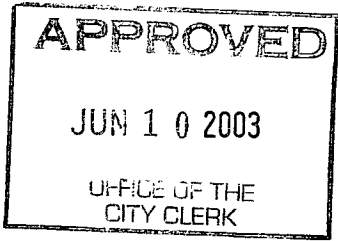

Robert P. Thomas, City Manager

Table of Contents



RESOLUTION NO. 2003-378

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION AMENDING THE CITY OF SACRAMENTO
FEE AND CHARGE REPORT ESTABLISHING THE SCHEDULE
OF EXHIBIT SPACE FEES AT THE SACRAMENTO CONVENTION CENTER**

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

- 1. The City of Sacramento Fee and Charge Report is hereby amended to include the Convention Center Exhibit Hall per square foot rental fee of exhibit space and effective dates, as stated below:

Year	FY04	FY06	FY08
Per sq/foot rate	\$0.23	\$0.25	\$0.27
Effective Date	1/01/04	7/01/05	7/01/07

- 2. The City of Sacramento Fee and Charge Report is hereby amended to delegate authority to the Convention Center General Manager to increase facility rental rates, not to exceed a 10% average annual increase.
- 3. Based upon the information presented to it and upon all information in the public record, and in compliance with Public Resources Code Section 21080(b)(8), the City Council finds that the increased fees are for the purpose of meeting operation expenses, including wage rates and fringe benefits.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

4