

CITY OF SACRAMENTO -- COUNTY OF SACRAMENTO

11.1



APPROVED
BY THE CITY COUNCIL

OCT 1 1998

OFFICE OF THE
CITY CLERK

98-164



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September 23, 1998

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City Council and County Board of Supervisors
Sacramento, California

Honorable Members in Session:

**SUBJECT: AUTHORIZATION TO EXECUTE "GOLD FEVER!"
FUNDING AGREEMENT WITH THE COUNTY OF
SACRAMENTO AND THE GOLDEN ONE CREDIT UNION**

LOCATION AND COUNCIL DISTRICT: ALL

RECOMMENDATION:

It is recommended that the City Council and the County Board of Supervisors adopt the attached Resolution authorizing the City Manager to execute a three-party funding agreement between the City of Sacramento, the County of Sacramento and the Golden One Credit Union for the exhibit called "Gold Fever!" to be displayed at the Sacramento Memorial Auditorium in the Fall of 1999.

CONTACT PERSONS: Thomas V. Lee, Deputy City Manager, 264-8888, and
Kristan Otto, Development Manager, 264-7948
John O'Farrell, County of Sacramento Administrator for
Community Development and Neighborhood Assistance
Agency, 874-5833

FOR COUNCIL MEETING OF: October 1, 1998

SUMMARY:

On March 31, 1998 Council adopted Resolution Number 98-108, authorizing the City Manager to negotiate an agreement with the Oakland Museum of California to borrow its "Gold Fever!" exhibit for display at the Sacramento Memorial Auditorium in the fall of 1999 as part of the California Gold Rush celebrations. Prior to completing those negotiations the Council and Board requested that staff bring on a sponsor to guaranty the City and County financial liability. Difficulty in securing exhibit sponsorships has delayed the completion of the Oakland Museum and other related agreements. This report requests Council authorization to execute a three-party agreement between the County of Sacramento, the City of Sacramento and the Golden One Credit Union to fund the exhibit. Under

the proposed agreement, the County would provide a line of credit over two years in the amount of \$200,000 (\$100,000.00 during Fiscal Year 1998-1999 and \$100,000.00 during Fiscal Year 1999-2000). The County's funds would be matched by an equal donation from the Golden One Credit Union, while the City would make an in-kind contribution of approximately \$200,000 in deferred rent on the Memorial Auditorium. The County would be paid back first from revenues from the exhibit, with the City repaid secondarily.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

The "Gold Fever!" exhibit is the keystone of a three-year statewide celebration beginning in 1998 with the 150th anniversary of California's statehood and culminating in 2001 with millennium celebrations. It is anticipated that more than one million people will journey to the state during this three-year period, many specifically to visit the Gold Rush area, of which Sacramento is the center.

Although the many celebrations planned to commemorate this seminal event in California history provide an unparalleled opportunity to encourage tourism to this area, they have also provided challenges in securing funding for this exhibit. Many potential sponsors had already contributed to such events as "The Second Great Gold Rush" and "Cali150ornia" and were reluctant to contribute to the "Gold Fever!" exhibit. However, City staff has succeeded in securing a major commitment of \$200,000 from the Golden One Credit Union. Although this amount is different from the amount originally sought, the Golden One contribution is only the first of other donations that continue to be pursued.

The County's two year \$200,000 line of credit and the City's deferment of \$202,000 in rent on the Memorial Auditorium, added to the Golden One donation make it now prudent to proceed with the exhibit. Accordingly, staff requests authorization to negotiate and execute a three-party agreement between the City, the County of Sacramento, and the Golden One Credit Union. Under the proposed terms of the agreement:

- The County will provide a two year line of credit in the amount of \$200,000 to fund the exhibit. The first \$100,000.00 to be available during Fiscal Year 1998-1999, and the second \$100,000.00 to be available during Fiscal Year 1999-2000. Those funds will enable the planning of the exhibit prior to revenues being generated. The funds will be received and disbursed under the direction of the Sacramento Archives and Museum Collection Center.
- If the initial costs exceed that \$200,000, the Golden One funds will be used.
- The County will be repaid out of the initial generated revenues.
- Once the Exhibit has ended and all accounting is complete, the rent will be paid to the City of Sacramento first, and secondly, the Golden One Credit Union shall be reimbursed.
- If a loss is incurred, the City has agreed to forego up to \$100,000 of the rent on the Memorial Auditorium.
- Golden One will be participating on a greater scale financially than the guaranty. They have volunteered to have a discount program for their customers who purchase exhibit

tickets and have expressed a desire to participate in the kickoff reception for the additional sponsors and the public. Golden One has also volunteered use of their billboard system. Staff will also be working with other corporations to extend the ticket discount program.

Following execution of the three-party agreement, a Steering Committee will be established. The Committee will consist of representatives designated by the City Manager's office, the County Executive's office and The Golden One Credit Union. Burnett Miller, who has been actively involved in bringing the exhibit to Sacramento, is expected to continue as Chairman of the Committee.

Ticket prices are currently being studied. The level of sponsorship will be a factor in determining the final ticket price, but it is the intent of staff to keep the ticket price competitive with other entertainment venues. A likely staff recommendation is ticket prices in the range of from \$7.50-\$8.50 for adults and from \$5.00 to \$6.00 for children. The discounted tickets provided by exhibit underwriters will add to the affordability of the exhibit.

Staff will return to Council by the end of the year with a report requesting Council authorization to execute an agreement with the Oakland Museum of California for the loan of the exhibit and the final agreement with the County.

FINANCIAL CONSIDERATIONS:

Under the proposed agreement, the City agrees to defer approximately \$202,000 in rent on the Memorial Auditorium during the term of the exhibit, but commits no cash to fund the exhibit. The first revenues from the exhibit will be used to repay the County's \$200,000 line of credit. Additional revenues will be shared on an equal basis between the City to recover its deferred rent, and the Golden One Credit Union to recover its \$200,000 contribution. In the event that revenues are insufficient to repay the City and the Golden One Credit Union, the City and the Golden One agree to split the cost of the unrecovered expenses. It is anticipated that combined sponsorship and admission revenues will result in adequate funding to reimburse the City's costs. However, in the event that no revenues are collected, the maximum potential impact to the City would be a loss of \$202,000 to the Community Center Fund.

POLICY CONSIDERATIONS:

The proposed funding agreement between the City and the County for this exhibit is consistent with several other joint funding agreements between the City and the County including Old Sacramento, Metropolitan Arts Commission and the Sacramento Sports Commission, and supports the interests of the City and the County to promote activities of entertainment, cultural and historic value.

ENVIRONMENTAL CONSIDERATIONS:

The actions recommended in this report are exempt from CEQA review pursuant to Section 15323:

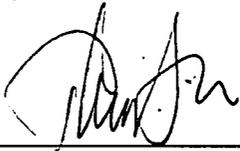
“Normal operations of existing facilities for public gatherings, provided that facilities were

designed for such gatherings and similar kind of activity has been occurring for at least 3 years (includes convention centers, auditoriums, swimming pools and amusement parks)”

MBE/WBE:

The City and the County will cooperate to maximize diverse participation in all purchases of goods and services related to this exhibit.

Respectfully Submitted,



Thomas V. Lee
Deputy City Manager

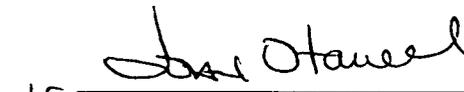


John O'Farrell
County of Sacramento Administrator
for Community Development and
Neighborhood Assistance Agency

RECOMMENDATION APPROVED:



William H. Edgar
City Manager



Robert P. Thomas
County Executive

APPROVED
BY THE CITY COUNCIL

OCT 1 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-495

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**AUTHORIZATION TO NEGOTIATE AND EXECUTE "GOLD FEVER!" FUNDING
AGREEMENT WITH COUNTY OF SACRAMENTO AND
THE GOLDEN ONE CREDIT UNION**

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

That the City Manager is authorized to negotiate and execute a three-party agreement between the City, the County of Sacramento, and the Golden One Credit Union for the funding of the exhibit titled: "Gold Fever!", to be displayed to the public at the Sacramento Memorial Auditorium in the Fall of 1999.

Under the terms of the proposed agreement, the County would provide to the City a line of credit in the amount of \$100,000.00 during Fiscal Year 1998-1999 and \$100,000.00 during Fiscal Year 1999-2000, to fund the exhibit; the Golden One Credit Union would donate \$200,000 in cash, and the City would defer rent on the Memorial Auditorium with the approximate in-kind value of \$200,000.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

RESOLUTION NO. _____

AUTHORIZATION TO NEGOTIATE AND EXECUTE "GOLD FEVER!"
FUNDING AGREEMENT WITH CITY OF SACRAMENTO
AND THE GOLDEN ONE CREDIT UNION

BE IT RESOLVED by the Board of Supervisors of the County of Sacramento that the County Executive is authorized to negotiate and execute a three-party agreement between the County, the City of Sacramento, and the Golden One Credit Union for the funding of the exhibit titled: "Gold Fever!", to be displayed to the public at the Sacramento Memorial Auditorium in the Fall of 1999.

Under the terms of the proposed agreement, the County would provide to the City a line of credit in the amount of \$100,000 in Fiscal Years 1998-99 and 1999-00 to fund the exhibit; the Golden One Credit Union would donate \$200,000 in cash, and the City would defer rent on the Memorial Auditorium with the approximate in-kind value of \$200,000.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this ____ day of _____, 1998, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Chairperson of the Board of Supervisors
Of Sacramento County, California

Clerk of the
Board of Supervisors