



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2671  
www.CityofSacramento.org

Staff Report  
June 5, 2007

Honorable Mayor and  
Members of the City Council

**Title: Crocker Art Museum Expansion and Renovation Project (“Project”) (CF61)**

**Location/Council District:** 216 O Street, Council District 1

**Recommendation:** Adopt 1) a **Resolution:** a) approving the First Amendment to the Memorandum of Understanding (“MOU”) between the City and the Crocker Art Museum Association (“CAMA”); b) Approving the CAMA Capital Project Phase II Business Plan; and c) Authorizing the City Manager to negotiate the Community Reinvestment Capital Improvement Program (“CRCIP”) loan documents with CAMA for the financing of the Project; and d) authorizing the Finance Director to establish new funds as needed to implement the Crocker Expansion Project funding plan; 2) a **Resolution** authorizing the City Manager to execute a land lease with the State of California, Department of Transportation twenty-five (25) year term; 3) a **Resolution** authorizing the construction manager, Rudolph & Sletten, Inc. to solicit bids for the Project; and 4) a **Resolution** approving the naming of the new wing of the Crocker Art Museum expansion building (“Expansion Building”) the “Teel Family Pavilion”.

**Contact:** Gus Vina, Assistant City Manager, 808-5704; Lial Jones, Crocker Art Museum Director, 264-5423; Barbara Bonebrake, Convention, Culture & Leisure Director, 808-8225; and Cynthia Kranc, Facilities & Real Property Manager, 808-2258

**Presenters:** Barbara Bonebrake and Lial Jones

**Departments:** Convention, Culture & Leisure, Department of General Services

**Division:** Crocker Art Museum, Facilities & Real Property Management

**Organization No:** 4310

### **Description/Analysis:**

**Issue:** The City Council approved the MOU for the Project in December 2002. The MOU outlined the roles and responsibilities of the City and CAMA throughout the preconstruction and construction phases of the Project. The MOU stipulated that the City Council would approve a Business Plan and all financing arrangements for the Project before approving the Construction Contract and award.

As the Project nears the construction phase, financial arrangements for the Project also are nearing closure. This report recommends action items and presents informational updates related to Project financing and upcoming construction. Items for consideration by the City Council include the following: an amendment to the MOU; Phase II of the Business Plan; a lease for State-owned land that will provide parking for the Project; solicitation of bids for the Project; a status update on the Lot X sale; and the relocation plan for museum staff during construction.

Additionally, the capital campaign has been successful in receiving significant donations for the Project. Staff is recommending that the City Council name the Expansion Building the "Teel Family Pavilion, in accordance with the City's naming policy.

**Policy Considerations:** This project is consistent with the City Council's Strategic Planning – Strategic Budgeting policy adopted in 2006. The Crocker Art Museum expansion project supports the City's focus on Culture and Entertainment, Sustainability and Livability, and Economic Development. Additionally, the recommended actions are consistent with previous City Council actions and approvals for the Project, that are summarized in the Background Information included in Attachments 1-6 to this report.

The City Council adopted a policy for naming City facilities on November 27, 2001 (see Attachment 2). Naming the Expansion wing in recognition of a major project donor is consistent with this policy.

**Environmental Considerations:** The City Council certified the Environmental Impact Report, approved the Mitigation Monitoring Plan, and adopted the Findings of Fact and Statement of Overriding Considerations for the Project on October 25, 2005, through Resolution #2005-780.

**Rationale for Recommendation:** In preparation for authorization and commencement of the Project construction phase in Fall 2007, the following items are being provided for the City Council's review and/or approval:

First Amendment to the MOU: The purpose of the First Amendment ("First Amendment") to the MOU is to formalize the construction funding obligations and construction protocol between the City and CAMA. The CAMA Board approved the Amendment on May 24, 2007. (Exhibit A)

Business Plan: Phase II of the Business Plan provides an update on the project cost estimate, financing plan, a review of the Capital Campaign and pledge payment schedule, and CRCIP loan debt service schedule. Pages 56-62 of the Business Plan provide the current campaign performance information. (Exhibit B)

Project Construction Estimate: Design recommendations by Gwathmey Seigel & Associates, the approved Project architect, constructability reviews and value engineering by Rudolph & Sletten, Inc., the approved construction manager, have

provided a comprehensive analysis of the Project construction budget. The Project construction estimate is \$71.6 million, based on Project construction documents.

State of California Land Lease: As shown in the design approved by the City Council on October 25, 2005, 2nd Street will be relocated to the west. Parking, accessed from 2nd Street, will be provided on State owned land in the Interstate 5 Right of Way ("ROW"). This lease will allow for the development of 55 parking spaces to serve the Project and surrounding area.

Project Bidding: Rudolph & Sletten, Inc. will begin soliciting bids from prospective sub-contractors to facilitate the start of construction. The City will monitor the bidding process and review all subcontractor bids.

**Financial Considerations:** The estimated cost of the expansion project is \$71.6 million. Actual construction costs will not be available until after bids are received. The costs for bidding the construction project are included under CAMA's existing contract and with Rudolph & Sletten, Inc. Estimated Project funding includes:

CRCIP Grant Funding:	\$ 2.0 million
CA Proposition 40 Grant	\$ 2.0 million
Sacramento County CAMA Grant	\$ 2.5 million
SHRA Downtown Bond	\$ 8.0 million
SHRA Tax Increment (TI)	\$ 1.0 million
CRCIP Loan	\$12.0 million
CAMA Contribution (includes Lot X)	<u>\$44.1 million</u>
	\$71.6 million

In addition to the City's efforts related to the sale of Lot X, CAMA is involved in a major campaign effort which includes the naming of the expansion project in an effort to meet the current funding requirement of \$44.1 million (which include the proceeds from the sale of Lot X), by the time the construction phase commences in Fall 2007. In order to manage the Project funding plan, additional funds in the City's financial system may need to be established to account for the internal and external funding sources identified above. Detailed financial information related to construction and project funding is included in the MOU and the Business Plan. In Fall 2007, staff will return to Council with an update on the financial ability to fund the Project and to authorize commencement of the construction phase.

State of California Land Lease: The ground lease with the State of California for land in the Interstate-5 Right of Way will be funded by parking revenue. Annual rent for the first 5 years of the lease will be \$15,480; thereafter, rent will be adjusted every five years based on the Consumer Price Index. The revenue generated will offset the lease payments and maintenance costs. Approximately \$66,000 in annual revenue will be generated once the parking area is completely developed.

Update on the Sale of Lot X:

On October 17, 2006, the City Council approved the selection of Grubb & Ellis Company as the broker for the sale of Lot X. Prospects are being screened and pre-qualified by the broker, which expects to announce a call for offers during the month of June. Environmental issues potentially affecting the terms of sale are being delineated through Phase I and II investigative reports. Staff expects to return to the City Council during Summer 2007 for approval of the proposed terms of sale.

**Emerging Small Business Development (ESBD):** Rudolph & Sletten, Inc. will solicit bids from qualified ESBD firms.

Respectfully Submitted by: Barbara E Bonebrake for  
Lial Jones  
Director, Crocker Art Museum

Respectfully Submitted by: Reina Schwartz  
Cynthia Kranc  
Facilities Manager

Approved by: Barbara E Bonebrake  
Barbara E. Bonebrake  
Director, Convention, Culture and Leisure Department

Approved by: Reina J. Schwartz  
Reina J. Schwartz  
Director, Department of General Services

Approved by: Gus Vina  
Gus Vina  
Assistant City Manager

Recommendation Approved:

Ray Kerridge  
Ray Kerridge  
City Manager

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## Attachment 1

**BACKGROUND:**

In October 2000, CAMA presented a proposed process and timeline for a Master Plan development for the Crocker Art Museum to the City Council. Since that time, the City and CAMA have been working together on the preconstruction phases of the Crocker Art Museum Expansion and Renovation Project. The following milestones support the financial-actions requested in this report.

**First Amendment, Phase I Business Plan, Loan Documents:**

- The City Council approved a Memorandum of Understanding (the "MOU") on December 3, 2002, (Resolution 2002-799) that outlined the roles and responsibilities of the City of Sacramento and the Crocker Art Museum Association ("CAMA") throughout the preconstruction and construction phases of the Project.
- On December 7, 2004, the City Council approved the Crocker Art Museum Expansion Project Business Plan, Phase I. (Resolution 2004-919)
- On April 18, 2006, City Council approved the final Tier I and Tier II Project list and bridge financing.
- On May 23, 2006, City Council authorized the issuance of approximately \$150 million in 2006 Capital Improvement Revenue Bonds (CIRBs), to fund the Tier I Community Reinvestment Capital Improvement Program projects which included a \$12 million loan to CAMA for the Crocker Art Museum Expansion and Renovation Project (Resolution 2006-367).

**Lease with State of California and Bidding:**

- On December 3, 2002, the City Council authorized CAMA to release an RFQ/P for the selection of a Construction Manager/General Contractor (CM/GC) for the Project (Resolution 2002-799). A panel comprised of CAMA and City representatives unanimously selected Rudolph & Sletten, Inc. as the Construction Manager for the Project through a competitive, qualification-based selection process.
- On March 11, 2003, the City Council adopted Resolution No. 2003-117, suspending competitive bidding for the construction of the Project pursuant to section 3.60.170D of the Sacramento City Code, which allows competitive bidding to be suspended if the City Council determines, on a 2/3 vote, that it is in the best interests of the City to do so.
- On October 25, 2005, the City Council approved the design of the Project, including the realignment of 2nd Street and parking in the Interstate 5 Right of Way (Resolution 2005-781).

- On December 6, 2005, the City Council approved the vacation and realignment of 2nd Street (Resolution 2005-876).
- On March 20, 2007, the City Council authorized CAMA to execute an agreement with Rudolph & Sletten, Inc. for construction management services. (Resolution 2007-162).
- On May 29, 2007, City Council awarded a construction contract to Rudolph & Sletten, Inc. in an amount not to exceed \$2.5 million, for the off-site and site improvements for the Project, in anticipation of the Project construction in Fall 2007. The scope of work includes the relocation of 2nd Street and the development of the Interstate-5 Right of Way owned by the State of California.

### **111 Bercut Drive**

- On May 22, 2007, the City Council approved the Downtown Space Plan, in which 111 Bercut Drive was included.
- Due to the demolition of the Herold Wing that will occur at the start of Project construction, approximately 38 Crocker staff will be relocated to this location and will remain for the duration of the construction of the Project, approximately 2-3 years.
- Upon completion of the expansion project the Crocker staff will be relocated from 111 Bercut Drive back to the Crocker Art Museum.
- Staff will report back to the City Council on the future use of 111 Bercut Drive as the entire Downtown Space Plan evolves.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF SACRAMENTO ADOPTING THE FOLLOWING  
POLICY FOR NAMING CITY FACILITIES**

Whereas, the City of Sacramento wishes to establish a consistent process to name new City facilities; and

Whereas, the City Council wishes to establish an open and deliberate community process for naming city facilities; and

Whereas, the following policy incorporates the goals of the City Council and the community for selecting and approving the naming of City facilities;

**NOW, THEREFORE BE IT RESOLVED** that the Council of the City Sacramento adopts the following Policy for Naming City Facilities:

**CITY OF SACRAMENTO FACILITY NAMING POLICY**

**PURPOSE:**

This policy establishes the City of Sacramento's procedures for naming city facilities including buildings, centers, parks, parkways and open space, and portions thereof as appropriate.

**POLICY NAMING PRINCIPLES:**

Facilities may be named for:

- A distinct geographic, environmental or developmental feature
- A neighborhood, community or access street

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: 2001-779  
DATE ADOPTED: NOV 27 2001

- A name of historical significance to the facility
- A reflection of the ethnic diversity of the community
- A community or civic group who has gained significant stature in the City
- An individual or family who has contributed significantly to the community or the facility:
  - Posthumously (at least one year since date of passing);
  - Living if they contribute substantially to the community or facility;
  - Background investigation will be conducted to ensure character of the individual or family;
  - Priority will be given to a deserving local individual or family.
- Re-naming of City facilities and parks is strongly discouraged.
- Parks should be named as soon after acquisition as possible to avoid the use of a temporary designation, which may become difficult to discontinue. Parks located adjacent to schools may be given the same name as the school particularly in joint use situations. City staff will develop a potential list of historic, Native American, topographical, and native flora and fauna names particularly useful for park naming to be considered by staff, City Councilmembers and the Citizens Advisory Committee for Parks and Recreation when reviewing future park names.

**Special Circumstances:**

- Naming opportunities may include specific, exhibits, significant park features (such as fountains, ball fields, playgrounds, etc.) to encourage private donations and shall be done with approval from the appropriate department, board, Committee, or commission and council member whose district the special feature is located.

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: 2001-779

DATE ADOPTED: NOV 27 2001

- Staff conference rooms within existing facilities may be named by the respective department provided the "Policy Naming Principles" are followed by the department.
- This policy may be suspended by the City Council to reflect a special circumstance, need or opportunity (e.g., naming rights to a regional facility, complex or major community wide facility).

**Naming Policy Procedure (excluding special circumstances):**

- Naming recommendations come from the community or City Council members;
- Preliminary review of the proposed name is accomplished by the appropriate department for consistency with the principles set forth in this policy;
- City department advises the Council member whose district the facility is located in and the City Manager's Office/Cabinet about the proposed naming;
- Proposed naming is reviewed by the related board, commission, and/or committee and Neighborhood Services Department Area Leadership Group. The Neighborhood Services Department Area where the facility is located will notify the community in advance of the proposed naming for their review and discussion at a NSD Leadership Group meeting.
- Appropriate City boards, commissions and/or committees approve the naming for their particular facility taking into consideration any recommendations from the Neighborhood Services Department Area Leadership Group or other advisory groups.
- The proposed naming recommendation is forwarded to an ad-hoc committee of the City for approval appointed by the Mayor as appropriate.
- Final naming proposal is presented by the appropriate department to the City Council for approval.

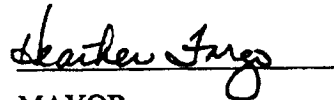
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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: 2001-779  
 DATE ADOPTED: NOV 27 2001

- The decision of the City Council is final and is implemented by the adoption of a resolution permanently naming the facility.
- Upon the adoption of the name, a plaque is installed at the facility to explain the significance of the naming (e.g., contributions to the community, donation of funds, historical record, etc.)

  
MAYOR

Attest:

  
CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-779  
DATE ADOPTED: NOV 27 2001

Attachment 3  
**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**June 5, 2007**

**AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SACRAMENTO AND THE CROCKER ART MUSEUM ASSOCIATION, APPROVING THE CROCKER ART MUSEUM ASSOCIATION CAPITAL PROJECT PHASE II BUSINESS PLAN, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE LOAN DOCUMENTS FOR THE REPAYMENT OF THE COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM LOAN FOR CROCKER ART MUSEUM EXPANSION AND RENOVATION PROJECT (CF61)**

**BACKGROUND**

- A. The City Council approved a Memorandum of Understanding (the "MOU") on December 3, 2002, (Resolution 2002-799) that outlined the roles and responsibilities of the City of Sacramento and the Crocker Art Museum Association ("CAMA") throughout the preconstruction and construction phases of the Project.
- B. The MOU has served to guide both the City and CAMA throughout the preconstruction phase of the Project.
- C. As the Project nears the construction phase, the First Amendment to the MOU, attached as Exhibit A, will provide the City and CAMA with additional guidelines for construction funding and construction protocol.
- D. On December 7, 2004, the City Council approved the Crocker Art Museum Expansion Project Business Plan, Phase I (Resolution No. 2004-919) and recognized increased annual General Fund costs. The Business Plan included a General Fund cost increase of approximately \$800,000.
- E. CAMA updated the City Council on the status of the Business Plan: Capital Project Phase II, on October 25, 2005.
- F. On May 23, 2006, City Council authorized the issuance of approximately \$150 million in 2006 Capital Improvement Revenue Bonds, to fund the Tier I Community Reinvestment Capital Improvement Program ("CRCIP") projects which included a \$12 million loan to CAMA for the Crocker Art Museum Expansion and Renovation Project (Resolution 2006-367).
- G. The City and CAMA will enter into loan and security agreements to facilitate the repayment of the CRCIP loan.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The City Manager is authorized to execute the First Amendment to City Agreement Number 2002-215, the Memorandum of Understanding between the City of Sacramento and the Crocker Art Museum Association for the Crocker Art Museum Expansion and Renovation Project (CF61). (Exhibit A)
- Section 2. The Crocker Art Museum Association Capital Project Phase II Business Plan for the Crocker Art Museum Expansion Project is approved. (Exhibit B)
- Section 3. The City Manager is authorized to negotiate loan documents with CAMA related to the loan of \$12 million in Community Reinvestment Capital Improvement Program proceeds to CAMA for the construction of the Crocker Art Museum Expansion and Renovation Project.
- Section 4. The Finance Director is authorized to establish new funds as needed to implement the Crocker Expansion Project funding plan.

Exhibits:

- A First Amendment to the Memorandum of Understanding
- B CAMA Capital Project Business Plan Phase II

**FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF SACRAMENTO  
AND THE CROCKER ART MUSEUM ASSOCIATION**

This First Amendment ("First Amendment") to the Memorandum of Understanding, City Agreement Number 2002-215, dated December 3, 2002 ("MOU") between the City of Sacramento ("City") and Crocker Art Museum Association ("CAMA"), a nonprofit organization is made as of \_\_\_\_\_, 2007.

**RECITALS**

- A. City and CAMA entered into the MOU wherein City and CAMA set forth their respective roles and responsibilities regarding the Crocker Art Museum Renovation and Expansion Project (the "Project").
- B. On April 18, 2006, the Mayor and City Council approved the final Tier I and Tier II projects lists for implementation under the Community Reinvestment Capital Improvement Program (the "CRCIP"). The Project was included as a Tier I project.
- C. On April 18, 2006, in conjunction with the Project's designation as a Tier 1 project under the CRCIP, the Mayor and City Council approved a detailed funding plan (the "Plan") for the Project.
- D. The Plan includes a \$12 million loan provided through the CRCIP (the "CRCIP Loan") from the City to CAMA to help fund the construction of the Project.
- E. The Plan includes the sale and/or development of those parcels identified as Assessor Parcel Number 006-0135-030, owned by the Redevelopment Agency of the City (the "Agency"), and Numbers 006-0135-028 and 006-0135-029, owned by the City (collectively referred to herein as "Lot X"), for the benefit of the Project. The Plan further designates the proceeds of the sale of Lot X as a funding source for the Project.
- F. On August 15, 2006, the City and Agency adopted Resolution Numbers 2006-607 and 2006-045, respectively, wherein Lot X was declared a surplus property and available for disposal.
- G. On October 17, 2006, the City adopted Resolution Number 2006-766, wherein the City approved an Exclusive Authorization of Sale Agreement (the "Agreement") with Grubb & Ellis Company ("Broker"). The Agreement appoints Broker as the City's exclusive agent to market Lot X on behalf of the City for a six-month period, ending April 17, 2007. This agreement has been extended for an additional three-month period, ending July 31, 2007.
- H. Pursuant to the MOU, CAMA agreed to execute in its name all agreements for the design and pre-construction phases of the Project, subject to City approval.

These agreements include (1) the "Agreement Between Owner and Architect" (the "Gwathmey Siegel Agreement") between CAMA and Gwathmey Siegel & Associates Architects, LLC, that the City Council authorized CAMA to execute on February 3, 2004 through the adoption of Resolution number 2004-078, and (2) the "Standard Form of Agreement Between Owner and Construction Manager" between CAMA and Rudolph and Sletten, Inc., ("Construction Manager") that the City Council authorized CAMA to execute on March 20, 2007 through the adoption of Resolution number 2007-162. The latter agreement, including any amendments approved by the City, CAMA, and the Construction Manager, is hereinafter referred to as the "Construction Contract".

- I. Pursuant to the MOU, CAMA and City also agreed that after the City and CAMA had approved all necessary funding arrangements for the Project, the City Council would consider whether to approve a written amendment to the Construction Contract to add the construction phase of the Project. Such amendment would authorize commencement of the Project construction phase and would designate the City as the Project "Owner" under the Construction Contract during the construction phase of the Project.
- J. In order to meet the expectations regarding the Project, the City and CAMA desire to enter into this First Amendment to further define their respective roles and responsibilities.

**NOW, THEREFORE,** City and CAMA amend the MOU as follows:

1. Section 18 is added to the MOU to read as follows:

"18. Funding for Project Construction Phase.

- A. Project Funding. Sources of funding for the construction phase of the Project ("Construction") shall be according to the Plan, attached hereto as Exhibit A and incorporated herein, including any amendments to the Plan approved by the City and CAMA. The funding sources identified in the Plan shall be used to pay for Construction in the order in which they appear in the Plan.
- B. Project Budget. The proposed budget for the Project is attached as Exhibit B and incorporated herein, including any amendments to the Project Budget approved by the City and CAMA ("the Project Budget"). The Project Budget reflects the City's current estimate of all Construction costs and expenditures and represents the parties understanding of the totality of all anticipated Construction costs and Project expenditures.
- C. Meet and Confer Requirements. City and CAMA shall promptly meet and confer in good faith for the purpose of amending the Plan, Project Budget and MOU if:
  - 1) The Guaranteed Maximum Price ("GMP") under the proposed amendment to the Construction Contract is at least five percent (5%) greater or less than the total Estimated Construction Cost ("ECC") stated in the Project Budget; or 2) The

net proceeds from the sale of Lot X (see section 20, below) are at least five percent (5%) greater or less than \$20 million; or 3) Seventy-five percent (75%) of the contingency funding identified in the Project Budget has been depleted; 4) Actual City management and staff labor costs are at least five percent (5%) greater or less than the City Project Management and Staff Labor Costs identified in the Project Budget; or 5) any other event occurs that materially effects the Project.

- D. Construction Account. CAMA shall select a financial institution approved by the City Treasurer's Office. The Treasurer's Office will establish an interest-bearing trust account (the "Account") at this institution for the deposit and maintenance of CAMA funds to be used for Construction. The Account shall be in the name of the City, but shall expressly provide that it is held in trust for the benefit of the Project and shall be used by the City exclusively for completion of the Project. It is agreed that the City shall have the right to authorize disbursements from the Account and that the Account shall be segregated from the City's general funds. The interest earned on the Account shall be for the sole benefit of the Project. In no event shall the City use the earned interest or the funds in the Account for any purpose unrelated to the Project.
- E. City Accounting. The City shall provide an Account reconciliation to CAMA's Project manager on a monthly basis, commencing in the month following creation of the Account and ending when final payment is made to the Construction Manager under the Construction Contract and all other claims related to the Project have been resolved. Within 30 days after final payment to the Construction Manager and after the resolution of all claims, the City shall direct that all amounts remaining in the Account be distributed to CAMA.
- F. Construction Funding Obligations.
- 1) CAMA. CAMA shall deposit \$12.5 million into the Account within 10 days after the City Council and the CAMA board approves this First Amendment. CAMA shall deposit an additional \$14.1 million into the Account no later than September 14, 2007. These funding obligations may not be satisfied through the use of any of the CRCIP Loan proceeds.
  - 2) City. The City's funding obligations are stated in the Plan. The City shall separately maintain these funds in a City account. The City shall provide an accounting of these funds to CAMA's Project Manager on a monthly basis.
- G. Use and Management of Account. City and CAMA agree that funds maintained in the Account shall be used solely for the purpose of funding Construction and to satisfy CAMA's funding obligations under the Plan. City shall have the sole authority to make all disbursements of funds from the Account, subject to the provisions in section 21 below."

2. Section 19 is added to the MOU to read as follows:

Crocker Art Museum Expansion Project  
First Amendment to MOU

“19. CRCIP Loan.

- A. Proceeds. The City shall provide CAMA with a \$12 million CRCIP Loan to fund the Construction. The CRCIP loan proceeds shall be maintained by the City in a City account and used to fund the Project in the order in which the CRCIP Loan appears in the Plan.
- B. CRCIP Loan Documents. CAMA shall enter into customary loan documents with the City in a form approved by the Office of the City Attorney for the repayment of the CRCIP loan obligation memorialized in the Repayment Schedule, attached hereto as Exhibit C. The customary loan documents will include a security agreement in which CAMA capital campaign pledges will constitute security under the agreement. The loan documents shall be executed by the City and CAMA before City Council approves the amendment to the Construction Contract, adding the Construction Phase of the Project.
- C. CRCIP Loan Repayment. CAMA shall repay the City according to the terms of the loan documents. The City shall maintain an accurate accounting of the CRCIP Loan, including the outstanding balance, interest accrued, and payments made, and shall provide CAMA with a copy of this accounting within 30 days of each payment. Interest earned on the \$12 million CRCIP bond proceeds shall operate as a credit against the Crocker CRCIP loan debt service. In the event CAMA fails to make payment(s) as required by the Repayment Schedule, the City may withhold operating funds allocated under the Crocker Trust or as otherwise allocated by the City until such delinquent amounts are paid, and/or take any other actions the City deems appropriate.
1. Reserve. CAMA shall maintain a cash reserve in the Account in an amount equal to an average of two (2) bi-annual payments under the Repayment Schedule at all times during of the term of the CRCIP Loan, excluding the last year thereof. CAMA shall establish this reserve by depositing fifty percent (50%) of cash-converted capital campaign pledges into the Account as they are received until the required cash reserve balance is achieved.
  2. Pledge Reporting. CAMA shall submit a monthly capital campaign schedule to the City until the CRCIP Loan is repaid. The schedule shall include pledges received, pledges converted into cash, past due pledges, and a projection of pledges to be received.
- D. Remaining CRCIP Loan Draws. If, upon final payment to the Construction Manager under the Construction Contract and after resolution of all other claims related to the Project, CAMA has not drawn the full amount of the CRCIP loan, any remaining balance shall be transferred to CAMA for the purchase of Project furniture, fixtures or equipment.

E. Prohibited Indebtedness or Guaranties, Reporting Requirements.

- 1) Prior to the date City Council approves the amendment of the Construction Contract to add the Construction Phase of the Project, CAMA shall provide evidence acceptable to the City: 1) that it does not have any outstanding accounts payable for services rendered under the design and pre-construction phases of the Project; and 2) of the estimated remaining financial obligations by CAMA under the design and pre-construction phases of the Project.
  - 2) CAMA shall not incur the following obligations or indebtedness's secured by the campaign pledges used to secure the CRCIP Loan without the prior written approval of the City: a) line of credit acquisitions or increases or any line of credit secured by any capital campaign pledges; b) security agreements or other encumbrances secured by any capital campaign pledges; c) assignments secured by any capital campaign pledges; or d) loans secured by any capital campaign pledges. CAMA shall not guarantee the payment of indebtedness of any other person or entity, which guarantee is secured by any capital campaign pledges without the prior written consent of the City. These prohibitions shall remain in effect until all of CAMA's obligations under this MOU have been satisfied, including repayment of the CRCIP Loan indebtedness memorialized in the Repayment Schedule.”
3. Section 20 is added to the MOU to read as follows:

“20. Lot X.

- A. Sale Proceeds. City shall, pursuant to the Plan and resolutions passed by the City and Agency, make a good faith effort to sell Lot X at fair market value for the benefit of the Project. If the City sells Lot X, the net proceeds of such sale shall be maintained by the City and used to fund a portion of the Construction. Any interest earnings on the net proceeds shall be maintained by the City and shall accrue and be used for the benefit of the Project.
- B. City Responsibility. City agrees it shall fully defend and indemnify and hold harmless CAMA, its officers, directors, and employees, and each and every one of them from and against any and all actions, damages, liability, and claims of any type arising from the sale of Lot X by City.

4. Section 21 of the MOU is added to read as follows:

“21. Construction Protocol.

- A. Project Owner. The City is the “Owner” of the Construction Project and as such, will have the sole power and authority to communicate with the Construction Manager, make all decisions regarding the construction phase of the Project, and all decisions arising from or related to the Construction Contract, subject to the

provisions in section 21.C below and as expressly provided in the Construction Contract.

- B. City Reporting Requirements. City representatives shall meet with the Museum Director and CAMA's Project Manager on a regular basis to discuss contract administration matters, such as: subcontractor selection, change orders and construction change directives, approval of payment applications, review and approval of the schedule and any changes thereto, submittals, rejection of work, review of the project for substantial and final completion, creation and satisfaction of punch lists, and direction on Architect's interpretations.
- C. CAMA Authorization of Contract Change Orders to Construction Project.
1. The City shall confer with the Museum Director and CAMA's Project Manager in good faith prior to its approval of any Construction Contract change orders of \$25,000 or more, regardless of source of funding ("Change Orders"). Change Orders of \$25,000 or more shall require CAMA's approval as follows: The Museum Director and/or the CAMA Project Manager are authorized to approve Change Orders valued between \$25,000 and \$100,000; CAMA's Building's and Grounds Committee is authorized to approve Change Orders more than \$100,000 and less than \$250,000; and the approval of CAMA's Board of Directors shall be required for all Change Orders of \$250,000 or more.
  2. CAMA shall designate from time to time a single representative ("Representative") who will be responsible for the receipt of City requests for approval of proposed Change Orders and for responding to all such requests. CAMA shall provide the name and contact information for the Representative prior to the date of commencement of Project Construction and CAMA shall notify the City any time CAMA designates a new Representative. CAMA agrees that the City has the right to rely on the representations made by CAMA's Representative.
  3. CAMA's Representative shall have the following periods of time in which to either convey CAMA approval of a proposed Change Order or present an alternative proposal to the City: a) Change Orders valued between \$25,000 and \$100,000 - 48 hours; b) Change Orders more than \$100,000 and less than \$250,000 - 14 days; and c) Change Orders of \$250,000 or more - 30 days. If the City determines, in its reasonable judgment, that the progress of work under the construction schedule would be delayed and/or additional costs would be incurred as a result of the review periods described in clauses (b) or (c) above, the City may require that CAMA respond to any proposed Change Order in a shorter period of time. If CAMA's Representative fails to approve a proposed Change Order or present an alternative proposal within the time limits prescribed herein, the Change Order shall be deemed approved.

4. Notwithstanding the requirements for approval of Change Orders as set forth in this Section 21, the City may direct or approve changes to the work without CAMA's prior approval when, in the reasonable judgment of the City, exigent circumstances require immediate action on any such change. In such event, the City shall promptly notify CAMA's Representative of such action, which notice shall include supporting documentation in reasonable detail for such action.
5. Where CAMA presents an alternative proposal to the City, it shall be accepted by the City, subject to the following conditions: a) The City received the alternative proposal from CAMA's Representative within the time limits prescribed in subsection C.3; b) The proposed alternative is feasible in the judgment of the City and the Construction Manager; and c) If the cost of the alternative proposal exceeds the cost of the City's proposal, CAMA shall deposit the difference in cost into the Account prior to the City's approval of any Change Orders related to the alternative proposal.
6. The terms of the Construction Contract shall control over any conflicting provisions of this section.

D. CAMA shall assign the Construction Phase (a partial assignment) of the Gwathmey Siegel Agreement to the City within five (5) business days after CAMA receives written notice that the City has approved the Construction Phase amendment.

5. Section 4.K is added to the MOU to read as follows:

"K. CAMA agrees that it shall be responsible for any and all costs associated with the acquisition and installation of Project furniture, fixtures and equipment that are not included within the scope of services provided under the Construction Contract."

6. Section 4.A of the MOU is amended to read as follows:

"A. CAMA shall submit Phase I and Phase II Business Plans for review and approval by the City Council. The Plans will contain an Operating Budget and a Capital Improvement Budget. The Operating Budget will project operating revenues and expenses for the three-year period commencing on the opening of the Expansion. The Capital Improvement Budget will project Expansion and Renovation costs and will provide a cash flow analysis demonstrating that sufficient funds will be available to complete the Project as designed. The Business Plans will discuss the efficacy of campaign pledges, enterprise opportunities to help offset new operating cost and other aspects normally identified in a Business Plans. The Business Plans must be approved by the City Council before construction of the Project is authorized to proceed. As of the date of this First Amendment, City Council has already approved the Phase I Business Plan. CAMA shall submit the Phase II Business Plan to the City Council for approval no later than \_\_\_\_\_.

7. Section 1 of the MOU is amended to read as follows:

Definitions. As used in this MOU: "Expansion" shall refer to the new addition, replacement of the Herold Wing, and the connections to the Gallery Building. "Renovation" shall refer to improvements to the Gallery and Mansion buildings, including structural, mechanical and electrical improvements, and "Project" shall mean the Museum Expansion and the Renovation together."

Except as amended herein, the terms and provisions of the MOU shall remain in full force and effect, provided that in the event of any inconsistencies between this First Amendment and the MOU, the provisions of this First Amendment shall prevail.

**CITY OF SACRAMENTO**

**CROCKER ART MUSEUM ASSOCIATION**

By \_\_\_\_\_  
Ray Kerridge, City Manager

By \_\_\_\_\_  
Tom Weborg, President

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy City Attorney

**Crocker Expansion Project Funding Plan**

Community Reinvestment Capital Improvement Program (CRCIP)	2,000,000
State of California Proposition 40 Grant	2,000,000
Sacramento County Grant	2,500,000
Sacramento Housing & Redevelopment Agency Downtown Bond	8,000,000
Sacramento Housing & Redevelopment Agency Tax Increment (TI)	1,000,000
City of Sacramento CRCIP Bridge Loan	12,000,000
CAMA Available Cash (June 2007)	10,000,000
<b>Total Available as of June 2007:</b>	<b>37,500,000</b>
	<hr/> <hr/>
Additional Cash required by 9/07 (includes Lot X proceeds)	34,105,418
<b>Total Project Funding:</b>	<b>71,605,418</b>
	<hr/> <hr/>

**Project Budget\***

Contract Award	\$61,252,410
Project Management\Construction Consultants	\$3,409,086
Outside Agency Fees	\$329,432
Project Contingency	\$5,420,915
City Permits/Fees	\$471,669
City Project Management & Staff Labor Costs	\$524,000
Project Management Contingency	\$197,906
<b>Total Estimated Project Budget:</b>	<b>\$71,605,418</b>

*\*Construction Estimates based on August 2006 data*

# EXHIBIT B

## CROCKER ART MUSEUM

### *Renovation and Expansion Project*

#### **BUSINESS PLAN PHASE II**

##### **EXECUTIVE SUMMARY**

The Crocker Art Museum has embarked upon an historic endeavor to expand the Museum. The new Museum will provide adequate space to serve the Sacramento region. The Museum's Co-Trustees selected the firm of Gwathmey Siegel & Associate Architects of New York to complete a Master Plan. The Master Plan, showing the need for tripling the size of the Museum, was accepted and shortly thereafter Gwathmey Siegel was commissioned to begin the architectural design work needed to make the Museum's expansion a reality.

Cost estimates, first completed at the close of the Master Plan phase and updated at the conclusion of each subsequent design phase; show the need to raise a minimum of \$85 million for construction. The Museum's Co-Trustees realized that a larger Museum would cost more to operate so a \$15 million endowment goal to help offset additional annual operating costs, was added to the construction goal creating the need for a minimum of a \$100 million capital campaign. The Museum commissioned a Campaign Feasibility Study which found that while unprecedented in the community, the campaign was feasible.

As of 5/1/07 the Museum's Capital Campaign leadership had raised \$72.80 million in binding commitments and an additional \$14.0 million in verbal commitments for a total of \$86.8 million. The Museum is well on the road to successfully completing the campaign, a multi-year process planned to continue through the Museum's opening to the public in early 2010, and will, most likely, surpass its goal.

As demonstrated on the following pages, the Crocker is a major asset to the Sacramento region and it has the financial wherewithal, to complete its capital expansion project and be a truly world-class art museum befitting its collections and the capital of the great state of California.

## **BACKGROUND**

On December 3, 2002, the City Council authorized the City Manager to execute a Memorandum of Understanding (MOU) with the Crocker Art Museum Association (CAMA) that set out the project roles, responsibilities and expectations of both the City and CAMA for the delivery of the renovated and expanded Crocker Art Museum.

Section 4 A. of the City/CAMA MOU requires the following:

A Business Plan will be provided by CAMA for review and approval by the City Council. The Plan will contain an Operating Budget and a Capital Improvement Budget. The Operating Budget will project operating revenues and expenses for the three-year period commencing on the opening of the Expansion. The Capital Improvement Budget will project Expansion and Renovation costs and will provide a cash flow analysis demonstrating that sufficient funds will be available to complete the Project as designed. The Business Plan will discuss the efficacy of campaign pledges, enterprise opportunities to help offset new operating costs and other aspects normally identified in a Business Plan. The Business Plan must be approved by the City Council before construction of the Project is authorized to proceed.

On December 7, 2004 the City Council approved Phase I of the Business Plan demonstrating the operating feasibility of the renovated and expanded Crocker Art Museum. That document, with this Phase II of the Business Plan setting forth the Capital Campaign Plan and Capital Improvement Budget, will constitute and fulfill that portion of the Memorandum of Understanding requiring preparation of a Business Plan before construction commences on the renovated and expanded Museum.

In January, 2006 the City Council undertook a workshop process to identify and prioritize a variety of funding needs across the City for the Community Reinvestment Capital Improvement Program.

On April 18, 2006 the City Council directed City staff to move forward to develop financing that will provide \$10 million from the Community Reinvestment Capital Improvement Program (\$8 million in Economic Development funds and \$2 million in citywide project). City Council also directed staff to move forward with financing that would provide a \$12 million loan for the Crocker Art Museum's expansion and renovation project and authorized the pursuit of development or sale of Lot X for the benefit of the Crocker Art Museum.

## THE CROCKER ART MUSEUM

- The Crocker Art Museum was given to the City of Sacramento by Margaret Crocker in 1885.
- The existing Museum facility consists of approximately 50,000 square feet. This includes the original gallery building given to the City of Sacramento in 1885, as well as the Crocker Mansion, the Herold Wing addition in 1969, and the Pavilion addition in 1989.
- The Mayor of the City of Sacramento and the Crocker Art Museum Association (CAMA) jointly operate the Museum, as Co-Trustees, pursuant to an 1885 Trust Agreement and amendments thereto. The agreement and amendments specify the responsibility of the City and CAMA. Among other things:
- The City... “is obligated to maintain the Art Museum and to keep the building, personal property and works of art contained therein in good condition and repair as well as to employ competent personnel to operate the Art Museum so that its objects of art may be visited, viewed, and enjoyed by the public.”
- The Crocker Art Museum Association is a 501 (c) (3) non-profit corporation. The CAMA Officers and Board of Directors, along with the Mayor of the City of Sacramento or her designee, meet nine to ten times annually as Co-Trustees to set policy, review financial statements, coordinate fund raising activities, develop capital projects, and develop and implement long-range and strategic plans.
- The Crocker Art Museum Foundation (CAMF) was established in the 1980s as a subsidiary of CAMA. The primary responsibility of CAMF is to raise and manage funds to provide a reasonably stable and predictable stream of income to CAMA. Today, the Crocker Art Museum portfolio is valued at approximately \$7,000,000.
- Under the terms of the 1992 Operating Agreement between the City of Sacramento and Crocker Art Museum Association regarding the E, B. Crocker Art Gallery (City Council Resolution No. 92 - 692) five parcels of land, in addition to the works of art acquired by the City for the Gallery, make up the “entire Gallery”. Those five parcels are described as follows:
  - Parcel One: The Block bounded by O, P, 2<sup>nd</sup> and 3<sup>rd</sup> Streets, including the abandoned Alley in said Block.
  - Parcel Two: The Block bounded by N, O, 2<sup>nd</sup> and 3<sup>rd</sup> Street.
  - Parcel Three: All that portion of the Block bounded by O, P, Front and 2<sup>nd</sup> Street, lying East of Interstate 5.

Parcel Four: All that portion of the Block bounded by N, O, front and 2<sup>nd</sup> Streets, lying East of Interstate 5, including the abandoned portion of N Street lying in said Block and lying Easterly of Interstate 5.

Parcel Five: All that portion of the Block bounded by Capitol Mall, N, 2<sup>nd</sup> and 3<sup>rd</sup> Streets lying Easterly of Interstate 5, including all that portion of the abandoned 2<sup>nd</sup> Street and the abandoned Alley in said Block lying Easterly of Interstate 5; EXCEPTING THEREFROM all that portion of the said Block lying Northeasterly of the following described line:

Beginning at a point distant 403.64 feet Southeastly, measured radially from the "B" line at Engineer's Station "B1" 542 + 84.35 of the Department of Public Works Survey on Road 03-Sac-5, Post Mile 21.7/34.7; thence from said point of beginning North 18 degrees 22' 54" East 15.55 feet; thence from a tangent that bears North 27 degrees 53' 44" West along a curve to the right with a radius of 218.00 feet through an angle of 23 degrees 27' 44", a length of 89.27 feet; thence North 04 degrees 26' 26" West 119.96 feet; thence curving to the left on an arc of 158.00 feet radius, through an angle of 33 degrees 57' 22", a length of 93.64 feet; thence North 29 degrees 31' 11" West 31.50 feet; thence curving to the left on an arc of 100.00 feet radius, through an angle of 19 degrees 17' 09", a length of 33.66 feet; thence South 85 degrees 18' West 24.10 feet to a point on the Easterly line of Interstate 5.

These parcels are referred to commonly as: Parcel One - Museum Block; Parcel Two - Crocker Park; Parcel Three - South Lot Y; Parcel Four - North Lot Y, and Parcel Five - Lot X. The real property transferred to the City by Margaret Crocker in 1885 is to be operated as the E. B. Crocker Art Gallery. With respect to the other real property owned by the City listed above, the terms of the 1992 agreement provide that these parcels are "for use in connection with the E.B. Crocker Art Gallery" and "are to be collectively operated as the Crocker Art Museum."

Another land parcel at 3<sup>rd</sup> Street and Capitol Mall (CalTrans ID # DD017881-01-02) was deemed excess lands by the State of California and was purchased by the City. That parcel has been assembled with the current Lot X to form a new, combined Lot X and developed or sold for the benefit of the Crocker Art Museum's expansion project. The costs of future operations, as outlined in Phase I of the Business Plan, will increase as the Museum's physical plant increases. The operating expense generally covered by the City's General Fund allocation, mostly security staff and utilities, is planned to increase by approximately \$800,000 in the first year of operations in the "New Museum."

## THE CROCKER OF TODAY

- The Crocker Art Museum, one of the City's crown jewels, is also a regional treasure.
- The Crocker was founded as the first public art museum in the West and continues as the leading art institution for the California Capital Region and the Central Valley.
- The original Crocker collection included approximately 2,200 pieces. Today the collection includes more than 14,000 works of art.
- The Crocker has one of the most impressive collections of historic California art in the world. It also houses an important and growing collection of contemporary California art, an exceptional collection of Master Drawings, a world-class collection of ceramics, and strong holdings of Indian and Persian Miniatures and Asian art.
- The Crocker is situated in a prime downtown location in a park setting.
- The Crocker represents one of the City's and the region's most successful public-private partnerships.
- As it exists today, the Crocker's facilities suffer from numerous deficiencies.
- A critical shortage of gallery space, which limits the size and number of exhibitions offered.
- Less than four percent of the Museum's collection can be viewed at any one time.
- No food service or café, which discourages tour groups.
- No auditorium or dedicated space for programs.
- Small and poorly located Museum Store.
- Awkward circulation through the galleries, which impacts the learning experience.
- Limited public access to the courtyard, the Museum's largest venue for events.
- Inadequate office space for volunteers and staff.
- Outdated heating, ventilation and air conditioning systems.
- Inadequate art and general storage facilities.
- Collection storage area that is below grade and within a flood zone placing a valuable city asset at risk.
- No loading dock or freight elevator.

## **THE CROCKER OF THE FUTURE**

- To address the deficiencies of today, the Museum underwent a comprehensive Master Planning process. The resulting Master Plan, completed by the internationally renowned architectural firm of Gwathmey Siegel & Associates Architects, addressed the Museum's current and future needs and has guided the overall renovation and expansion project.
- The Master Plan was guided by objectives established by the Museum's Co-Trustees as follows:
  - Increase the permanent collection on display by increasing the number, quality and variety of gallery spaces
  - Improve the physical relationship between the permanent collection galleries and the temporary exhibit spaces
  - Enhance the educational and programmatic spaces
  - Expand the collection and exhibition support spaces, and meet future administrative needs
  - Improve and increase access to different areas of the building
  - Develop space conducive to public events and income-related activities
  - Integrate the building with the site and provide appropriate spaces for art in the landscape
  - Add a loading dock and receiving facilities to accommodate major exhibitions
- The renovated and expanded Museum will result in a facility that more adequately meets the needs of the City and the region today and into the future.
- As compared to the existing Museum, specific enhancements resulting from the renovation and expansion project include the following:
  - Permanent collection gallery space is tripled, thereby permitting a larger percent of the Museum's permanent collection to be on display.
  - Special exhibition space is quadrupled, allowing the Museum to accommodate larger traveling exhibitions.
  - Dedicated space is provided for education programs, including studio art classrooms and an auditorium.
  - New facilities provide additional amenities, including a café, catering kitchen, and conference and meeting rooms.
  - Enhanced operational areas including art storage and exhibit preparation space, general storage facilities, and a loading dock.
  - Efficiencies resulting from consolidated facilities, additional and more adequate space, and reduction in the need to lease off-site facilities.
  - New revenue opportunities to support operations resulting from additional rental space, additional programs, increased usage, larger and more visible store, new café, etc.

- In addition to enhancing the Museum facility itself, the renovated and expanded Museum results in a variety of benefits to the City and the region, including the following:
  - The Museum will have the ability to attract and accommodate large “blockbuster” traveling exhibitions, generating more attendance.
  - The Museum will be a greatly expanded cultural center, providing additional visibility for exhibits, greater diversity of exhibits, and a new educational center for the community.
  - The Museum will represent an enhanced tourist attraction.
  - The Museum will provide an improved ability to host important regional and statewide events, both public and private.
  - The Museum will serve as an important asset for regional economic development.
  - The Museum will help improve quality of life in the region and attract employers and top level executives.

**PROJECT DELIVERABLES TO DATE**

The project to expand the existing Crocker Art Museum by approximately 100,000 square feet and to renovate the existing museum, has made significant progress since the City, in conjunction with CAMA, authorized funding for the preparation of the Master Plan and future preparation of the California Environmental Quality Act (CEQA) documents in 2001. Key milestones are noted below:

- On January 10, 2002, Council accepted the Crocker Art Museum Master Plan study (Resolution 2002-011) that outlined the need for a 100,000 square foot addition.
- On December 3, 2002, Council approved the MOU (City Agreement 2002-215, Resolution 2002-799) between the City and CAMA for the Crocker Art Museum Expansion and Renovation project.
- On March 11, 2003, Council approved an application to file for a State of California Historical and Cultural Resources Preservation, Opportunity Grant to be used for the project and established a Capital Improvement Project (CIP) (PN:CF61). In June 2003, the \$4 million grant was awarded.
- The conceptual design was initially reviewed by the Design Review and Preservation Board on February 19, 2003 and subsequently endorsed unanimously by Council on March 11, 2003.
- Following a comprehensive, competitive, qualification-based selection process involving both City and CAMA representatives, Rudolph & Sletten was selected to serve as Construction Manager/General Contractor for the project.

- On September 9, 2003, Council approved the allocation of \$2 million in SHRA tax increment funds (Fund 206) for the expansion project.
- On February 3, 2004, City Council authorized an agreement of \$2,502,103 with Gwathmey, Siegel & Associates (City Agreement 2004-078) for architectural services related to the project.
- On August 18, 2004, the Design Review and Preservation Board (DRPB) praised Gwathmey, Siegel & Associates for responding thoroughly and appropriately to previous DRPB Conceptual Design comments and unanimously supported the continuation of the project in its current form.
- On September 28, 2004, Council approved an application to file for another California Cultural and Historical Endowment grant in the amount of \$5 million and agreed to provide \$5 million in matching dollars.
- On November 4, 2004, Council endorsed the Schematic Design and authorized CAMA to proceed to the Design Development phase of the project.
- On November 18, 2004, CAMA approved Phase I of the Crocker Art Museum Business Plan.
- On December 7, 2004 Council approved Phase I of the Business Plan.
- On June 30, 2005 the design development specifications were delivered by Gwathmey Siegel.
- On October 24, 2005 Rudolph and Sletten delivered the design development cost estimate. The new estimate reflected the cost escalations experienced in today's economy and seen with projects of this scale around the world. After months of considerable value engineering the entire project costs were brought to approximately \$77.8 million.
- On December 8, 2005 Council granted approval to CAMA to commence project construction drawings.
- On February 15, 2006 the City's Design Review & Preservation Board held a hearing to review proposed architectural drawings, historic resources survey information, and a Staff Report related to the demolition and replacement of the Herold Wing.
- April 18, 2006 Council directed City staff to move forward with financing for the provision of \$10 million in bond support (see above), \$12 million in bridge financing, and the perusal of the sale and/or development of Lot X for the benefit of the Crocker Art Museum's expansion project.

- On June 6, 2006 the Design Review & Preservation Board provided final comments and recommendations in support of the Gwathmey Siegel design of the Crocker Art Museum expansion as well as demolition and replacement of the Herold Wing.
- On August 10, 2006 Rudolph and Sletten delivered the 50% construction drawing cost estimate. The new estimate reflected continued cost escalations. After more value engineering and final agreement with City staff on project deferrals and deletions the construction part of the project cost was brought to \$61,252,410.

### **PROJECT TIMELINE**

The Project timeline is attached as Appendix A, page 40.

Based on this timeline the “New Crocker” will open to the public in time for the Museum’s 125 Anniversary in early 2010.

### **PROJECT ESTIMATES**

#### Construction

Rudolph and Sletten’s 50% construction drawing cost estimate of August, 2006, totaled \$67,761,449. Design, escalation, and construction contingencies of \$5,420,915 bring the construction estimate to \$73,182,364. Bonds & Insurance costs for construction equal an additional \$1,212,903. This, plus the Maintenance and Repair of the current facility being done as part of “Prop 40” work (\$1,300,000), bring the total Construction costs to \$75,695,267. This number has been reduced by \$9,021,941; Value Engineering the project lowered costs by \$2,563,029 and Project Deferrals accounted for \$6,458,913; bringing the total construction costs for the project to \$66,673,325.

#### Fees, Permits and Other Expenses

The total for fees, permits and other expenses for the entire project is \$2,272,958 of which \$1,523,007 is for the construction period. This number includes \$164,000 in City labor costs and \$360,000 in City Project Management costs

#### Consultants

The total in consulting fees budgeted for the entire project is \$8,014,614. This includes the architect, the architect’s consultants, and the Museum’s consultants. Of this number \$4,605,528 has already been spent during the pre-construction phase of the project leaving a balance of \$3,409,086 allocated to the construction phase of the project.

The Architects consultants include:  
 Civil engineers, structural engineers, mechanical/plumbing/electrical, landscape architects, lighting designers, theatre/AV consultants, acoustic engineers, signage and graphic designers, security, food service equipment, elevator and code consultants.

The Museum's consultants include:  
 Project management, legal, geotechnical, land survey, traffic, and archaeological consultants. Note that the City has provided an ADA (Americans with Disabilities Act) consultant for accessibility/compliance issues.

**PROJECT TOTAL**

As can be seen in the following table, the total project cost for these items equals \$76,960,897. Of that total, the portion for construction, with contingencies, is \$71,605,418. All Pre-Construction costs for the project have been paid and do not impact the financing necessary for construction

<b>Expense</b>	<b>Pre-Construction</b>	<b>Construction</b>
Construction	\$ -0-	\$66,673,325
Fees, Permits and Other Expenses	\$ 749,951	\$ 1,523,007
Consultants	\$4,605,528	\$ 3,409,086
<b>Total</b>	<b>\$5,355,479</b>	<b>\$71,605,418</b>

**NOTE:** This budget does not include funding for Furniture, Fixtures and Equipment (FF&E), estimated to be about \$2,500,000. Nor does this total include capital campaign costs, relocation costs for museum staff and collections during the construction period, or marketing, exhibition, or other opening costs for the "New Museum."

**PROJECT DEFERRALS**

As outlined in the Project Phasing Section above, the following 12 items will be bid as add/alternatives and are assumed to be deferred to meet our current Project budget. Items 1 to 5 below are in priority order for funding if the bids come in below estimate or the Capital Campaign exceeds its goal.

Current items deferred and estimated Project savings amounts:

1. Storage shelving/system	\$ 67,272
2. Art storage rack system	\$ 322,057
3. Auditorium seating	\$ 188,063
4. Auditorium AV equipment	\$ 557,472
5. Café	\$ 422,021
6. Existing facility renovation	\$2,752,771 (some work is being partially done via Prop 40 grant)
7. 2 <sup>nd</sup> Street relocation north of O Street	\$ 503,739
8. Existing Courtyard landscaping	\$ 173,616
9. Existing Courtyard repair	\$ 392,463
10. Historic fence restoration	\$ 877,625
11. 3 <sup>rd</sup> Street signal/lane	\$ 92,912 (no longer a requirement)
12. GC overhead for above	\$ 108,903
Total	\$6,458,913

(Note: In addition to items 1 to 12 above, Crocker Park improvements and some maintenance of the existing facility have also been deferred. These items are considered nonessential to the Project at this time.)

### **CAPITAL CAMPAIGN**

#### **About The Campaign for Crocker Art Museum**

The Crocker's leadership has defined total fundraising needs of a minimum of \$100 million; \$85 million for planning and construction, and \$15 million to bolster the Museum's endowment. This effort amounts the largest cultural campaign ever conducted in the Sacramento region. In October 2003 the Museum retained Community Counseling Service, Co. LLC (CCS) to serve as on-site campaign counsel. CCS has designed and is implementing a fundraising plan that guides the Campaign Leadership Committee in securing lead gifts (gifts of \$250,000 and more over a five year pledge period) until the groundbreaking and 'public' phase of the capital campaign, scheduled for late 2007.

#### **CCS Involvement**

CCS was first retained to analyze the campaign and the development operations of the Museum. With the completion of feasibility and planning study, CCS was engaged to manage and direct the capital campaign. CCS's involvement followed the conclusion of a partnership between the Museum and a local development consultant.

### **Key Leadership**

The Campaign is being guided by the “**Crocker Core**” composed of: Campaign Co-Chairs, Mort and Marcy Friedman, CAMA Board President, Tom Weborg, Museum Director, Lial A. Jones, and CCS Fundraising staff.

The **Campaign Cabinet** was assembled in late 2004 and advised upon the planning process of the silent phase of the capital campaign. The Cabinet consists of thirteen well-regarded and noteworthy Sacramento community leaders. The group continues to meet on an as needed basis.

The **Major Gift Access Committee** was assembled in September 2004 in an effort to further broaden the front of leadership. Members of this committee are charged with opening doors and engaging community leaders and/or top prospective donors particularly through informational briefings.

The **Patron Gift Committee** was established in late 2006 to continue identification of and outreach to potential donors at all giving levels.

### **CAMPAIGN RATIONALE**

Despite its many successes, the Crocker Art Museum experiences limitations presented by the physical facility. The Museum struggles to keep up with the demands of a large and diverse population in one of the nation’s fastest-growing urban markets. After much planning and consultation the Board of Directors of the Crocker Art Museum Association appointed a Crocker Architectural Selection Committee to conduct a worldwide search to identify a lead architect to develop a Master Plan to address current needs as well as guide building decisions over the next 15 to 20 years. In October 2000, after a thorough and exhaustive search, the internationally renowned architectural firm of Gwathmey, Siegel & Associates was selected for the challenge.

### **VISION**

The approved conceptual Master Plan is sensitive to the existing structures while enabling the Museum to create an art complex that will accommodate future growth and change, complement its surroundings, and be an integral part of Sacramento’s cultural and economic life.

The Expansion will triple the size of the museum and address the following CAMA defined objectives:

- Increase the permanent collection on display, by increasing the number, quality, and variety of gallery spaces

- Enhance the educational and programmatic spaces
- Expand the collection and exhibition support spaces, and meet future administrative needs
- Provide added and enhanced space conducive to public events, visitor amenities, and earned income related activities
- Add a loading dock, freight elevator, and receiving facilities to accommodate major traveling exhibitions
- Enhance Sacramento as a destination city while serving as a gathering place for cultural, social and intellectual exchange

### **FUNDRAISING GOAL**

The capital campaign to expand the Crocker Art Museum amounts to the largest cultural campaign ever conducted in Sacramento. The total need has been defined as a minimum of \$100 million, \$85 million for construction and related costs and \$15 million to increase the Museum's endowment.

Already, unprecedented and inspirational financial support has been secured. As of April 30, 2007 donors had committed over \$72 million dollars to the project. The Campaign Leadership continues its efforts to secure 'major' pledge commitments of \$250,000 and above and is beginning the process of laying strategy for the public phase of the campaign to ensure broad community participation at lower gift levels.

### **ESSENTIAL PRINCIPLES OF FUNDRAISING**

Every successful fundraising campaign has at its core four main fundraising principles. These principles are the building blocks upon which a campaign is built. The principles are as follows:

#### **1. COMPELLING CASE FOR SUPPORT**

The Case Statement is the rationale for raising funds. It provides the story behind the campaign and gives a chronological progression to the steps that are taken to begin a campaign. It also provides the justification for the request of funds from donors. The Crocker Art Museum's vision to expand was well received by 76% of those interviewed in the campaign planning study.

## 2. STRONG LEADERSHIP

The “Crocker Core” guides the campaign and includes: Campaign Co-Chairs, Mort and Marcy Friedman; CAMA Board President, Tom Weborg; Museum Director, Lial A. Jones; and Campaign Directors, Peter Hoskow and Bridget Keane, from Community Counseling Service (CCS Fundraising).

Assembled in 2003/04, the Campaign Cabinet advised about the planning process of the silent phase of the capital campaign. The Cabinet consists of 13 well-regarded and noteworthy Sacramento community leaders. The group continues to meet on an as needed basis.

The Major Gift Access Committee was assembled in September 2004 in an effort to further broaden the front of leadership. Members of this committee are charged with opening doors and engaging community leaders and/or top prospective donors through informational briefings and other methods.

The Patron Gift Committee was established in late 2006 to continue identification of and outreach to potential donors. Table I on page 20 outlines the campaign’s organizational structure and identifies the current volunteer leadership.

## 3. COMMUNITY OF FUNDERS

It is understood that in order to be successful, the Museum’s capital campaign must appeal to more than just Sacramento’s art devotees. This campaign has thus been positioned as a civic opportunity that will enhance the cultural, social, and economic vitality of Sacramento and beyond. To this end, the campaign has set out to engage high net-worth individuals and community leaders from throughout the region. The first step toward engagement is awareness and understanding of the Museum and its future plans. The Museum has carried out an active schedule of campaign cultivation, since CCS Fundraising has been involved as on-site counsel, the campaign has completed:

- More than 150 planning and prospecting meetings with community leaders and Crocker stake holders;
- More than 300 personal briefings;
- 165 personal solicitations inclusive of a face-to-face meetings, specific requests, and proposed recognition opportunities.

The Campaign to expand the Crocker has been focused on lead gift requests of \$250,000 and above with great concentration on cultivating and soliciting seven figure multi-year commitments. The Campaign’s leadership has been successful in extending

extraordinary gift requests to many leading families in the Sacramento Region and is now posed to begin the Patron Phase of the campaign and shift focus to significant giving at the \$10,000 to \$250,000 level.

#### 4. STRATEGIC FUNDRAISING PLAN

Every successful campaign requires a thorough and well-devised plan. The Crocker's detailed campaign plan document outlines the methods of fundraising and the timetable to secure the funds to expand and endow the Museum. The plan is guided by the following hallmarks of successful fundraising:

***Personal Solicitation:*** All Major Gifts will be solicited in person utilizing a thought out and reviewed solicitation strategy

***Peer-to-Peer Solicitation:*** Prospects should be solicited by volunteers capable of giving at financial levels at or above the request amount.

***Campaign Phases:*** The campaign will be divided into sequential phases. The phases will be distinct and have specific minimum financial requests, select volunteers and a distinct number of carefully chosen prospects.

***Pledged Commitments:*** Donors are encouraged to pay gifts over a five-year period. While other vehicles for giving can be utilized to give over longer periods, these five-year commitments provide cash-flow that may be used immediately for designated needs.

#### CAMPAIGN PHASES

The capital campaign will be implemented in phases, with each phase conducted in sequence and building upon the success of the previous phase.

- **LEADERSHIP GIFTS PHASE**

***Purpose:*** A list of prospective donors will be developed and rated according to the optimal pledge they may be capable of giving. The major gift access committee will approach the top prospects thought to be capable of a five-year commitment of \$1,000,000 first, followed by those who may be able to consider commitments of \$250,000 and above. Prospective donors with the greatest giving potential will be cultivated and solicited

first in order to create momentum. Committee members will be asked to make their own gifts and consider holding a cultivation event at their home.

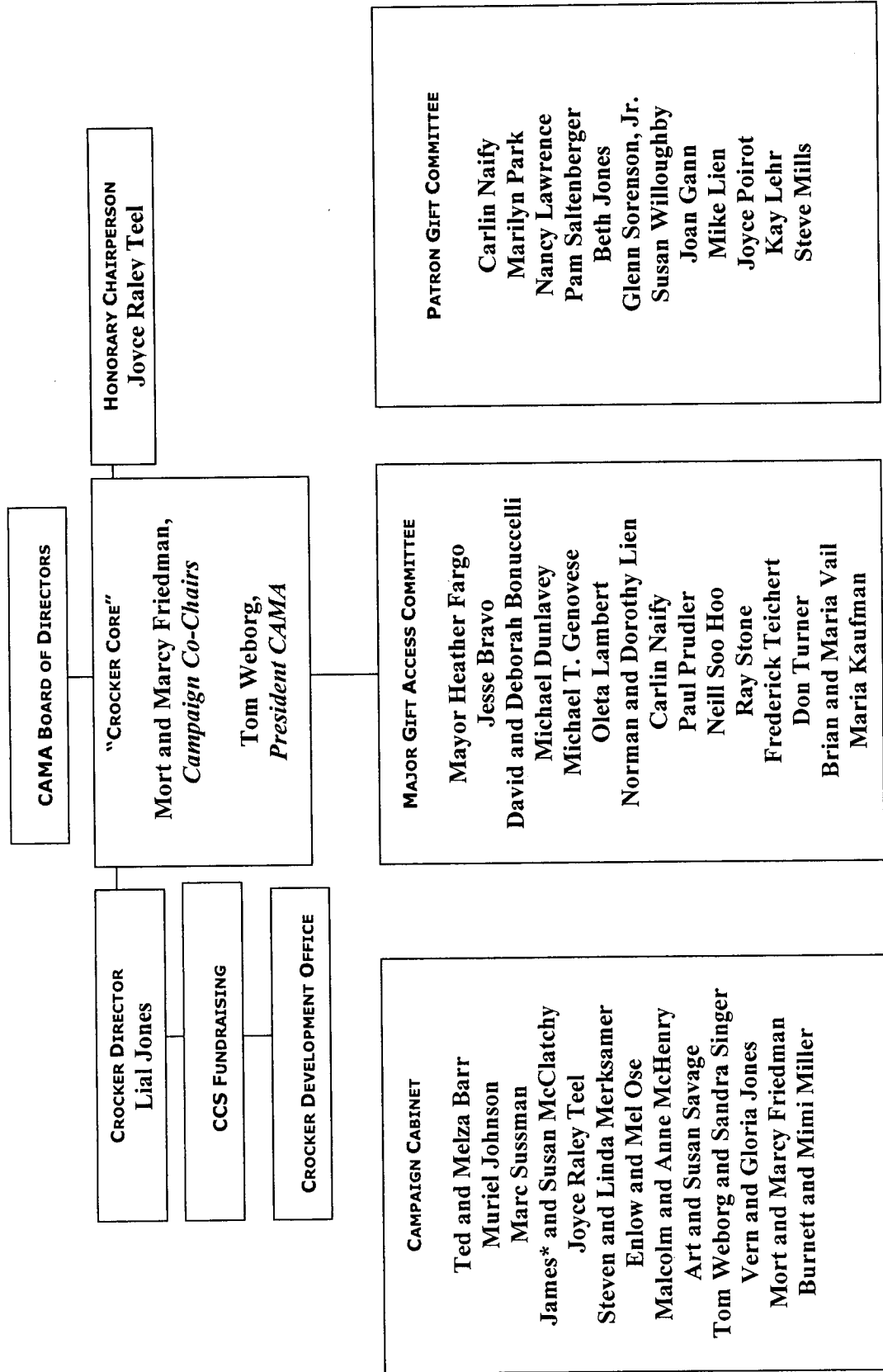
- **FOUNDATION AND CORPORATE GIFTS PHASE**

*Purpose:* A list of prospective organizations will be approached by gift request level. Those prospective organizations with the largest gift potential will be cultivated and solicited first.

- **COMMUNITY GIFTS PHASE**

*Purpose:* To conduct a broad scale community effort beginning with the Museum's membership and extending to the residents of Sacramento and beyond. Activity may include but is not limited to; media campaign, public speaking engagements, mass mailing, telemarketing, campaign kickoff and recognition events. The Patron Gift Committee is focused on the first phase of community giving, gifts at the \$250,000 to \$10,000 level. This phase will be followed by a broader Public Phase with appeals to donors at the \$10,000 to \$1 level. The official launch of the Community Gift phase will coincide with Groundbreaking on July 26, 2007.

**TABLE I - CAMPAIGN ORGANIZATION AND LEADERSHIP**



\* DECEASED

## **GIVING AND RECOGNITION OPPORTUNITIES**

The campaign will offer major gift prospects the opportunity to consider naming or memorial opportunities appropriate for their gift level. Recognition will be an important component to the success of the campaign. It is a personal and unique way to honor the generosity of a contributing family, individual, company or foundation based on their particular interests.

Specific and personalized recognition opportunities will be presented and discussed with prospects as a part of the solicitation process. The gift level associated with a naming opportunity usually does not correlate directly to that specific project area cost. Rather, a Naming Opportunities gift level reflects that Naming Opportunity's visibility and desirability. Attached is a sample breakdown of Naming Opportunities at the \$500,000 and above giving level. A final listing of opportunities will be solidified as the expansion plans and fundraising activities are completed.

The building of the Gwathmey addition and improvements made to the current facility provides a wide range of opportunities for recognition and enduring legacy. Note: Some naming opportunities have already been reserved by donors and are thus no longer available.

## **NAMING OPPORTUNITIES**

### **\$10 MILLION AND ABOVE\***

New Wing  
Crocker Sculpture Park

### **\$5 MILLION AND ABOVE**

Atrium  
Courtyard  
Education Center  
Main Changing Exhibition Gallery  
Named Museum Director Position

### **\$3 MILLION AND ABOVE**

Works on Paper Study Center  
Auditorium  
West Changing Exhibition Gallery  
Crocker Ballroom  
Named Chief Curator Position  
*CAMA Business Plan - Part II*

**\$1 MILLION AND ABOVE**

Galleries (multiples available)

Office Suite

Museum Store

Collection Storage Center

Named Art or Education Curator Positions

**\$500,000 AND ABOVE**

Information Desk

Meeting Center

Grand Old Entrance

Second Floor Deck

Art Conservation and Prep Center

\* It is understood that City Council approval is required to confer these naming opportunities.

**ENDOWMENT CAMPAIGN**

A successful \$15 million Endowment Campaign will raise the market value of the Museum's investment portfolio to just over \$20 million and will provide \$1 million a year in operating support. This steady income stream is crucial to the Museum's long-term financial health. Named Program Endowments begin at the \$50,000 level. Endowments for the all of the following, in addition to other Programs, are being sought:

Adult Programs

Youth and Family Programs

School Programs

Exhibitions

Collection Care and Maintenance

Research and Scholarship

Staff Development

Community Outreach

Audience Development

Marketing and Promotion

Membership Acquisition and Retention

*CAMA Business Plan - Part II*

## **PROPOSED NAMING AND RECOGNITION POLICIES**

1. The City's Policy on Naming Opportunities will be followed.
2. The Museum will formalize campaign naming opportunities at the conclusion of the construction drawing phase of the building expansion. The gift level associated with various naming opportunities will reflect that opportunity's alignment with the institutions mission, in addition to the naming opportunity's visibility, and desirability.
3. Specific and personalized recognition opportunities will be presented and discussed with prospective donors as a part of the solicitation process.
4. Recognition will be implemented in accordance with the guidelines established by the standards in the field and the American Association of Museums. Donors will be granted campaign naming or memorial opportunities directly related to the cash value of their campaign gift.
5. Campaign donors may reserve a naming or memorial opportunity upon completion of official pledge documentation. Naming opportunities will be confirmed when the Museum receives a minimum of 20% payment against the committed gift total.
6. Extraordinary situations that arise around the subject of recognition and naming opportunities will be reviewed by the Campaign Leadership Committee for recommendation to the Museum's Co-Trustees.

# CROCKER ART MUSEUM

## CAMPAIGN CASE FOR SUPPORT

### A Defining Moment

For more than a century, as the leading arts institution in the Sacramento Valley and one of the premier art museums of Northern California, the Crocker Art Museum has worked to uphold its mission to provide an awareness and enthusiasm for human experience through art. Providing an active schedule of exhibitions and public programs, the Museum is the primary arts institution serving a population of close to 34 million, in a broad geographic area extending from the San Francisco Bay Area to the Nevada border and from Portland, Oregon to Fresno, California.

In addition to the most significant collection of fine art in the region, numerous education programs and a continuous array of noteworthy changing exhibitions, the Museum provides visitors with access to humanities treasures. The Museum's permanent collections include more than 14,000 objects-highlighted by one of the state's most important collections of California art and an exceptional trove of Old Master Drawings. Other special collection areas include European paintings, International ceramics and Asian art.

As we enter the 21st century, the Crocker Art Museum is embarking on a major building expansion project that will create a unique environment where art and architecture combine to exhilarate the human spirit. The new Museum will unite the founding vision of the Crocker Family with the current needs of the diverse residents of the Sacramento Valley. Already, unprecedented support has been expressed for an expanded Museum facility that will triple the amount of exhibition space for the permanent collection and quadruple the space for traveling exhibitions. The new art complex will expand public access to art through an architectural setting that honors Sacramento's history and engages the curiosity of each visitor.

The expansion of the Crocker Art Museum will be a powerful force in defining the future of both the Museum and the City. A transformation of this scale will be accomplished through leadership and support from people who have an understanding of the magnitude of what we are building. Success will come through both preserving and honoring our storied history and increasing our service to a diverse community. The Crocker is poised for a future that links art and community in profound ways.

## **The Crocker Family Legacy**

Founded in 1885, the Crocker Art Museum was the first public art museum west of the Mississippi River and home to one of the most impressive collections of art in America. Described as the finest example of Italianate architecture in the United States, the Crocker Gallery building is today on the National Register of Historic Places and is an American Institute of Architects Landmark Building.

Edwin and Margaret Crocker, along with their children, lived in the refurbished B. F. Hastings home at the corner of Third and O Streets in Sacramento. In 1869, they commissioned Seth Babson to design and build a grand entertainment center next-door, complete with a ballroom and 4,400 square feet of gallery space. While the gallery building was under construction, the Crocker family traveled to Europe where they purchased works by contemporary Dresden and Munich painters, paintings by Old Masters from the 16th, 17th and 18th centuries, and Old Master Drawings—assembling what was at the time the finest private art collection in the United States.

The family returned to Sacramento in 1872 with more than 900 paintings and 1,300 master drawings—the core of the collection. The Crockers then began commissioning and buying contemporary California paintings. The following year, they displayed the entire collection in their art gallery, inviting the public to view the collection through a series of benefits for worthy organizations.

Their original collection and the gallery building exemplify the Crocker family's philanthropic aspirations as well as the culture of the Victorian era. Indeed, even after Edwin's death in 1875, the art gallery continued to serve as the social center of Sacramento.

In 1885, Margaret Crocker entrusted both the gallery building and its contents to a joint stewardship of the City of Sacramento and the California Museum Association, thereby establishing and sustaining the first public art museum west of the Mississippi River.

## **Growing Demands of an Expanding and Enthusiastic Audience**

The Crocker Art Museum has been privileged to serve as the cultural cornerstone to Sacramento and the Capital region for over a century; however the work of the Museum is far from finished. Located in one of the nation's fastest growing urban areas, the leadership of the Crocker Art Museum has a vision to provide a Museum that can meet the demands of a large and diverse population and maximize its contribution to the cultural, social, and economic vitality of its region.

Expansion of quality gallery space is essentially just the beginning. The physical growth of the Museum will enable it to better showcase the world-class works in its collection and acquire and display new works of art that can further enhance the visitors' experience.

In 2003, the Museum continued to expand its outreach and influence in ever-increasing numbers by hosting over 160,000 visitors, increasing its membership to over 6,500, and providing education programs that reached over 60,000 individuals. The Sacramento region is expected to continue to grow at unprecedented rates in the next two decades. This explosive growth will continue to have a significant impact on Museum attendance. The Crocker Art Museum has simply outgrown its current facilities. Plans for the Crocker Art Museum expansion have been guided by the need to expand or improve the following:

- **Gallery Space** – Less than 4% of the Crocker’s permanent collection is on display at any one time.
- **Increased Temporary exhibition space to accommodate ‘blockbuster shows’**
- **Visitor Amenities**
- **Storage Facilities**
- **Educational and Event Programming Space**
- **Staff Office Space**
- **Cultural and Economic Contribution in Sacramento**

### **Vision**

Scheduled to open in Spring 2010, the expansion of the Crocker Art Museum will triple the size of the Museum with the construction of a new three-story, 100,000 square foot building to be situated west of the original 1872 Gallery building. The project will also include restorations and improvements to the existing buildings. Following a worldwide search to identify a lead architect who could address the Museum’s expansion needs, the Crocker Art Museum Association selected the internationally renowned firm, Gwathmey, Siegel & Associates Architects based in New York City. Gwathmey Siegel is responsible, among other projects, for designing the acclaimed renovation and expansion of the Guggenheim in New York City, the Fogg Art Museum at Harvard College, and the Henry Art Gallery at the University of Washington in Seattle.

Officials from the City of Sacramento, Museum staff, Boards of Directors, and community members have worked with Charles Gwathmey to complete master planning and develop a concept design that is sensitive to existing structures while enabling the Museum to create an art complex that will accommodate future growth and be an integral part of Sacramento’s cultural and economic life.

Throughout the design phases, the public has and will continue to have the opportunity to participate in the process and comment on the Museum's progress. In the end, the new building will reflect a city united in its past accomplishments, its present strengths and its future promise.

### The Plan for an Expanded Crocker Art Museum

The expanded Crocker Art Museum will fulfill its potential as a cultural complex for both the region and the state. In addition to advancing art as a centerpiece, an expanded Crocker will stand as a defining symbol and architectural icon; the Museum will positively impact the Capital City through tourism and added economic benefit.

The new complex will provide space for special exhibitions, permanent galleries, expanded educational activities, an auditorium, facilities capable of hosting major special events, and added visitor amenities. The envisioned building will include the following key elements:

- **State-of-the-art Gallery Spaces** – The expansion will quadruple the space available for temporary exhibitions, enabling the Crocker to bring “blockbuster” shows to Sacramento. The permanent galleries will triple in size which will provide a home for every area of the collection:
  - Works on Paper Study Center – Complete with a vault, study rooms and two new galleries for the Museum's world renowned Old Master Drawing Collection.
  - California and American Art: Statehood to the Present
  - International Ceramics and Decorative Arts
  - Asian and Indian Art Gallery
  - Regional Contemporary Gallery
  - Photography and Video Gallery
- **Dramatic Glass-walled Atrium** – A striking two-story atrium and event space will welcome the visitor. The atrium will serve as a place for sculpture and large-scale pieces, and be capable of hosting large receptions, it can seat as many as 400 for a formal event. When opened up, the dramatic space of the atrium and courtyard, will be capable of seating over 1000.
- **Newly Constructed and Enlarged Museum Store** – Will be a destination in its own right. A larger store can provide a consistent stream of income in support of annual operations.

- **Auditorium** – Capable of seating 300 for a full range of cultural programs. Equipped with state-of-the-art audio-visual capabilities and a 600 square foot stage.
- **Community Access** – Two new 100 seat-meeting rooms will be constructed.
- **Dining facilities** – In addition to a catering kitchen for event preparation, a café capable of seating over 50 people will encourage visitors to extend their Museum visit.
- **State-of-the-art Collection Storage** – Insuring continued preservation of the art treasures in the Crocker Permanent Collection.
- **Loading docks, freight elevator and exhibit preparation space** – Providing the ability to bring world-class exhibitions and objects to Sacramento on a loan basis.
- **Education Center** – The ground level of the existing facility will be designed to serve the needs of a variety of educational programs. The center will include: three functional and flexible studio spaces, a hands-on children’s participatory gallery, a teacher resource center, and new student exhibition space.

### **Sustaining the Crocker Legacy**

At a time when state and government funding of the arts is steadily decreasing, endowment is the smart solution to ensure that the Crocker will grow and prosper in perpetuity. The expanded Crocker must be sustainable as a landmark and as a legacy institution with a secure financial future. In order for the Crocker to continue to advance its mission in an expanded facility, a firm financial base is essential. Currently the Crocker Art Museum funds its roughly \$5 million annual operating budget through a combination of private fundraising support (44 - 52%), earned income (25 - 30%), endowment funds (6 - 7%), and the City of Sacramento (20 - 25%).

The Crocker Art Museum’s leadership has determined that a larger endowment will be necessary to cover the operational needs of the envisioned Crocker. To this end, the Museum aims to significantly increase its endowment. With a \$7 million portfolio in place, the Museum’s leadership has established a goal to increase the endowment to at least \$20 million.

## Impact of an Expanded Crocker Art Museum

- **Enhance Sacramento as a Destination City** – Cultural institutions make an important difference in the life of great cities. The new building will be an inviting architectural enhancement that fully realizes the City’s vision of a civic and cultural complex. The Museum expansion will elevate Sacramento as a destination city and be an important step in Sacramento’s continued downtown development; it also contributes to the shared vision of encouraging greater pedestrian activity on the Sacramento Riverfront.
- **Economic Impact** – The expansion will help us increase the contribution to the cultural, social, and economic vitality of our city and region. More and more American cities are learning that arts and culture are powerful engines for growth and development. Almost 94% of a museum’s revenue goes back into the economy as wages, salaries, purchases of good and services, and capital expenditures. Public and private support of museums generates a four-fold return to the economy in employment, purchases of good and services, non-personnel operating expenses, and capital expenditures.
- **An Unprecedented Undertaking in Crocker’s History** – The expansion project represents the Museum’s greatest undertaking since its inception. A successful Crocker expansion will have a lasting effect on the cultural landscape of this region for generations
- **Expand Community Access to World Class Art** – Through an enhanced special exhibition program – the community will have unprecedented access to a wide variety of art collections from around the world, offering visitors more significant breadth in art, styles, media and eras than ever before.
- **Increase Innovative Education Programming** – The new Museum will provide an exceptional opportunity to build and expand the Crocker’s education programs. Currently, the Museum has the capacity to serve approximately 15,000 school children on-site on tour each year, but within the new facility the number is expected to increase by at least 25% - ensuring that no child is turned away. The Museum’s new Education Center will provide facilities for pre-school audiences and studio classrooms for adults and children, ensuring that no child is left behind.

### **Creating A Personal Legacy**

The community now has the opportunity to help realize a vision as the Crocker Art Museum transforms itself from a 50,000 square foot facility to a 150,000 square foot cultural complex. Currently the leadership at the Crocker Art Museum is in the beginning stages of a capital campaign to secure the necessary funding to complete the expansion project. Unprecedented success has already been realized. More than \$72 million has been raised from the pace-setting generosity of a small group of lead donors. These early accomplishments provide significant momentum on which to build. The total need to expand and endow the Crocker Art Museum is approximately \$100 million. The campaign goal is to secure pledges to complete the funding goal in the next three years.

Dating back to its origins, the Crocker Art Museum has advanced through the generosity and support of devoted friends. Edwin and Margaret Crocker were models of philanthropic spirit, and we continue to enjoy their legacy more than a century after they conceived it. As we imagine a new Crocker—a state-of-the-art facility that furthers the Crocker’s vision with the best that modern architecture has to offer—we have an opportunity to create new legacies through a multitude of campaign naming opportunities that will be identified as part of the architectural design phase.

A gift to this campaign is more than a charitable donation. It is a partnership with the Crocker Art Museum, an answer to a well-understood need, and a sound investment in our community. Gifts made to the campaign to expand the Crocker Art Museum are tax deductible to the fullest extent of the law.

### **DEFINITION OF CREDIBLE PLEDGES**

Most gifts are requested and paid over a five year pledge payment period. The Museum does not count a gift received until signed documentation from the donor has been received. The Museum worked with the City Attorney’s office to ensure that pledge documentation would be considered binding in a court of law. A sample pledge document is included as Table II on page 28.

**TABLE II -- Sample Pledge Document**

<p>Name: _____</p> <p>Street: _____ City, State ZIP: _____</p> <p>Daytime Telephone: _____ E-mail: _____</p> <p>My pledge to support the <b>Crocker Art Museum's</b> capital campaign in the amount of \$ _____ will be paid over _____ years beginning _____, _____ (month, year) in installments as follows: <input type="checkbox"/> annually <input type="checkbox"/> semi-annually <input type="checkbox"/> quarterly <input type="checkbox"/> monthly</p> <p>I prefer to use my VISA or MASTERCARD (circle one) Account #: _____</p> <p>Exp. Date: _____ Signature: _____</p> <p>Additional Details of Gift: _____</p> <p><u>Gift Recognition for Plaques &amp; Publications</u></p> <p><input type="checkbox"/> I want my/our gift to be anonymous. Signed: _____ Date: _____</p> <p><input type="checkbox"/> My/our name (s) as I want it to appear on all materials (please print): _____</p> <p><input type="checkbox"/> My/our named gift opportunity selection is: _____</p> <p><input type="checkbox"/> My/our gift is: <input type="checkbox"/> In honor of or <input type="checkbox"/> In memory of: _____</p> <p>Please send notice of this gift to: Name: _____</p> <p style="padding-left: 100px;">Street: _____</p> <p style="padding-left: 100px;">City, State ZIP: _____</p>	<p><b>FOR CAMPAIGN USE ONLY</b></p> <p>Committee _____</p> <p>Chair(s) _____</p> <p>Volunteer(s) _____</p>
<p>I understand that the Crocker Art Museum Association is relying on this pledge as the basis for undertaking the work for which the pledge is made and that the Association considers this pledge binding. I agree to the above sum with the understanding that the Crocker Art Museum Association may make commitments in reliance on this pledge. Please send me a reminder prior to my due date.</p> <p style="text-align: right;">Signed _____ Date _____</p>	

\*Document was developed in association with the City Attorney's Office, and has been deemed to be legally binding upon signature.

## GIFT ACCEPTANCE POLICIES

1. **Policy on the Acceptance of Gifts:** Only gifts and pledges specifically committed to the campaign to expand and endow the Crocker Art Museum will be counted toward the campaign goal. Campaign pledges may be paid on a schedule established by the donor, preferably within a five-year period from the date of the pledge.
2. **Policy on Unusual Gifts:** Gifts that have conditions attached or require the Museum to assume liability will be reviewed by the Campaign Leadership Committee for recommendation to the CAMA Board of Directors.
3. **Methods of Giving to be Credited to the Capital Campaign:**
  - **Gifts of Cash:** An outright gift of cash by a donor, for which the donor receives an income tax deduction as prescribed by current law. Pledging your gift over a three-year to five-year period may allow you to make a more substantial gift while affording you the opportunity to adjust the timing and amount of each payment to achieve the most beneficial tax treatment.
  - **Gifts of Appreciated Publicly Traded Securities:** A gift of stocks or bonds which are (or will be) readily marketable. The deduction for outright gifts of appreciated long-term securities (held more than 12 months) is equal to the fair market value of the securities on the date the donor relinquishes control of the assets to the campaign office, and none of the appreciation is taxable for capital gains purposes. Caution: do not sell the stock; you must transfer it to achieve the most advantageous tax treatment!
  - **Gifts of Closely Held Stock:** A gift of stock of a private corporation. The donor may avoid capital gains on appreciation of closely held stock, while attaining a tax deduction based on the stock's fair market value. As with publicly traded stock, the donor may obtain an immediate tax deduction up to 30% of the adjusted gross income. If the gift exceeds 30% of adjusted gross income, the remainder of the deduction generally can be carried over for up to five years.
  - **Bequest/Living Trust:** A gift of cash, securities, or real property made upon the donor's death, through provisions in his/her will or living trust. The amount of the gift is exempt from estate taxes.
  - **Charitable Remainder Trust:** An irrevocable transfer of assets to a trust, naming the CROCKER ART MUSEUM as the only ultimate beneficiary or as one of several qualified charitable beneficiaries. The donor receives annually an income of a set amount or a fixed percentage, based on the wishes of the donor and the trust's value each year. A donor generally receives an immediate tax deduction and may add to the principal of a Charitable Remainder Trust in future years. If the donated assets consist of appreciated securities, capital gains taxes also may be avoided.

- Charitable Gift Annuity: An irrevocable gift placed in trust in exchange for a guaranteed fixed income for life, which is calculated to take account of both the size of the gift and the donor's age at the time of the gift. Upon the donor's death, the assets of the trust are passed to the CROCKER ART MUSEUM. A current charitable deduction is available based on the IRS annuity tables. Here too if the donated assets consist of appreciated securities, capital gains may be avoided.
- Deferred Income Buildup Plans: Designation of the CROCKER ART MUSEUM as the beneficiary of the donor's qualified pension plan, IRA, Keogh, commercial deferred annuities, or employee stock option plans. This allows the donor the use of the assets during the donor's lifetime, while providing the donor with the opportunity to make a large future gift and reducing the donor's taxable estate.
- Charitable Lead Trust: An income producing asset placed in a trust, the income of which is contributed to the CROCKER ART MUSEUM for a designated period of time, after which the trusted asset is returned to the donor or non-charitable beneficiaries named by the donor. The donor may gain immediate tax advantages or may reduce gift or estate taxes when the assets are passed to children or grandchildren.
- Gifts of Real Estate: Almost any type of real property from personal or vacation homes and commercial buildings to farms or ranches and even undeveloped lots. The property may be donated outright; serve as the corpus of a trust arrangement; or if it is the donor's personal residence, the donor and/or spouse may gift the property with the right of lifetime residency. An immediate tax deduction is available and capital gains taxes may be avoided.
- Gifts of Tangible Property: Many types of new and used equipment are acceptable. If the CROCKER ART MUSEUM uses a donated asset (for example, a computer system), the donor is entitled to a charitable deduction equal to the fair market value of the asset. If the donated asset is not used by the CROCKER ART MUSEUM, the charitable deduction is set at your cost basis in the property. Gifts of property will be treated as any other gift of real value. It will be the responsibility of the donor to secure an appraised value for tax purposes. Unless otherwise authorized by the CAMA Board of Directors, the Museum will seek to liquidate such assets in order to secure the cash needed to fund its expansion and endowment priorities. Gifts of art, while very important to the Museum and essential for collection growth, will not count toward the capital campaign goal, but will be recognized in accordance with the Museum's collection management policy.
- Gifts of Life Insurance: Designation of the CROCKER ART MUSEUM as the owner and beneficiary of a policy. For a new policy, this allows the donor to classify the regular premium payments as charitable tax-deductible contributions. For existing policies, particularly those a donor no longer needs, a donor can generally deduct the entire replacement value of the policy plus any premium payments that the donor subsequently makes. If the policy is not completely paid up, its approximate cash value plus future premium payments are usually fully deductible.

4. **Policy on Gift Accounting and Designation:** Gifts committed to the campaign, unless otherwise designated by the donor, will be pooled for investment and disbursed “where the need is greatest” in accordance with the needs outlined in the campaign case for support

**CAMPAIGN GOALS BY FUNDING SOURCE:**

The Museum’s capital campaign has a goal of \$100 million. It is expected that \$74,000,000 will be secured from individuals or other private sources; \$6,000,000 from corporate entities and \$20,000,000 from municipal and other governmental sources.

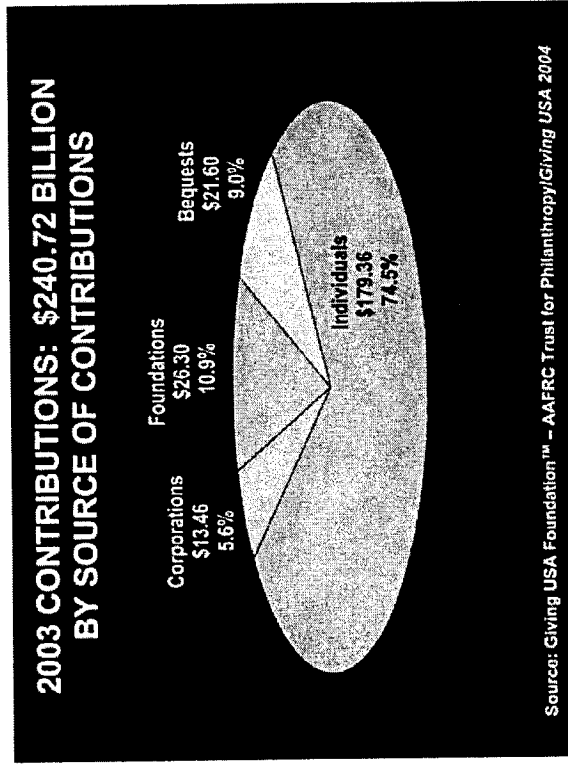
Funding Source	Pledge Goal
Private	\$ 74,000,000
Corporate/Foundation	\$ 6,000,000
Public/Government	\$ 20,000,000
<b>Total</b>	<b>\$ 100,000,000</b>

The Museum has developed these goals based upon the Planning and Feasibility Study conducted in 2003/04 and information gathered from Giving USA, a publication put out by the American Association of Fundraising Counsel.

*Giving USA 2004* was researched and written by the Center on Philanthropy at Indiana University. The Giving USA Foundation is the business name of the AAFRC Trust for Philanthropy, which is the educational and research initiative of the American Association of Fundraising Counsel (AAFRC). The Giving USA 2004 survey looks at total giving based on the source of contributions. In 2003:

- Individuals gave \$179.36 billion, an increase of 2.5 percent (0.2 adjusted for inflation) from the revised 2002 figure of \$175.04 billion. Giving from individuals represented 74.5 percent of all giving in 2003.
- Bequests reached an estimated \$21.60 billion, an increase of 12.8 percent (10.3 percent adjusted for inflation) from the 2002 revised estimate of \$19.15 billion. Bequests accounted for 8.2 percent of all giving in 2003.
- Foundations gave \$26.30 billion, a decrease of 2.5 percent (4.7 percent adjusted for inflation). Giving by foundations represented 10.9 percent of all contributions in 2003. Foundation estimates were provided by the Foundation Center.

- Corporations and corporate foundations gave \$13.46 billion in both cash and in-kind donations, an increase of 4.2 percent (1.9 percent adjusted for inflation) from the revised 2002 figure of \$12.92 billion. Corporate and corporate foundation giving represented 5.6 percent of all giving in 2003.



## PLANNING AND FEASIBILITY STUDY

The Crocker's Planning and Feasibility Study concluded the following:

- There is a high esteem for the Crocker Art Museum and its present leadership
- The Museum had a high degree of personal relevance to those interviewed
- There is a sense of urgency about moving forward with the Museum's plans
- There is a compelling case from which to garner strong support

- There is a financial potential that exists among potential supporters. However, extensive cultivation will be required to generate support from some major gift prospects.

**DEFINITIONS:**

1. **PLEDGE** – A cash receivable, a written legally binding commitment with a defined payment plan, typically over a five year period, but in select circumstances extending longer.
2. **GIFT** – Cash in hand or a binding pledge.
3. **PAYMENT** – Cash received by way of a ‘one-time gift’ or cash payment upon a pledge.

**CAMPAIGN PERFORMANCE TO DATE (AS OF 4/30/07):**

As of April 30, 2007, the Capital campaign had secured \$72,801,308. Secured gifts from individuals equal \$53,714,308; \$587,000 has been secured from corporations, and government funds of \$18,500,000 have been received. As indicated earlier in this document, the campaign is currently focused on major gifts from individuals. At the conclusion of the major gift phase, the corporate phase will be conducted. Through the concerted efforts of the City’s elected officials and staff and the Museum’s campaign leadership, the Museum was fortunate to receive \$4 million in Prop 40 funding from the State of California to support the expansion project. This early grant provided confidence to the private sector and spurred their giving and set the stage for attracting the majority of our public funding, \$12,000,000, from the owner of the Museum facility and collection, the City of Sacramento. That allocation prompted the beginning of the government phase of the campaign to other municipalities; to date this effort has resulted in a \$2,500,000 grant to CAMA from the County of Sacramento.

<b>Funding Source</b>	<b>Total Pledges and Payments</b>	<b>Payments Received</b>	<b>Balance Outstanding</b>
Private	\$ 53,714,308	\$14,555,659	\$39,158,649
Corporate/Foundation	\$ 587,000	\$ 237,000	\$ 350,000
Public/Government*	\$ 18,500,000	\$18,500,000	\$ 0
<b>Total</b>	<b>\$ 72,801,308</b>	<b>\$33,292,659</b>	<b>\$39,508,649</b>

\* The Crocker’s campaign leadership will approach other area municipalities for gifts to the campaign in support of the Museum as a regional asset.

**PAYMENT SCHEDULE FROM BINDING PLEDGES:**

As of 4/30/07, \$72,801,308 has been secured in gifts and pledges. A total of \$33,292,659 has been paid against that total. A rounded balance of \$39,500,000 remains and will be paid out in accordance with binding pledge payment plans. The annual amount due as scheduled in the binding pledge documents is illustrated below:

<b>Year</b>	<b>Pledge Amount Due</b>
2007 (May to December)	\$ 7,350,000
2008	\$ 3,125,000
2009	\$ 2,125,000
2010	\$ 2,025,000
2011	\$ 2,900,000
2012	\$ 1,050,000
2013	\$ 525,000
2014	\$ -0-
2015 and beyond*	\$20,400,000
<b>TOTAL</b>	<b>\$39,500,000</b>

\*Pledges are generally paid over a five year period. However to encourage and enable extraordinary giving, the campaign leadership has adopted gift acceptance policies that allow transformational gifts to be paid over a slightly longer pledge period. The Museum is also fortunate to have been the recipient of select future oriented gifts. On the above schedule we've accounted for the payment of these gifts in "2015 and beyond."

**PROJECTED TIMELINE FOR SECURING GIFTS AND PLEDGES (CAMPAIGN GOALS)**

Based upon the campaign plan, the following table outlines the fundraising goal by year and funding source. Based on the favorable findings of the Museum Planning and Feasibility Study and upon the large list of potential donors identified by Campaign Leadership, as well as performance to date, the following goals are absolutely achievable.

Funding Source	Fundraising Goal	Secured to Date	2007 Goal	2008 Goal	2009 Goal	2010 Goal
Private	\$74,000,000	\$ 53,714,308	\$ 10,000,000	\$ 5,000,000	\$ 3,000,000	\$ 2,300,000
Corporate/Foundation	\$ 6,000,000	\$ 587,000	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000	\$ 400,000
Public/Government	\$20,000,000	\$ 18,500,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 300,000
<b>Totals</b>	<b>\$100,000,000</b>	<b>\$ 72,801,308</b>	<b>\$ 12,400,000</b>	<b>\$ 7,400,000</b>	<b>\$ 4,400,000</b>	<b>\$ 3,000,000</b>

**PROJECTED PAYMENT SCHEDULE**

The following pledge payment schedule assumes that \$10,000,000 in 2007 gifts will be paid in 2007; all other gifts will be paid on a standard five year payment schedule, with the first gift made in the year of the pledge.

Year	Amount Due
2007	\$10,480,000
2008	\$ 1,960,000
2009	\$ 2,840,000
2010	\$ 3,440,000
2011	\$ 3,440,000
2012	\$ 2,960,000
2013	\$ 1,480,000
2014	\$ 600,000
2015 and beyond*	\$ 0
<b>TOTAL</b>	<b>\$27,200,000</b>

**COMBINED ACTUAL AND PROJECTED PAYMENT SCHEDULE**

Year	Actual Amount Due	Projected Amount Due	Combined (Actual + Projected)
2007	\$7,350,000	\$10,480,000	\$17,830,000
2008	\$3,125,000	\$ 1,960,000	\$ 5,085,000
2009	\$2,125,000	\$ 2,840,000	\$ 4,965,000
2010	\$2,025,000	\$ 3,440,000	\$ 5,465,000
2011	\$2,900,000	\$ 3,440,000	\$ 6,340,000
2012	\$1,050,000	\$ 2,960,000	\$ 4,010,000
2013	\$ 525,000	\$ 1,480,000	\$ 2,005,000
2014	\$ -0-	\$ 600,000	\$ 600,000
2015 and beyond**	\$20,400,000	\$ 0	\$20,350,000
<b>Totals</b>	<b>\$39,500,000</b>	<b>\$27,200,000</b>	<b>\$66,700,000</b>

\*\*Accounts for actual future oriented gifts.

**PAYMENTS RECEIVED TO DATE**

As of 4/30/2007 Private and Corporate donors have made payments on Pledges or one time gifts to CAMA equaling \$14,792,659. CAMA has expended some of these funds on Pre-Construction and Fundraising costs, but has in excess of \$10,000,000 currently in its Capital Campaign Bank Accounts. In addition, Sacramento County has made a grant for the Expansion to CAMA of \$2,500,000. The City is holding \$13 million in funds for Crocker Expansion: \$2 million from the State (Prop 40); \$1 million in SHRA TI (tax increment) funds; \$2 million in CRCIP; and \$8 million in Downtown Bond funds. This \$13 million is counted in Public Payments Received in the schedule below.

Payment received to	Private	Public	Combined
4/30/07	\$14,792,659	\$18,500,000	\$33,292,659

The \$33.3 million in Payments received combined with the \$66.7 million as shown on the Combined Actual and Projected Payment Schedule above show how CAMA's \$100 million in Capital Campaign gifts will be paid over the next several years.

## CASH FLOW SYNOPSIS

As shown previously in this document, the estimated construction costs for the project are as follows:

ESTIMATED CONSTRUCTION COSTS	AMOUNTS
Contract Award	\$61,252,410*
Project Contingencies	\$ 5,420,915
Outside Agency Fees	\$ 329,432
City Fees and Labor Costs	\$ 1,193,575
Consultants	\$ 3,409,086
<b>TOTAL</b>	<b>\$71,605,418</b>

\*Actual Project Bids are expected in August 2007. Once received true Contract Award costs will be known.

### Non-CAMA funds available for the Construction Costs are as follows:

FUNDING SOURCE	AMOUNT
CRCIP	\$ 2,000,000
Prop 40 Grant	\$ 2,000,000
Downtown Bond	\$ 8,000,000
SHRA TI	\$ 1,000,000
Sacramento County CAMA Grant	\$ 2,500,000
CRCIP Loan	\$12,000,000
Sale of Lot X	\$20,000,000**
<b>TOTAL</b>	<b>\$47,500,000</b>

\*\* Sales Offers for Lot X will be in hand in August 2007. Once received the true net proceeds from Lot X can be established.

### CAMA cash required to award construction phase:

PROJECT FUNDING	AMOUNT
Construction Project Costs	\$ 71,605,418
Non CAMA Funding	\$ 47,500,000
<b>Balance Needed</b>	<b>\$ 24,105,418</b>

To help close this \$24,105,418 cash requirement, CAMA will transfer \$10,000,000 into a trust account established for this Project by June 15, 2007. CAMA is expecting pledged payments of \$4,500,000 before September 1, 2007. These funds will be transferred to the trust account prior to the City Council's Authorization to Proceed Resolution (expected mid-September, 2007). These transfers still leave a cash funding gap of approximately \$9.6 million. CAMA will endeavor to raise the \$9.6 million by mid-September through a combination of pledge acceleration and new fundraising. If not successful, or if the Construction Costs are greater than estimated, or if Lot X realizes less than expected, new strategies will be necessary to close the funding gap and achieve the City's currently stated desire for 100% of Construction funds to be in hand prior to awarding the Construction Contract and proceeding with the project.

### **CRCIP LOAN REPAYMENT**

The City has generously made a \$12 million CRCIP Loan available to CAMA. The loan will be secured by and repaid through the allocation of Campaign Pledge Payments. Should CAMA default on the loan payments the City's General Fund allocation to the Museum will cover the debt payment. The interest and other carrying charges on the loan bring the repayment amount to approximately \$16.3 million. The loan will be repaid over a ten year period with no penalty for prepayment. The actual payment due to the City from CAMA will be reduced by Interest Earnings from the unspent proceeds based on Pool A Interest Earnings. The Debt Payments are due on the following schedule:

### **CRCIP LOAN REPAYMENT SCHEDULE**

<b>Payment Due to City</b>	<b>Payment Amount*</b>
11/15/2006	\$510,362.01**
5/15/2007	\$792,256.25
11/15/2007	\$792,256.25
5/15/2008	\$790,356.25
11/15/2008	\$790,356.25
5/15/2009	\$790,106.25
11/15/2009	\$790,106.25
5/15/2010	\$791,406.25
11/15/2010	\$791,406.25
5/15/2011	\$790,040.63
11/15/2011	\$790,040.63
5/15/2012	\$790,225.00

11/15/2012	\$790,225.00
5/15/2013	\$788,625.00
11/15/2013	\$788,625.00
5/15/2014	\$787,593.75
11/15/2014	\$787,593.75
5/15/2015	\$786,075.00
11/15/2015	\$786,075.00
5/15/2016	\$784,768.75
11/15/2016	\$784,768.75

\*This Repayment Schedule suggests a total due over the Course of the repayment period of \$16,293,268.26. However the Actual Payment due to the City from CAMA will be reduced by Interest Earnings from unspent proceeds based on Pool A Interest Earnings. A schedule of those estimated Interest Earnings has been requested from City Staff for inclusion in this Business Plan.

\*\* This payment has been made by the City; the funds came from interest earnings to date.

As demonstrated on Page 36 on the Combined Actual and Projected Pledge Payment Schedule, CAMA will have sufficient funds to repay the CRCIP Loan.

### CONCLUSION

The unprecedented of the Crocker Art Museum’s Capital Campaign is proof that this project resonates with more than just the traditional art audience. There is no one profile for our donors—the project compels those who have a deep passion for art, those who have a desire to make a regional asset accessible to all and new donors who have been motivated to make a difference through this unprecedented historic philanthropic opportunity. It has also compelled civic leaders who wish to enhance Downtown Sacramento and elected officials who have confidence that that this type of project makes Sacramento a better place to live, work, and visit

**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**June 5, 2007**

**AUTHORIZING THE CITY MANAGER TO EXECUTE A  
LONG TERM LAND LEASE WITH THE STATE OF CALIFORNIA**

**BACKGROUND**

- A. The City Council approved the design for the Crocker Art Museum Expansion and Renovation Project (Project) on October 25, 2005 (Resolution 2005-781). The approved design includes the relocation of 2nd Street with parking in the Right of Way of Interstate-5.
- B. On December 6, 2005, the City Council approved the vacation and realignment of 2nd Street (Resolution 2005-876).
- C. On May 29, 2007, the City Council awarded a construction contract to Rudolph & Sletten, Inc. for off-site improvements for the Project, including the relocation of 2nd Street.
- D. Execution of the lease will allow for the development of parking on the west side of 2nd Street.
- E. Parking revenue generated from the parking will offset the lease payments and cost of maintenance.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. The City Manager is authorized to execute a 25-year ground lease with two ten-year renewal options with the State of California for the area described on Exhibit C, attached hereto. Annual rent for the first 5 years of the lease will be \$15,480; thereafter, rent will be adjusted every five years based on the Consumer Price Index.
- Section 2. The City Manager is authorized to execute such additional documents and to take such additional actions as necessary to implement the lease.

**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**June 5, 2007**

**AUTHORIZING THE SOLICITATION OF BIDS FROM PROSPECTIVE  
SUBCONTRACTORS FOR THE CONSTRUCTION PHASE OF THE CROCKER ART  
MUSEUM EXPANSION AND RENOVATION PROJECT (CF61)**

BACKGROUND:

- A. City Council approved a Memorandum of Understanding (the "MOU") on December 3, 2002, (Resolution 2002-799) that outlined the roles and responsibilities of the City and the Crocker Art Museum Association (CAMA) throughout the preconstruction and construction phases of the Project.
- B. Under the MOU, CAMA acts as the Project "Owner" during the preconstruction phase, and CAMA is authorized to execute in its name all design and preconstruction services contracts, subject to City approvals.
- C. On December 3, 2002, (Resolution 2002-799) the City Council authorized CAMA to release a Request for Qualifications/Request for Proposals (RFQ/RFP) for the selection of a Construction Manager/General Contractor (CM/GC) for the Project.
- D. A panel comprised of CAMA and City representatives unanimously selected Rudolph & Sletten, Inc. as the Construction Manager for the Project through a competitive, qualification-based selection process. CAMA authorized Rudolph & Sletten to begin construction management services for the preconstruction phase, after approval by the City Manager.
- E. On March 11, 2003, (Resolution 2003-117) the City Council suspended competitive bidding for construction of the Project pursuant to Section 3.60.170D of the Sacramento City Code, that allows competitive bidding to be suspended if the City Council determines, on a 2/3 vote, that it is in the best interests of the City to do so.
- F. On March 20, 2007, the City Council authorized CAMA to execute an agreement with Rudolph & Sletten for construction management services for the Project. Upon completion of the preconstruction phase, the agreement also will function as the construction contract for the Project, if the City Council approves the final design, approves all necessary financing arrangements and the Guaranteed Maximum Price, and authorizes execution of an amendment to the agreement naming the City as Project Owner and designating Rudolph & Sletten as the general contractor during the construction phase.

- G. Authorizing Rudolph & Sletten to solicit bids for the Project is consistent with previous City Council actions and is necessary to determine the cost of construction for the Project so that construction may begin Fall 2007, provided all financing arrangements have been approved by CAMA and the City Council and the amount of the construction phase contract is approved by the City Council.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. Rudolph & Sletten, Inc., the Construction Manager for the Crocker Art Museum Expansion and Renovation Project, is authorized to solicit bids from prospective subcontractors for the construction phase of the Project.

**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**June 5, 2007**

**NAMING THE NEW WING OF THE CROCKER ART  
MUSEUM EXPANSION AND RENOVATION PROJECT THE  
TEEL FAMILY PAVILION**

**BACKGROUND**

- A. On November 21, 2001, the City Council adopted a policy (Resolution 2001-779) for the naming of City facilities.
- B. The Crocker Art Museum Expansion and Renovation Project ("Project") includes the construction of a new building wing.
- C. The Crocker Art Museum Association is proposing the new wing be named in honor of a capital campaign leader and major donor.
- D. The donor is a recognized community philanthropist, campaign leader, and major donor.
- E. The naming of the new wing is consistent with the City's adopted naming policy.
- F. The Crocker Art Museum Association at their May 24, 2007, recommends the naming of the Crocker Expansion Wing, the Teel Family Pavilion.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. The new wing of the Crocker Art Museum expansion building shall be named the Teel Family Pavilion.