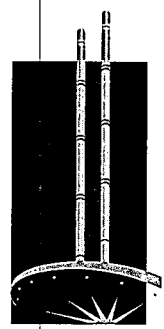
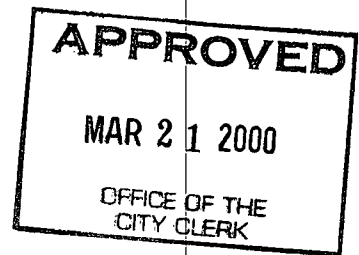


3.2



SACRAMENTO CONVENTION CENTER

March 6, 2000



City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** PROPOSED IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER FEE AND OPERATION CHANGES

**LOCATION/COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

This report recommends the City Council adopt a resolution which:

- Amends the Fee & Charge Report to reflect the increased fees and charges as set forth in Attachment A to become effective on July 1, 2000.
- Authorizes the City Manager to issue Requests for Proposals (RFPs) for contracts involving audio-visual, electrical and telecommunications services at SCC.

**CONTACT PERSON:** Michael W. Ross General Manager, 264-5297

**FOR COUNCIL MEETING OF:** March 21, 2000

**SUMMARY:**

This report requests City Council approval to adopt the fee adjustments, effective July 1, 2000, and the operational recommendations of Conventions, Sports and Leisure, International (CSL) in order to provide the greatest potential for achieving the service and financial objectives of the Sacramento Convention Center.



PROPOSED IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER FEE AND  
OPERATION CHANGES

City Council  
March 21, 2000

**BACKGROUND:**

In January of 1998, the City engaged the services of a consulting firm, Conventions, Sports and Leisure, International (CSL), to conduct an audit of the resources and organization presently available to implement the Sacramento Convention Center Business Plan. The results of the audit presented to Council on May 12, 1998 recommended improvements in four key areas: (1) Organizational Structure and Staff Levels; (2) Center and Visitors Bureau Coordination; (3) Operational Policies; and (4) Financial Resources. As a result of CSL's report, the SCC organization was flattened to provide more efficient, accountable, responsive customer service and to enhance the Center's marketplace competitiveness.

In June 1999, CSL was asked to assist in identifying means to improve the Center's service levels and financial stability. CSL compared current Sacramento Convention Center (SCC) operating policies, rental rates, and other revenue sources with those of ten similar centers around the country, focusing on five specific revenue sources:

- Rental Revenue
- Audio/Visual services
- Telecommunications
- Electric
- Food Service

CSL recommends following industry trends by adopting the operating strategy of negotiating separate, exclusive service vendor agreements for electrical and telecommunications services, and a preferred service vendor agreement for audio-visual services. The proposed agreements require the vendor to pay the City as rent, a negotiated percentage of its gross revenue. The proposed service agreements will provide a new revenue stream and will also afford the Center the service consistency and quality control not currently available under its present "open vendor" policy. This report requests City Council authorization to issue Requests for Proposals and authorization to negotiate for the agreements for electrical, telecommunications and audio-visual services. Staff will return to Council for authorization to execute the vendor service agreements.

As CSL determined that the agreement with Volume Services America, SCC's food service contractor, is similar to those at other convention centers, no change to the current arrangement is recommended. The present agreement runs through 2005, under which Volume Services America provides 38% of gross revenues on concessions and alcoholic beverages revenue, 15% on catering, 27% on buffet and 10% of vending and off premise catering.

PROPOSED IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER FEE AND  
OPERATION CHANGES

City Council

March 21, 2000

The most significant recommendation is the rental fee adjustment. Rental rates were last adjusted in 1993, seven years ago. CSL's recommendations, which support the conclusions in the 1997 Business Plan, include a 20% rent increase, to become effective July 1, 2000, with a 15% increase on July 1, 2002 and a 10% increase on July 1, 2004 or an average of 9% annually for the five year period. CSL also recommends a 5% increase for meeting space, also effective July 1, 2000 with a 5% increase in 2002 and a 5% increase in 2004 or an average of 3% annually for the five year period. However, CSL recommended no change to SCC's policy regarding its rates for the Community Center Theater and the Memorial Auditorium, which are primarily used by local non-profit groups. The proposed rate structure is shown on Attachment A.

**FINANCIAL CONSIDERATIONS:**

The 1999/2000 Budget includes a \$2.7 million loan from the Risk Management Fund to balance the Community Center Fund for that fiscal year. Because of strong fiscal performance both in Transient Occupancy revenue and user fee growth of 31% over the last 3 years, the total anticipated loan draw over the next five years will be less than originally anticipated. The loan draws will continue through FY 2001/02 with loan repayment beginning the following year.

The implementation of the rate adjustments and service provider contracts recommended in this report are expected to result in increased, and new revenue resulting in reduced reliance on future loans from the Risk Management Fund.

The service provider contracts in similar facilities result in additional revenue. Based upon current actual revenue, the anticipated five-year revenue impact of the recommended rental adjustment is an additional \$1 million over the five-year period of from 2000 to 2005. Once the responses for the RFP are received, a more accurate estimate is possible.

**ENVIRONMENTAL CONSIDERATIONS:**

Pursuant to Public Resources Code Section 21080(b)(8), this project is exempt from the review requirement of the California Environmental Quality Act because the fees are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits.

**POLICY CONSIDERATIONS:**

The actions recommended in this report are consistent with City policy to encourage the fiscal viability of the Convention Center and reinventing of City government.

PROPOSED IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER FEE AND  
OPERATION CHANGES

City Council

March 21, 2000

**ESBD CONSIDERATIONS:**

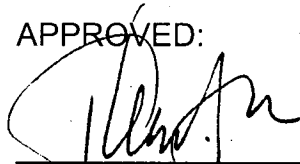
Staff will work with the ESBD department to ensure that all RFPs, contracts and other activities pursuant to this report will be subject to the City's ESBD requirements.

Respectfully Submitted,



Michael W. Ross  
Convention Center, General Manager

APPROVED:



Thomas V. Lee  
Deputy City Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS  
City Manager

**RESOLUTION NO. 2000-113**

**APPROVED**  
MAR 21 2000  
OFFICE OF THE  
CITY CLERK

ADOPTED BY THE SACRAMENTO CITY COUNCIL  
ON DATE OF \_\_\_\_\_

**IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER ORGANIZATIONAL CHANGES**

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

1. Effective July 1, 2000, the Sacramento Convention Center fees and charges are amended as set forth in the Resolution Attachment "A" and incorporated by reference.
2. The City of Sacramento Fee and Charge Report is hereby amended to reflect the increased fees and charges as set forth in the Resolution Attachment "A".
3. Based upon information presented to it and upon all information in the public record and compliance with Public Resources Code Section 21080(b)(8), that the Council finds:

The increased fees are for the purpose of meeting operating expenses.

4. The City Manager is authorized to issue Requests for Proposals to contract for electrical, telecommunications, and audio-visual services at the Sacramento Convention Center.

\_\_\_\_\_  
MAYOR

**ATTEST:**

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

5

**FOR CITY CLERK USE ONLY**

RESOLUTION NO. \_\_\_\_\_

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



**RESOLUTION NO. 2000-118**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

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

**IMPLEMENTATION OF SACRAMENTO CONVENTION CENTER ORGANIZATIONAL CHANGES**

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

- 1. Effective July 1, 2000, the Sacramento Convention Center fees and charges are amended as set forth in the Resolution Attachment "A" and incorporated by reference.
- 2. The City of Sacramento Fee and Charge Report is hereby amended to reflect the increased fees and charges as set forth in the Resolution Attachment "A".
- 3. Based upon information presented to it and upon all information in the public record and compliance with Public Resources Code Section 21080(b)(8), that the Council finds:

The increased fees are for the purpose of meeting operating expenses.

- 4. The City Manager is authorized to issue Requests for Proposals for telecommunications services-exclusive vendor, audio-visual services-preferred vendor with open policy, and electrical services with approved vendor list, at the Sacramento Convention Center.

\_\_\_\_\_  
MAYOR

**ATTEST:**

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

**FOR CITY CLERK USE ONLY**

RESOLUTION NO. \_\_\_\_\_

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

Sacramento Convention Center										
Facility Rates & Charges										
Rental Rates										
Room	Square Feet	1993 -	1993 -	2000	2000	2002	2002	2004	2004	
		Current Day	Current Full Day	Day	Full Day	Day	Full Day	Day	Full Day	
		8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	
Ballroom 309	1,265	250	350	265	365	280	385	295	405	
Ballroom 310	1,185	250	350	265	365	280	385	295	405	
Ballroom 311	1,185	250	350	265	365	280	385	295	405	
Ballroom 312	1,265	250	350	265	365	280	385	295	405	
Ballroom 313	2,965	500	700	525	735	550	775	575	815	
Ballroom 314	2,965	500	700	525	735	550	775	575	815	
Ballroom 315	2,815	500	700	525	735	550	775	575	815	
Ballroom 306-315	24,282	3,500	4,900	3,675	5,150	3,860	5,400	4,050	5,675	
Room 316	975	150	225	160	235	170	245	185	260	
Room 317	665	125	175	135	185	145	195	155	205	
Room 318	665	125	175	135	185	145	195	155	205	
Room 319	975	150	225	160	235	170	245	185	260	
Terrace Level 3rd Floor	29,845	4,750	6,650	5,000	7,000	5,250	7,350	5,500	7,725	
Exhibit Hall A	54,850	n/a	4,300	n/a	5,150	n/a	5,925	n/a	6,500	
Exhibit Hall B	32,875	n/a	2,250	n/a	2,700	n/a	3,100	n/a	3,400	
Exhibit Hall C	24,650	n/a	2,000	n/a	2,400	n/a	2,750	n/a	3,025	
Exhibit Hall D	12,060	n/a	1,000	n/a	1,200	n/a	1,400	n/a	1,550	
Exhibit Hall E	12,060	n/a	1,000	n/a	1,200	n/a	1,400	n/a	1,550	
North Lobby	6,600	n/a	500	n/a	600	n/a	690	n/a	750	
Exhibit Halls A & B 15%	87,725	n/a	5,550	n/a	6,650	n/a	7,650	n/a	8,500	
Exhibit Halls A-C	112,375	n/a	7,550	n/a	9,100	n/a	10,500	n/a	11,550	
Exhibit Halls C-E	49,950	n/a	4,000	n/a	4,800	n/a	5,500	n/a	6,050	
Exhibit Halls A-E	136,495	n/a	9,550	n/a	11,500	n/a	13,225	n/a	14,550	

RESOLUTION NO.:

DATE ADOPTED:

**Sacramento Convention Center  
Facility Rates & Charges**

**Rental Rates**

Room	Square Feet	1993 -		2000		2002		2004	
		Current Day	Current Full Day	Day	Full Day	Day	Full Day	Day	Full Day
		8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.	8 a.m. to 5 p.m.	8 a.m. to 11:59 p.m.
Room 100A	370	125	175	135	185	145	195	155	205
Room 100B	480	125	175	135	185	145	195	155	205
Room 101	370	125	175	135	185	145	195	155	205
Room 102	430	125	175	135	185	145	195	155	205
Room 103	1,035	200	275	210	290	220	305	230	320
Room 104	1,035	200	275	210	290	220	305	230	320
Room 105	795	175	250	185	265	195	280	205	295
Room 201	515	175	250	185	265	195	280	205	295
Room 202	3,655	550	800	575	840	605	880	635	925
Room 203	2,445	375	550	395	575	415	605	435	635
Room 204	3,655	550	800	575	840	605	880	635	925
Room 202-204	9,880	1,475	1,875	1,550	1,975	1,625	2,075	1,700	1,975
Room 205	725	175	250	185	265	195	280	205	295
West Lobby	5,800	500	500	525	525	550	550	575	575
East Lobby	9,920	750	750	785	785	825	825	875	875
Activity Building	15,510	2,900	3,875	3,050	4,050	3,200	4,250	3,350	4,465
VIP Lounge	945	250	350	265	365	280	385	295	405
Room 301	1,020	175	225	185	235	195	250	205	265
Room 302	705	125	175	135	185	145	195	155	205
Room 303	705	125	175	135	185	145	195	155	205
Room 304	865	125	175	135	185	145	195	155	205
Room 305	880	150	200	160	210	170	220	180	230
Ballroom 306	2,815	500	700	525	735	550	775	575	815
Ballroom 307	2,965	500	700	525	735	550	775	575	815
Ballroom 308	2,965	500	700	525	735	550	775	575	815

RESOLUTION NO.:

DATE ADOPTED: