

**APPROVED**  
BY THE CITY COUNCIL

**FEB 23 1999**

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CITY CLERK**



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**THOMAS V. LEE**  
DEPUTY CITY MANAGER  
DOWNTOWN DEPARTMENT

**CITY OF SACRAMENTO**  
CALIFORNIA

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February 10, 1999

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: OLD SACRAMENTO MANAGEMENT PLAN**

**LOCATION AND COUNCIL DISTRICT: Old Sacramento, District One**

**RECOMMENDATION:**

It is recommended that the City Council authorize the City Manager to: (1) negotiate an agreement between the City and the Old Sacramento Management, Inc. to provide management and programming of the Old Sacramento Historic District; (2) negotiate an agreement between the City and the Sacramento Convention and Visitors' Bureau (SCVB) to provide payroll services for Old Sacramento Management staff; (3) amend the Old Sacramento Division budget for FY 1998/99 to provide for expanded Old Sacramento programming and maintenance; and (4) approve the concept of an Old Sacramento on-street paid parking program to benefit Old Sacramento operations.

**CONTACT PERSON:**

Ed Astone, Old Sacramento Town Manager, 264-8209  
Barbara Bonebrake, Downtown Dept Manager, 264-7733

**FOR COUNCIL MEETING OF: February 23, 1999**

**SUMMARY:**

This report provides information regarding the Old Sacramento Management, Inc., and requests the City Council to authorize a budget amendment and agreements between the City and the Old Sacramento Management, Inc. and the City and the SCVB to provide

improved services to the Old Sacramento Historic District.

**COMMITTEE/COMMISSION ACTION:**

Ongoing discussions have taken place with the Old Sacramento stakeholders including the Old Sacramento Management Board, City staff, Old Sacramento retailers and other affected stakeholders on alternative management and funding strategies for 1998/99 with the goal of providing stable and sufficient funding for the continued operations and management in subsequent years.

**BACKGROUND INFORMATION:**

- The Old Sacramento Historical District (OSHD) is designated as a National Register Historic Landmark and comprises approximately 27 acres of riverfront property along the Sacramento River at the West End of K Street.
- OSHD was developed by the Sacramento Housing and Redevelopment Agency, the City of Sacramento and the State of California beginning in the 1960's to interpret the 1848-1870 period during the founding of the City of Sacramento.
- The largest historic reconstruction west of the Mississippi River, the OSHD is the City's signature visitor destination. 80% of all visitors to Sacramento visit the OSHD.
- OSHD attracts approximately 5.2 million visitors annually to its internationally renowned festivals, its special events, its mixture of historic attractions, and its commercial and retail establishments. The Sacramento Jazz Jubilee alone generates more than 300,000 visitors annually.
- OSHD generates sales tax, transient occupancy tax and property tax dollars which are, in turn, used to fund public needs and projects.
- OSHD is the premier attraction marketed by the Sacramento convention and group sales industry, and permits Sacramento and the Greater Sacramento Region to maintain their competitive edge in the pursuit of economic development.

The City's four-year agreement with the SCVB to manage the OSHD terminated in June 1998. Under that agreement, a full-time Town Manager was responsible for the day-to-day operation of the OSHD with the SCVB responsible for the overall administration of the centralized management of OSHD, and payroll administration for the non-City staff.

Accomplishments under the recently expired agreement include:

- Recruitment and retainment of 27 retail businesses.

- Development a water taxi service connecting Old Sacramento with other attractions on the Sacramento River.
- Relocation and improvement of the Old Sacramento Visitors Center/Post Office.
- Improved coordination of existing special events and festivals.
- Development of new special events, festivals and activities including Spring Artfest, Fall Art on the River, Octoberfest, Mardi Gras, Fall Jazz Concert Series and Living History Program activities.
- An increase in the advertising and promotion budget and activity so as to increase the visibility of the OSHD locally and regionally.
- Increased and improved on-street parking.
- Increased security in the K Street underpass.
- \$1.4 million loan from State Boating and Waterways for waterfront improvements.
- Coordination of stakeholder groups including the OS Management Board, OS Citizens and Merchants Association and OS Property Owners Council.
- Opening of the Old Sacramento Public Market.

However, OSHD's promise as an attraction and a center for economic activity has not yet been achieved to the fullest extent. The OSHD's status as a City entity has precluded it from eligibility for certain grants and private funding for its operations. In addition, the SCVB has undergone recent organizational changes which alter the SCVB's focus to convention sales. Therefore, the burden of marketing, promotions, program/special events coordination and development, and retail business support and recruitment has now shifted to the OSHD.

The OSHD has historically been under-funded for the number and level of programs and services it has been expected to provide, and the growing success of OSHD as a tourist destination and local attraction has increased demand for these programs and services. The evening and weekend parking lot usage has increased substantially over the past 4 years which can be directly attributed to Old Sacramento as a destination. The Financial Considerations section of this agreement recommends that an amount equal to the evening and weekend parking revenue for Old Sacramento parking structures be directed to the Old Sacramento operating budget for marketing of Old Sacramento. Recommended measures to provide the stability needed include the institution of an on-street paid parking program in Old Sacramento with the revenue from this new source returned to the Old Sacramento budget to replace the one-time General Fund support.

Accordingly, it is proposed that Council authorize the City Manager to execute the necessary documents to address historical deficiencies, and to re-allocate expenditures and management responsibilities to permit the full realization of the OSHD's potential. Under the proposed Old Sacramento Management reorganization, the City Manager would:

1. Negotiate an agreement with a new non-profit entity, the Old Sacramento Management, Inc. to provide for an increase in promotions in the OSHD including historic interpretations and to seek sponsorship, grant funding and private support for these programs.
2. Negotiate an agreement with the SCVB to provide payroll services for OSHD employees who would otherwise lose retirement benefits if their employment status were altered.
3. Develop a detailed plan for an on-street, paid parking program in Old Sacramento as a three-year pilot program, and return to Council when details of the program have been completed to request authorization to implement the program, and an amendment to the Fee and Charge Report.
4. Execute a budget amendment which augments the existing OSHD revenue budget by a one-time General Fund appropriation of \$240,000 to fully fund the Old Sacramento operation for Fiscal Year 1998-99. Of this appropriation, \$200,000 is a one-time only contribution, which will be replaced by the revenue from the Old Sacramento on-street paid parking program described in item 3 above. Details of the proposed new OSHD budget are shown as Exhibit A. Additionally, \$100,000 from the Parking Fund will be allocated annually for three years, with eventual pay-back.
5. Replace the current advisory Old Sacramento Management Board with a new 15-member Old Sacramento Board of Directors. Board Members would be appointed for two-year terms by the representatives of Old Sacramento stakeholder organizations (shown as Exhibit B).

As a complement to the above City actions, the Old Sacramento Living History Foundation would be established as a 501 c.3. non-profit charitable and educational corporation for the purposes of soliciting funding for expanding the historic interpretation programs.

The City of Sacramento will continue to provide support for current maintenance, enforcement activities and overall administration. Old Sacramento property owners and merchants will continue to contribute financially for maintenance, advertising and promotion activities through the Old Sacramento Maintenance Assessment District (\$73,000), the Old Sacramento Business Improvement Area (\$110,000) and the Downtown Sacramento Partnership for the Security Guides program (\$52,000).

#### **FINANCIAL CONSIDERATIONS:**

As shown on Exhibit A, this proposal would increase the 1998/99 Old Sacramento operating budget to \$900,291-- an increase of approximately \$91,000 from last year's actual expenditures. As shown in the Table below, the proposal would increase the current year operating expense budget by \$378,217. A reduction of \$31,000 in the Old

Sacramento revenue budget is also expected based on mid-year projections. Combined, the total impact on the current budget is an increase of \$409,217.

1998/99 Old Sacramento Budget Proposal

|                            | <u>Current</u>   | <u>Proposed</u>  | <u>Change</u>    |
|----------------------------|------------------|------------------|------------------|
| <b>General Fund</b>        |                  |                  |                  |
| Expenses                   | \$522,074        | \$900,921        | \$378,217        |
| Revenues                   | <u>\$203,000</u> | <u>\$172,000</u> | \$( 31,000)      |
| <b>Net Impact</b>          | <b>\$319,074</b> | <b>\$728,291</b> | <b>\$409,217</b> |
| <br><b>Funding Sources</b> |                  |                  |                  |
| Marina                     | \$ 2,783         | \$ 5,000         | \$ 2,217         |
| Parking                    | \$ 0             | \$100,000        | \$100,000        |
| Comm Center                | \$ 0             | \$ 67,000        | \$ 67,000        |
| General Fund               | <u>\$175,000</u> | <u>\$415,000</u> | <u>\$240,000</u> |
| <b>Total Funds</b>         | <b>\$177,783</b> | <b>\$587,000</b> | <b>\$409,217</b> |

The operating budget increase will be balanced by a combination of revenues and expense offsets. A General Fund augmentation totaling \$240,000 is being requested. Of that amount \$40,000 will provide support for maintenance of the new Old Sacramento Promenade and Visitor Boat Docks. The remaining \$200,000 is a one-time General Fund contribution for ongoing maintenance and enforcement programs. It is estimated that revenues generated in Old Sacramento from the proposed On-Street paid parking program will be sufficient to replace the \$200,000 General Fund support for FY 99/00 and beyond.

It is also proposed that the OSHD would receive an interest-free loan transfer from the Parking Fund of \$100,000 for each of three years beginning in FY 1998-99, and concluding in 2000-01. Loan repayment will begin in FY 2001-02. Using the Old Sacramento On-Street Parking revenues collected in 1999-00 as a base, repayment will be effected by dedicating those revenues which exceed the FY 1999-00 base, or first full year of on-street parking operation until the loan is fully repaid.

In addition, the Marina Fund will contribute to OSHD a total of \$5,000 for administrative management services from Old Sacramento—an increase of \$2,217 from the current budget. The Community Center Fund will contribute \$67,000, which is not a budget increase, but a redirection of funds from the Convention and Visitor's Bureau under the old agreement. Merchant support for maintenance, promotion and security will remain at FY 1997-98 levels. In order to permit Old Sacramento to grow, all future revenue generating leases should be dedicated to increasing the Old Sacramento budget to improve Historic District services.

**ENVIRONMENTAL CONSIDERATIONS:**

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

**POLICY CONSIDERATIONS:**

The recommended actions are consistent with the City's goal to create a thriving and historic visitor destination in Old Sacramento. They are also consistent with the City's goals of creating a financially stable and fiscally responsible organization, developing effective public-private partnerships, and promoting economic development.

**MBE/WBE:**

None.

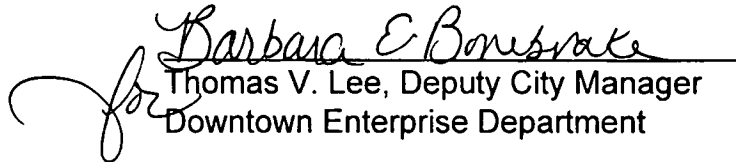
Respectfully submitted,



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Ed Astone, Old Town Manager  
Old Sacramento

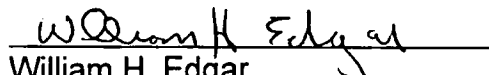
**APPROVED:**



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Thomas V. Lee, Deputy City Manager  
Downtown Enterprise Department

**RECOMMENDATION APPROVED:**



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William H. Edgar  
City Manager

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## EXHIBIT A

### 1997/98 OLD SACRAMENTO OPERATIONAL EXPENSES

|                                     | <b>Actual<br/>Expenditures<br/>FY 1997-98</b> | <b>Budgeted<br/>Expenditures<br/>FY 1998/99</b> |
|-------------------------------------|---|---|
| Management Administration           | \$241,778                                     | \$223,855                                       |
| Courtesy Docks/Waterfront Promenade | \$0   | \$ 54,090                                       |
| Maintenance and Enforcement         | \$461,645                                     | \$441,346                                       |
| Marketing and Promotion             | <u>\$106,267</u>                              | <u>\$181,000</u>                                |
| <b>TOTALS</b>                       | <b>\$809,690</b>                              | <b>\$900,291</b>                                |

\*Increase due primarily to dock/promenade maintenance and utility costs.



## **EXHIBIT B**

### **OLD SACRAMENTO BOARD OF DIRECTORS**

The fifteen Board members would be appointed for two-year terms by the following Old Sacramento stakeholder organizations:

- Old Sacramento Citizens and Merchants Association (3)
- Old Sacramento Property Owners Council (3)
- City of Sacramento (Council Member of District 1) (1)
- City of Sacramento, Division of History, Science and Technology (1)
- City of Sacramento, Downtown Department (1)
- Sacramento Trust for Historical Preservation (1)
- Discovery Museum (1)
- State Parks: OS State Historic Park (1)
- Downtown Partnership Inc. (1)
- Sacramento Convention and Visitor Bureau (1)
- Sacramento Hotel Association (1)

APPROVED  
BY THE CITY COUNCIL

FEB 23 1999

OFFICE OF THE  
CITY CLERK

RESOLUTION NO.

99-078

ADOPTED BY THE SACRAMENTO CITY COUNCIL

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

APPROVAL OF MANAGEMENT PLAN FOR OLD SACRAMENTO  
WATERFRONT AND AMENDMENT TO 1998/99 OPERATING BUDGET

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

1. The City Manager is authorized to negotiate an agreement between the City the Old Sacramento Management, Inc. to provide management and programming of the Old Sacramento Historic District; and
2. The City Manager is authorized to negotiate an agreement between the City and the Sacramento Convention and Visitors' Bureau (SCVB) to provide payroll services for Old Sacramento Management staff; and
3. The 1998/99 operating budgets for Old Sacramento, Sacramento Marina, Sacramento Convention Center and Off-Street Parking are amended by the following amounts:

|                    |                   |                    |
|--------------------|-------------------|--------------------|
| Old Sacramento     | 101-430-4360-4xxx | \$ 378,217         |
|                    | 101-430-4360-4376 | \$(100,000)        |
|                    | 101-430-4360-4380 | \$( 69,217)        |
|                    | 101-710-7012-4999 | \$(240,000)        |
|                    | 101-430-4360-3xxx | <u>\$( 31,000)</u> |
| Memo               | <u>\$ 0</u>       |                    |
| Sacramento Marina  | 417-710-7012-4999 | \$( 2,217)         |
|                    | 417-430-4370-4390 | \$ 2,217           |
| Off-Street Parking | 412-430-4461-4386 | \$ 100,000         |
|                    | 412-710-7012-4999 | \$(100,000)        |
| Convention Center  | 419-430-4321-4258 | \$( 67,000)        |
|                    | 419-430-4321-4390 | \$ 67,000)         |

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

4. The concept of an Old Sacramento on-street paid parking program to benefit Old Sacramento operations is approved.
5. The loan of \$100,000 annually for three years from the Parking Fund to the Old Sacramento Historic District is approved.
6. Old Sacramento land leases are dedicated to offsetting the Historic District services.

\_\_\_\_\_  
MAYOR

**ATTEST:**

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

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

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