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DEPARTMENT OF
CONVENTION, CULTURE
AND LEISURE

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July 30, 2004

City Council
Sacramento, California

Honorable Members in Session

SUBJECT: SACRAMENTO TRADITIONAL JAZZ SOCIETY UPDATE

LOCATION AND COUNCIL DISTRICT: City-wide

RECOMMENDATION:

This report is only for informational purposes and no action is required.

CONTACT PERSON: Gus Vina, Finance Director, 808-7138
Barbara E. Bonebrake, Director, 808-7733
Convention, Culture and Leisure Department

FOR COUNCIL MEETING OF: August 10, 2004

SUMMARY:

This report describes the current status of the Sacramento Traditional Jazz Society.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

In addition to the well known Jazz Jubilee, the Sacramento Traditional Jazz Society ("Society") also supports youth education programs (including the Traditional Jazz Camp for Young Musicians), various free public performances, and youth music

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scholarships. For almost three decades, the Society has been successful and was able to meet all of its obligations. However, over the course of the last several years, the Society's finances deteriorated and they found themselves facing a severe cash flow crisis and asked the City for a loan in order to ensure a successful 2004 Jazz Jubilee.

On October 9, 2003, the Mayor and City Council approved a loan to the Society of up to \$250,000. As part of the loan agreement, the Society agreed to develop a business plan, make changes to its Board of Directors, and incorporate improved operational procedures. The City Council requested, at its October 9th meeting, a report back following the 2004 Jazz Jubilee event to review the success of the operational changes.

Staff has assisted the Society with the development of their business plan. Further, the City now has an ex-officio member on the Society's Board of Directors, thus assuring a constant flow of information regarding the strategic issues facing the Society. Major points from the business plan include (1) Jubilee admission price increase of four percent, (2) Jubilee sponsorships, (3) improved Jubilee-operated bar operations, (4) Jubilee Boosters – a program for individuals and companies to make contributions directly to the Jubilee, (5) 19 percent reduction in performances, and, (6) identifying key decision making points early in the season to allow time to make operational changes, hence reducing possible financial difficulties.

Additionally, the Board attended a full day training session (the first in many years) that identified the strengths and weaknesses of the organization. Short-term goals were established, work was started on a strategic plan, and the board recognized that it needed to increase its role in the oversight of all fiscal operations.

The past four years of financial information for the Jazz Jubilee are summarized below:

	2001	2002	2003	2004
Jubilee Revenue	\$2,135,659	\$2,257,799	\$2,242,167	\$2,177,019
Jubilee Expense	\$1,733,371	\$2,073,766	\$2,061,940	\$1,703,231
Jubilee Net	\$402,288	\$184,033	\$180,227	\$473,788

Although revenue dropped approximately \$65,000 from the prior year, production costs were reduced by almost \$359,000. Initial analysis indicates that the revenue decrease may have been due to adverse publicity coupled with a drop in entertainment venues offered. However, the decrease of venues offered was planned (a result of the newly implemented business plan process) and the reduced revenue – along with the lower production costs - was anticipated. It is expected that revenues will increase slightly next year as potential customers overcome their initial anxiety of the adverse publicity and scheduled reduction of venues.

FINANCIAL CONSIDERATIONS:

Although the Mayor and City Council approved a loan of up to \$250,000, staff was also directed to seek loan partners. Thus, the Society borrowed \$120,000 from the City, \$60,000 from the Sacramento Convention and Visitors Bureau ("SCVB"), and approximately \$70,000 from Cal Expo.

The existing City loan with the Society is based on a Pool A interest rate and the Society is current on their payments. The Society is required to make two payments per year (May 1st and July 1st) over the five year term of the loan. The first two installments have been made, and the balance is now down to \$96,000. Further, the Society is current on the loans from both Cal Expo and SCVB.

ENVIRONMENTAL CONSIDERATIONS:

This report recommends no action that would constitute a project under the California Environmental Quality Act (CEQA), as defined by Section 15378 of the CEQA Guidelines.

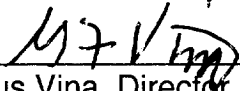
POLICY CONSIDERATIONS:

The loan to the Society was consistent with City Council goals to support events in the Sacramento area that bring financial, cultural, educational, and recreational benefits to the citizens of Sacramento and to this region. The Jazz Jubilee event provides economic stimulus to the Sacramento economy with over 10,000 room nights generated, which translates into Transient Occupancy Tax revenue, and a total economic impact of \$28 million in this region.

ESBD CONSIDERATIONS:


This report does not authorize the purchase of any goods or supplies. As such, Emerging and Small Business Development program guidelines are not applicable.

Respectfully submitted,



Gus Vina, Director
Finance Department

Respectfully submitted,



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

RECOMMENDATION APPROVED:



Robert P. Thomas, City Manager