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COMMUNITY/CONVENTION CENTER
City of Sacramento
ADMINISTRATION OFFICES

February 22, 1994

APPROVED
BY THE CITY COUNCIL

MAR 1 1994

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Member in Session:

**SUBJECT: RESTRUCTURE OLD SACRAMENTO ORGANIZATION AND
NEGOTIATE AGREEMENT WITH SACRAMENTO CONVENTION AND
VISITORS BUREAU TO MANAGE OLD SACRAMENTO**

LOCATION AND COUNCIL DISTRICT:

Old Sacramento, District 1

RECOMMENDATION

It is recommended that the City Council:

1. Approve the restructuring of Old Sacramento; and
2. Authorize the Department of Community and Visitor Services to negotiate an agreement with Sacramento Convention and Visitors Bureau to manage the Old Sacramento Historic District consistent with the following principles:
 - a. the SCVB would provided coordinated management in Old Sacramento; and
 - b. the management provide by the SCVB would be within the financial resources currently available; and

- c. the funding currently provided to the Old Sacramento Management Board from the Community Center Fund would be redirected to the SCVB for Old Sacramento programs and operations.

CONTACT PERSON:

Sam J. Burns, Director
Community and Visitor Services -- 264-5291

FOR COUNCIL MEETING OF: March 1, 1994

SUMMARY

This report provides information regarding the Old Sacramento Historic District and requests City Council approval to restructure the organization of Old Sacramento. Further, this report requests authorization to negotiate an agreement with the Sacramento Convention and Visitors Bureau to manage and oversee the Old Sacramento Historic District.

COMMISSION/COMMITTEE ACTION

None.

BACKGROUND INFORMATION

The Department of Community and Visitor Services assumed responsibility for operation, management, and administration of the Old Sacramento Waterfront in July of 1993. Prior to that date, the waterfront was the responsibility of the former Department of Parks and Community Services. Developed by the Sacramento Housing and Redevelopment Agency (SHRA), the Old Sacramento Master Plan includes the reconstruction and revitalization of approximately 4.5 acres of riverfront property. Designed to interpret the 1848-1870 period, principal elements of the plan include historic riverfront buildings, floating hulks, and historic ships. Reconstruction of the waterfront by SHRA and subsequent operations by the City supports and generates activity in the Old Sacramento Area and provides residents and visitors with an opportunity to experience part of living history.

The Old Sacramento Management Board (OSMB) was created in 1986 with broad support from the City, the State of California, and private sector to encourage actions which insure the continuing commercial and popular successes of Old Sacramento's private and public enterprises while assuring the preservation and continued interpretation of Sacramento's historic past.

Representatives from the City, State, and private sector, including the Old Sacramento Merchants Association and Old Sacramento Property Owners, serve as members of the OSMB. The Old Sacramento Waterfront section of the Department of Community and Visitor Services produces waterfront activities and special events, manages various leases in Old Sacramento, enforces City ordinances, and provides day-to-day maintenance for the area. The Sacramento Convention and Visitors Bureau, which serves as a liaison for the City and County of Sacramento and those who visit the areas, operates the Visitor Center located in Old Sacramento and is represented on the OSMB. The State also plays a significant role in the operation of Old Sacramento owning approximately one-third of the land in the area. Although the OSMB, the Waterfront section, the SCVB, and the State have successfully worked together in certain areas, the overall operation of Old Sacramento has been disjointed and ineffective.

The objective of this restructuring is to further develop and enhance Old Sacramento as an economically viable visitor and community destination. The Old Sacramento area will be physically linked with the Downtown Plaza through the use of clear and distinct signage. Eventually, these areas will be further connected through use of the historic trolley and the downtown shuttle bus. Currently, the SCVB is actively involved with the Downtown Partnership, Inc., through its representation on the partnership's Board of Directors and several of the functional task forces.

Many issues facing Old Sacramento are distinct from other areas of our community. These distinctions include its location, its historic preservation requirements, and its special access problems. To more effectively manage and operate Old Sacramento and to enhance its development as an economically viable visitor and community destination, the organizational structure of Old Sacramento must be restructured. In this regard, it is recommended that City Council approve the proposed restructuring of Old Sacramento's organization and authorize the Department to negotiate with the SCVB to manage and oversee the operation of Old Sacramento. These changes would be effective mid-March, 1994. This management would be provided within the financial resources currently available. Further, funding currently provided to the OSMB would be redirected to the SCVB for Old Sacramento programs and operations.

Goals of Restructuring

Although Old Sacramento has had moderate success, it has yet to realize its full potential as a visitor attraction or commercial enterprise capitalizing on its unique historic value. The principal objective of the management of Old Sacramento will be to attract more visitors and Sacramento residents to the area in addition to stimulating business and activity through the coordinated management and streamlined operations. This objective includes producing more special events to provide more excitement to the area and developing of a comprehensive long term management plan.

The following are the goals for the restructuring of Old Sacramento:

- To provide quality special events and street programming.
- To enhance Old Sacramento's public image locally.
- To expand and enhance the Visitor Center.
- To improve the business climate in Old Sacramento.
- To review, update and enforce existing policies, regulations, and ordinances relative to Old Sacramento and its operation.
- To develop a marketing plan to promote Old Sacramento.
- To coordinate the provision of services and management to reduce duplication of efforts and costs.
- To establish an appropriate tenant mix.
- To establish Old Sacramento as an anchor to draw the local market to the area as well as tourists.

Tourism

The role of tourism in Sacramento, specifically in Old Sacramento, cannot be underestimated. Tourism is a clean and rapidly growing industry. Old Sacramento plays the most important role in our community's ability to attract visitors to our area. Annually, more than two million travelers visit the area. It is estimated that another two to three million local residents frequent Old Sacramento for shopping, dining, and entertainment each year. According to a recent survey conducted by the California State University at Sacramento Institute for Social Research (IRS) for the SCVB, Old Sacramento is our city's biggest attraction with thirty-four percent (34%) of visitors who come to Sacramento touring this area. Also, twenty percent (20%) of travelers visit the State Railroad Museum located in Old Sacramento. Of international travelers, sixty-four percent (64%) visit Old Sacramento.

Visitors to our area boost our local economy through increased sales and transient occupancy taxes without requiring a significant increase in the need for services. According to the IRS survey, each visitor spends an average of \$81 per day. These expenditures include accommodations, shopping, dining, entertainment, admission fees, and local transportation.

Further, the ISR report states that nearly five million people visited Sacramento during Fiscal Year 1991-92 adding more than \$930 million to the local economy. Increasing tourism in Sacramento is a top priority of the City's Economic Development Team. Increasing tourism in Old Sacramento is a primary objective of this restructuring.

Organization

The current management for Old Sacramento is inconsistent and fragmented with various agencies involved. This decentralized management has not been effective in developing the area and realizing its full potential. The administration of Old Sacramento should be centralized with one agency being responsible for the coordination of the area. Although all of the various entities should continue to have input in decision making regarding Old Sacramento and its development, a single agency should be responsible for its overall management.

Further, the principal goal of the management of Old Sacramento should be to attract more visitors and residents to the area in addition to stimulating business activity through coordinated management and streamlined operations. It is proposed that the management for Old Sacramento be provided through the SCVB which reports directly to the President/Chief Executive Officer of the SCVB. It should be noted that the SCVB President/CEO is also the Director of the Department of Community and Visitor Services. The City would execute an agreement with the SCVB for managing Old Sacramento. The OSMB would have an active role in supporting Old Sacramento operations as the advisory board to the SCVB for issues relative to this historic district. The SCVB would coordinate, develop, and implement the long range plans necessary to market and promote Old Sacramento in a manner which best serves the district and the community. The SCVB would also coordinate the different organizations based in the area including the Old Sacramento Merchants Association and the Old Sacramento Property Owners.

Attachment A is the proposed organization structure for Old Sacramento (Attachment B represents the current organizational structure). The SCVB would be responsible for the management of Old Sacramento. To administer day-to-day management of the area, the SCVB would hire a Town Manager who would be responsible for administration, planning, development, and contract monitoring for Old Sacramento. The Town Manager, who would be an employee of the SCVB, would serve as the liaison between the City and SCVB for issues related to Old Sacramento. This role would include working with various City departments such as Police and Community and Visitor Services to ensure the efficient operation and provision of services in Old Sacramento.

The function and responsibilities of the Town Manager would be comparable to those of the City's newly created Neighborhood Services Area Team Manager and the SHRA Program Manager positions. Like these positions, the Town Manager would be responsible for fostering

community involvement in development of the area. The Town Manager would provide clear direction and leadership to staff. Under the supervision of the Department Director, the Town Manager would also make critical decisions with a certain degree of independence. The annual salary range for a City Neighborhood Services Area Manager is \$62,136 to \$75,528 while the annual salary range for an SHRA Program Manager is \$45,507 to \$55,314. The SCVB would negotiate a salary for the Town Manager within these comparable ranges.

The structure of Old Sacramento would include two sections: 1) Operations and 2) Marketing and Business Development. Operations would be responsible for the day-to-day maintenance of Old Sacramento including street maintenance, general maintenance, special event support, and vendor support. Marketing and Business Development would be responsible for recruiting and retaining businesses, public relations, promotions, image enhancement, special events coordination, vendors, and the Elder Craftsmen program. The Business Development program will be eliminated after Fiscal Year 1994-95.

Currently, there are two key positions in Old Sacramento that must be addressed: 1 Senior Parks and Recreation Supervisor and 1 Recreation Supervisor II. The Senior Parks and Recreation Supervisor position will be transferred to the Department Special Events section as part of its department-wide restructuring. The budget for Special Events has funding to support this transfer. It is recommended that the Recreation Supervisor II position remain in Old Sacramento until the end of the current fiscal year and that, at the end of the fiscal year, the position be evaluated and funding sources identified.

Financial Information

It is proposed that the City execute an agreement with SCVB for management of Old Sacramento. The City would provide \$243,549 annually for staffing and general expenses for the district and \$36,360 annually for facade maintenance in the area. The City would continue its obligation to provide maintenance for Old Sacramento which is currently \$165,650. The City would also provide the existing Typist/Clerk II position (\$35,000 annually).

To ensure the integrity of the area and protect City's investment, it is imperative that the City provide a baseline level of support to Old Sacramento. Baseline operations would include the Town Manager and Typist Clerk positions, maintenance, and the Elder Craftsmen program. These functions are essential for continued operation and any future success of Old Sacramento.

In the past, business development in Old Sacramento was provided through the OSMB and funded by the City. Staff proposes that this function be fully funded for Fiscal Year 1994-95. However, consistent with the Council's direction for the Fiscal Year 1992-93 budget, funding for the business development program will be eliminated. Other sources will be cultivated to

support and offset business development costs. However, the Community Center Fund support of \$89,000 would be redirected to program and marketing support.

The following are the current revenue sources for Old Sacramento:

Revenue Sources

Lease & Concessions (General Fund)	128,000
Elder Craftsmen Program (General Fund)	148,000
Maintenance Assessment District (MAD)	72,720
Marina Overhead (Marina Fund)	2,783
Transient Occupancy Tax (Community Center Fund)	89,000
General Fund Net -- Old Sacramento	203,046
General Fund Net -- Miller Park	165,650
TOTAL	809,199

The following is the current budget for Old Sacramento:

Expenses

Sr. Parks and Recreation Supervisor	61,560
Recreation Supervisor II	53,295
Typist/Clerk II	35,000
Maintenance Program Staff	165,650
Elder Craftsmen Program	176,000
General Expenses	93,694
State Lands Commission payment	22,000
Miller Park maintenance program	165,650
Facade Cleaning	36,350
TOTAL	809,199

The following is the proposed annual budget for Old Sacramento (this budget will be pro-rated as appropriate for this fiscal year):

Expenses

Town Manager * @	81,600
Business Development * @	55,200
Business Development Assistant * @	35,000
Typist/Clerk II @	35,000
Maintenance Program Staff	165,650
Elder Craftsmen Program	176,000
General Expenses * @	36,749



State Lands Commission payment [@]	22,000
Miller Park maintenance program	165,650
Facade Cleaning * [@]	36,350
TOTAL	809,199

* Contract with SCVB totalling \$234,549

[@] Baseline program partially offset by lease and concession revenue, program revenue, MAD, the Marina Fund with a net support of \$203,046 from the General Fund

Benefits of Restructuring

The management of Old Sacramento through the SCVB would benefit the City in many ways. First, the SCVB has experience in the marketing and promotion of attractions throughout the City and County and, as a non-profit organization, has greater flexibility in pursuing marketing opportunities. Second, the SCVB would provide centralized management, coordination and direction for Old Sacramento. Third, the Department of Community and Visitor Services would serve as the liaison between the City and the SCVB to ensure that the City goals and objectives for the area are maintained. Finally, the restructuring may be implemented with no staff layoffs.

FINANCIAL CONSIDERATIONS

For Fiscal Year 1993-94, operations in Old Sacramento are currently funded at \$720,199 from the General Fund. For FY 1993-94, the OSMB is provided \$89,000 from the Community Center Fund. The goal of the restructuring is to reduce the management portion of the district's net reliance on support from the General Fund by 50% and increase its level of self-sufficiency through new revenue generated by leases, concessions, and programs. Funding for the business development function would be phased out over the next year and a half. Future funding would be based on established baseline operations (current budget of \$809,199) and increased at a 50% level of increased revenue. Increased revenue would be allocated in amounts equal to 50% to offset General Fund tax support of the management program and 50% to increase the program budget.

Baseline operations cost \$533,349 and are offset by \$351,503 in revenue. Miller Park maintenance costs \$165,650 and is supported by the General Fund. The business development program is funded by the Community Center Fund by \$89,000. This funding will be reallocated to program and marketing in Fiscal Year 1996-97.

POLICY CONSIDERATIONS

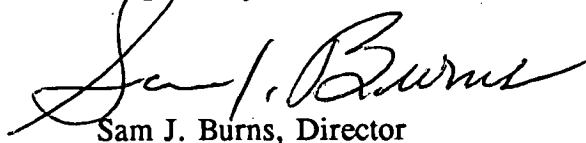
The recommended actions are consistent with the City's goal to create a thriving and historic

visitor destination in Old Sacramento. The recommendations are also consistent with the City's goals to develop non-profit partnerships which benefit the City and promote economic development.

MBE/WBE EFFORTS


Every effort will be made to support the City's MBE/WBE goals.

Respectfully submitted,



Sam J. Burns, Director
Community and Visitor Services

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

BB:tlv

a:\oldsac.rpt

RESOLUTION NO.

94-124

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL

MAR 1 1994

OFFICE OF THE
CITY CLERK

**RESOLUTION APPROVING THE RESTRUCTURING OF OLD SACRAMENTO AND
AUTHORIZING THE NEGOTIATION OF AGREEMENT WITH THE
SACRAMENTO CONVENTION AND VISITORS BUREAU
TO MANAGE OLD SACRAMENTO**

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

1. Approves the restructuring of Old Sacramento; and
2. Authorizes the Department of Community and Visitor Services to negotiate an agreement with Sacramento Convention and Visitors Bureau to manage the Old Sacramento Historic District consistent with the following principles:
 - a. the SCVB would provided coordinated management in Old Sacramento; and
 - b. the management provide by the SCVB would be within the financial resources currently available;
 - c. the funding currently provided to the Old Sacramento Management Board from the Community Center Fund would be redirected to the SCVB for Old Sacramento programs and operations.

MAYOR

ATTEST:

CITY CLERK

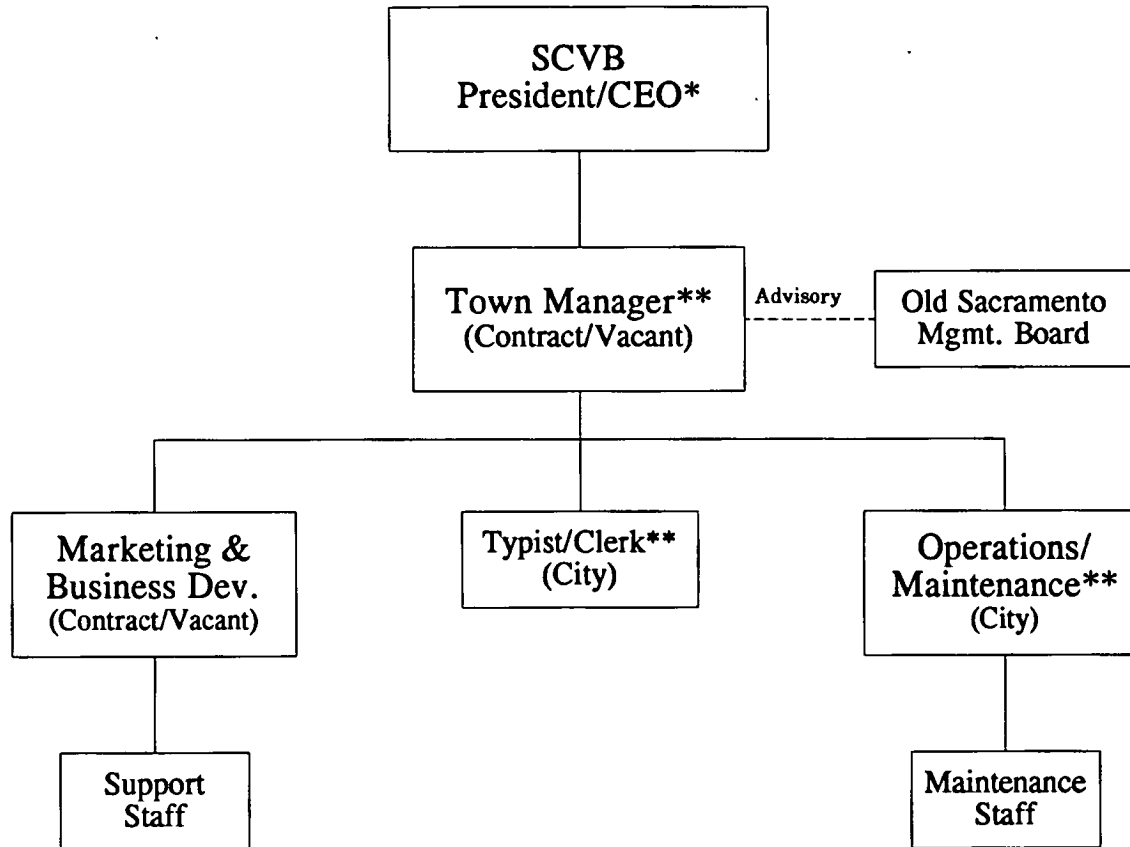
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

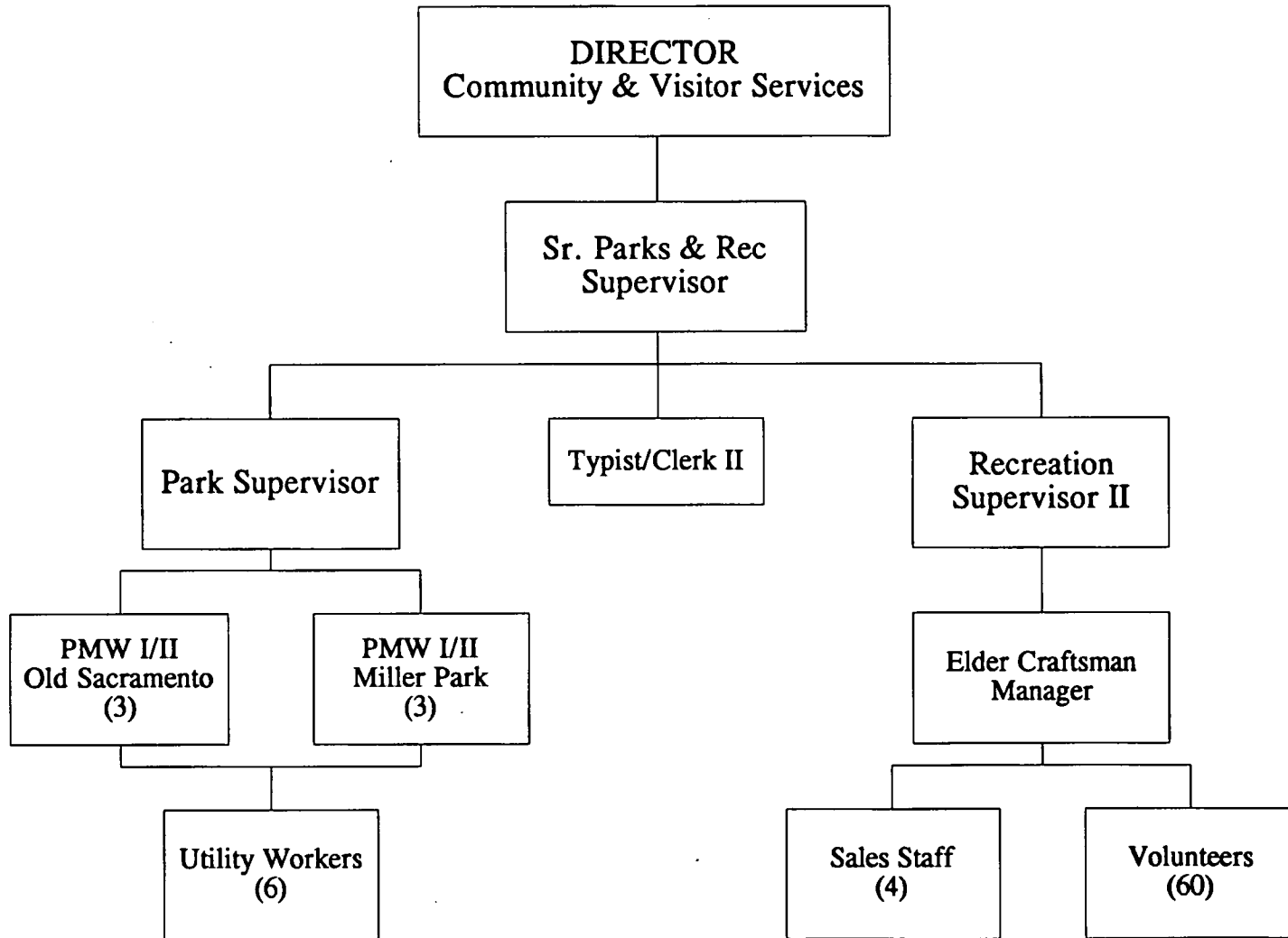
Old Sacramento Waterfront Proposed Reorganization



* Also Director of Community & Visitor Services
** Baseline Services

11

Old Sacramento Waterfront Current Organization



12