

Lucy

[Handwritten scribble]

REVISED NOTICE

SPECIAL MEETING

SACRAMENTO CITY COUNCIL

THURSDAY, MAY 7, 1987

7:30 P.M.

I HEREBY CALL a Special Meeting of the Sacramento City Council to meet in the City Council Chambers, Second Floor, City Hall, 915 I Street, Sacramento, California, on Thursday, May 7, 1987, at the hour of 7:30 p.m. for the purpose of:

- 1. Presenting Certificates of Appreciation to members of the Memorial Auditorium Task Force.

RECOMMENDATION OF STAFF: PRESENT CERTIFICATES

COUNCIL ACTION: CERTIFICATES PRESENTED

VOTING RECORD: BY CONSENSUS

- 2. Hearing public testimony, considering, and acting upon various matters regarding:

A. Reuse alternatives for the Memorial Auditorium.

RECOMMENDATION OF STAFF: ADOPT RECOMMENDATIONS

OR

RECOMMENDATION OF COUNCIL: ADOPT RESOLUTION

COUNCIL ACTION:

~~ADOPTED RECOMMENDATIONS~~

~~OR~~

~~ADOPTED~~ RESOLUTION: CC87-353

VOTING RECORD: MOV: D4 SEC: D1

 AYES: UNANIMOUS

 ABSENT: D6

ITEM CONTINUED TO NEXT PAGE

2. ITEM CONTINUED FROM PREVIOUS PAGE

B. Expansion of the Sacramento Community/Convention Center Exhibit facility.

RECOMMENDATION OF STAFF: RECEIVE TESTIMONY, FILE

COUNCIL ACTION: FILED

VOTING RECORD: BY CONSENSUS



CITY OF SACRAMENTO

CALIFORNIA

APPROVED
BY THE CITY COUNCIL

MAY - 7 1987

OFFICE OF THE
CITY CLERK

Officially released: April 29, 1987

TOM CHINN

COUNCILMAN, DISTRICT 4
CITY HALL:
915 I STREET, ROOM 205
SACRAMENTO, CALIFORNIA 95814
BUSINESS (916) 449-5407
RESIDENCE (916) 443-3135

To: Mayor and City Council

Re: Memorial Auditorium

The City Council will be meeting on Thursday evening, May 7, 1987, to decide on the use of Memorial Auditorium as well as its financing proposal. The choice, as you know, is between a fixed seat Theater, or a Multi-purpose Facility. I have taken advantage of the postponement of the previously scheduled hearing to look further into the question and present them herein for your consideration.

ALTERNATIVE CHOICES

The choice is not easy. To repeat my perception expressed earlier, I believe the Task Force split into two opinions as follows:

1. Those in favor of the Theater would cite the over-booking of the Community Center Theater for performing arts events, and that multi-purpose functions previously held at the Auditorium could now be held at other facilities including Arco Arena and the expanded Community Exhibit Hall.
2. Those in favor of retaining its Multi-purpose use would cite that the changes in the architectural treatment of the Memorial Auditorium as a Theater would destroy the memorial and historic aspects of the original building. Further, this group felt strongly that retaining the Auditorium as a multi-purpose facility would serve a greater segment of the community.

KEY ISSUE

The key underlying issue that must be considered in either alternative for the Auditorium's destiny is: Would a Theater or an Multi-purpose Facility provide greater use by, and service, to the community?

The resolution to this key issue should have been relatively easy. Normally, an objective market study best prepared by professionals in the business would answer the question. However, there were considerable suspicion, not expressed, that the report presented utilization projections that favored the Theater concept because it was alleged that the staff did not want a Multi-Use in the Auditorium to compete with the yet to be proposed Exhibit Hall expansion.

COMPARISON WITH LIKE FACILITY

Because of the dilemma, I decided to visit the Henry J. Kaiser Arena previously known as the Oakland Auditorium by myself. I chose Oakland because the horse-shoe configuration is similar to Sacramento's, and because it was renovated in 1984 for \$17 million. I was also particularly looking for facts on bookings so as to extrapolate projections for Sacramento.

The Oakland Convention Center actually comprises of a horse-shoe shaped Kaiser Arena, which is back to back to the Calvin Simmons Theater. A quick comparison of the Kaiser Arena would be helpful:

COMPARISON: OAKLAND AND SACRAMENTO'S MULTI-PURPOSE FACILITY

	Sacramento	Oakland
Capacity, People:		
Staged Event	3,729	6,500
Arena Event	3,975	7,900
Floor Area, square feet:		
With stage and boxes	8,927	13,900
Boxes, but no stage	8,927	17,100
Stage, but no boxes	8,927	24,800

UTILIZATION

Discussions with the Oakland staff indicated that their Kaiser Arena bookings are principally for religious conventions, dances, banquets, high school basketball tournaments, boxing, wrestling, art shows, and with a great majority in rock concerts. However, only 86 event days out of 365 days were booked. This indicates a utilization percentage of only 23% for the newly renovated facility which is larger than the proposed Sacramento Multi-Purpose Facility.

Factors which would point to the possible low utilization in Oakland, which may be different from Sacramento's, is its proximity to San Francisco's competition, and to a generally lower economy at this time, which is turning around.

Discussions with the Oakland staff, however, indicate that the trend in the industry is to play to even larger houses than Oakland's Arena. For instance, some opt for the larger Oakland Coliseum, or to San Francisco. This leads to my conclusion that the proposed Sacramento Multi-purpose Facility's capacity of less than 4,000 may be utilized even less than Oakland's 23%.

This opinion is shared by the Oakland staff, whom I believe to be objective. However, since I am not a marketing expert, this must be reaffirmed by our staff or by an objective consultant.

CONCLUSION

In summary, the above analysis would lead to a conclusion that the ability to book a 4,000 capacity Multi-Purpose Facility would be difficult because of current trends. On the other hand, the staff have indicated that Sacramento is currently turning away theatrical and performing arts shows due to lack of facilities.

Therefore, I have to conclude that the Memorial Auditorium should be used as a fixed-use Theater, and not as a Multi-Purpose Facility.

This conclusion is also arrived at by considering the availability of Arco Arena for 16,000-capacity events and the to-be-expanded Exhibit Hall expansion for 8,000-capacity events. Even if the Exhibit Hall were not expanded, events needing less than 4,000 capacity are becoming scarce because of economics.

This conclusion also addresses the concern of the minority report that a Multi-Purpose Facility would be more available to the greater segment of the community. On this, I have to conclude that it serves little purpose to construct a facility which supposedly caters to the greater segment of the community if it cannot be utilized because it is difficult to book. Therefore, the objective of memorializing the Veterans, of which I may be the only World War II Veteran on the Council, would be better served by a facility that is used a greater amount of time - a Theater.

I want to add that that this conclusion to use the Memorial Auditorium as a Theater could have been reached much sooner, and without the discord it created within the community, the Task Force and the Council. The avoidance of conflict would have been possible if the proposed Exhibit Hall expansion were considered at the same time as the proposed use of the Memorial Auditorium. The result would probably be the same. While there may have been sound reasons why they were not discussed together, the fact that they were not, and the reasons not explained, led to many suspicions that the staff did not want a multi-use in the Memorial Auditorium to compete with the Exhibit Hall expansion.

DESIGN OF THE THEATER

The hearings were fruitful in that we have been reminded of the original purpose of the Memorial Auditorium to memorialize the Veterans. Also, we were also reminded of the need to preserve our historical heritage. Therefore, the design of Memorial Auditorium/Theater must include those factors discussed during the hearings which would result in a unified project.

My visit to Oakland's Calvin Simmons Theater adjacent to the Arena was very rewarding in this regard. The Calvin Simmonds Theater, pictured in the enclosed brochure, is a theater designed in the old European tradition and possesses rare intimacy and charm. The acoustics have been proclaimed perfect by some of the most renown artists. We will do well by seeing how Sacramento's Memorial Theater can emulate Oakland's Calvin Simmons Theater. I believe we already have the necessary ingredients in many of the existing architectural features which parallels Oakland's. We have an added advantage: Our projected capacity of 2,783 is better than Oakland's 1924 capacity - an admitted smaller than optimum theater.

Further, I also believe that our Little Theater and the Reception Room must be revitalized for increased utilization. Again, various reception rooms in Oakland showed opportunities for promising copies.

Towards this end, I would be pleased to lead a visit by interested parties to Oakland prior to the May 7th hearing if there are sufficient interest.

TIMELINE AND PROPOSED ACTION

Additional information must be developed by staff before the Council can submit the question to the public. This include an accurate cost estimate based on valid design, and financing proposals.

I believe that the necessary information cannot be completed in time for the Council's submittal of the question to the public in the September, 1987 nor the November, 1987 City elections. The earliest would be the election in June, 1988.

Therefore, I would propose the following actions by the City Council:

1. Approve the use of the Memorial Auditorium as a Theater.
2. Authorize the preparation of a program, preliminary plans, and a firm cost estimate by an architect. The design shall incorporate a significant memorial to the Veterans, as well as retaining the historical aspects of the original Auditorium, but not necessarily the dress circle and balcony configuration.
3. Establish an Advisory Committee to work with the architect in program development and design of the Theater. The Committee to consist of interested groups such as Performing Arts groups; Veterans organizations; historical preservation groups. I would be pleased to serve on this Committee as the Council's liaison to be sure the goals are met.

SUMMARY

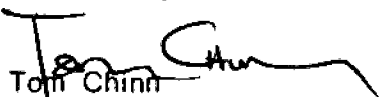
By copy of this memo to the City Manager, I am asking that staff prepare the necessary report and Resolutions using the conclusions contained herein for the May 7th hearing. Obviously, the Council and staff should add whatever other information as necessary.

Earlier, I had also asked staff to prepare alternative ballot measures on the use as well as financing so that the voters may choose between the two. I now feel that based on the additional information herein, the Council can and should make a firm choice on the use based on further public testimony, and then submit the question of financing to the voters in June, 1988, after a firm design and cost estimate has been developed.

In closing, I appreciate the time and energy spent by the entire Task Force in their deliberations. In particular, I understand the views expressed by the minority report because I, myself, could have reached the same conclusions as they did if left with the incomplete information presented during the Task Force deliberations.

Hopefully, with the added information contained herein, those who voted for the Arena concept can now agree that a Theater would achieve their goals even better through a stronger emphasis in memorializing the Veterans and the necessary preservation of historical aspects. Further, I hope that we can now all unite to create a project which would be supported by the entire community.

Respectfully submitted,


Tom Chinn
Councilman, District 4

cc: Walter Slipe, City Manager
Solon Wisham, Assistant City Manager
Sam Burns, Convention Center Manager
Memorial Auditorium Task Force

RESOLUTION No. 87-353

Adopted by The Sacramento City Council on date of

APPROVED
BY THE CITY COUNCIL

MAY 7 1987

OFFICE OF THE
CITY CLERK

RESOLUTION AUTHORIZING VARIOUS ACTIONS BY THE CITY COUNCIL CONCERNING THE RE-USE AND REHABILITATION OF THE SACRAMENTO MEMORIAL AUDITORIUM

WHEREAS, the Sacramento City Council recognizes the values represented by the Sacramento Memorial Auditorium, and;

WHEREAS, the Sacramento Memorial Auditorium was constructed from funds approved by City voters in 1923 as a memorial to Sacramento County residents that paid the supreme sacrifice in the Spanish-American War and World War I, and;

WHEREAS, the Sacramento Memorial Auditorium was constructed on land granted to the City of Sacramento by its founder John Sutter, Jr., and;

WHEREAS, the Sacramento Memorial Auditorium has operated continuously from February 22, 1927 until it was ordered closed by the City on February 11, 1986 for numerous structural and life support facility deficiencies, and;

WHEREAS, The City Council selected the Memorial Auditorium Task Force to study the alternatives for the re-use of the structure, and;

WHEREAS, Committees of the City Council and numerous other private individuals and groups have reviewed the advice and recommendations of the City staff, consultants, and the Memorial Auditorium Task Force.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO, that:

1. The City Council approves the re-use of the Sacramento Memorial Auditorium as a theatre.
2. Authorize the City Manager to proceed with the development of a program for the selection of an architectural firm and to prepare plans and construction drawings which will result in a firm cost estimate for a design incorporating the retention of the exterior and modifications of the interior which will result in a quality theatre, serving as a significant memorial to veterans of all United States military conflicts including the Spanish-American War, World War I, World War II, the Korean War and the Vietnam War.

3. Direct the City Manager to provide a follow-up report to the City Council for the purpose of establishing a Memorial Auditorium Design Advisory Committee to work with City staff and City consultants in the development of a program for the design of a theatre. The Advisory Committee shall have representation from performing arts, veterans and historic preservation organizations and a representative of the City Council.
4. Direct the City Manager to prepare a financing proposal for the reconstruction of the Memorial Auditorium as a theatre, based on the plans and firm cost estimates by January 31, 1988.

MAYOR

CITY CLERK



*5/7/87 Council
adopted report & resolution
presented by Councilmember
Tom Chen.*

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

April 29, 1987

916-449-5704

City Council
Sacramento, California

Honorable Members In Session:

Subject: REHABILITATION OF THE SACRAMENTO MEMORIAL AUDITORIUM

SUMMARY

This report recommends that the City Council approve the Memorial Auditorium/Theatre Re-use Option as recommended by the majority of the Memorial Auditorium Task Force and the City staff. Further, it is recommended that the City Manager proceed with the development of a ballot measure for a voter approved General Obligation Bond Issue to finance a complete rehabilitation of the Sacramento Memorial Auditorium.

BACKGROUND

On February 18, 1986, the City Council endorsed the formation of a nineteen (19) member Memorial Auditorium Task Force. The Task Force met on nine (9) separate occasions to review a variety of options and factors concerning the Memorial Auditorium facility. On July 30, 1986, a majority of the Task Force voted to approve a recommendation to the City Council to rehabilitate the facility as a fixed seat theatre to meet the expanding needs of the community.

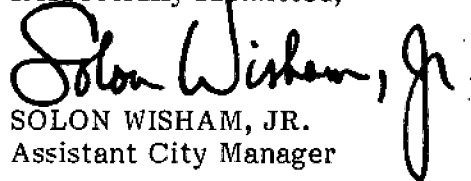
Since the report of the Task Force action was reported to the City Council in November of 1986, a number of Council committee hearings have been held in an effort to provide added information and public input on the subject. The Joint Committees of Transportation and Community Development and Budget & Finance directed that a special meeting of the City Council be scheduled in the evening to provide a greater opportunity for the public to participate in the re-use discussions and to provide an appropriate setting to recognize the work of the Memorial Auditorium Task Force.

RECOMMENDATION:

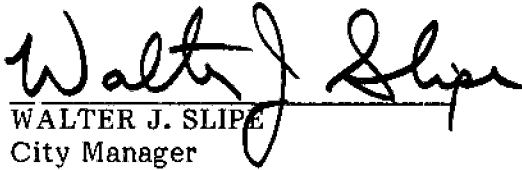
It is recommended that the City Council approve the re-use and rehabilitation of the Sacramento Memorial Auditorium as a fixed seat theatre to supplement and enhance the existing Community Center Theatre for community, cultural and performing arts activities; and further, direct the City Manager to proceed with the development of a ballot measure

for a voter approved General Obligation Bond Issue (GOB) to finance a complete rehabilitation of the Sacramento Memorial Auditorium consistent with the design concept recommended by the Memorial Auditorium Task Force.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

RECOMMENDATION APPROVED:


WALTER J. SLIPE
City Manager

Attachment: Exhibit I

All Districts
May 7, 1987



Exhibit I

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

November 7, 1986

916-449-5704

Budget & Finance Committee
Transportation & Community Development Committee
Sacramento, California

Honorable Members In Session:

Subject: Task Force Report on the Reuse of the Sacramento Memorial
Auditorium

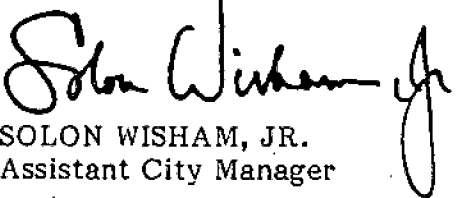
SUMMARY

The attached report is provided to benefit the Joint Committees in the review and evaluation of the combined Memorial Auditorium Task Force and staff report on the rehabilitation, reconstruction and reuse of the Sacramento Memorial Auditorium.

RECOMMENDATION

It is recommended that the Joint Committees review and approve the Memorial Auditorium Task Force Report and refer the report to the full Council for final action.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

All Districts
November 18, 1986



OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

October 15, 1986

916-449-5704

City Council
Sacramento, California

Honorable Members In Session:

Subject: Task Force Report on the Reuse of the Sacramento Memorial Auditorium

SUMMARY

On February 18, 1986, the City Council approved the concept of a Task Force to determine alternatives for the reuse of the Sacramento Memorial Auditorium. This action followed an earlier decision in the same meeting to close the Memorial Auditorium to public use due to the lack of handicap access and deficiencies in other structural, life safety, and fire protection systems in the facility.

The Memorial Auditorium Task Force was duly appointed (see Exhibit A) and held nine meetings between March 26, 1986 and July 30, 1986. The majority of those meetings exceeded 1 1/2 hours and included two on-site visits to the Memorial Auditorium. City staff and consultants provided extensive information to the Task Force in an effort to prepare them for the process of evaluating alternatives and recommending one reuse alternative to the City Council. The Task Force began the process with twenty-one alternative uses and selected six for further evaluation by the staff. The list of six reuse alternatives was reduced to two including, a Memorial Auditorium/Arena option and a Memorial Auditorium/Theatre option. On July 30, 1986, the Task Force voted 13 to 6 for the Memorial Auditorium/Theatre option. A written minority report is being developed by the six (6) members of the Task Force that supported the Memorial Auditorium/Arena option. Exhibit B provides a matrix of Task Force members' attendance and a summary of the reuse option vote.

This report recommends that the City Council approve the findings and positions of the Memorial Auditorium Task Force and further, by resolution, approve the Memorial Auditorium/Theatre option for reuse of the facility and direct the City Manager to complete a financial plan which includes a ballot measure for a voter approved General Obligation Bond Issue.

BACKGROUND

On September 10, 1985, the City Council approved a report concerning the HANDICAPPED ACCESS COMPLIANCE PROGRAM. During the review of this report, the staff was asked to review handicapped accessibility deficiencies at the Memorial Auditorium and to report on other structure, life safety, and fire protection deficiencies in that facility. The Transportation & Community Development Committee reviewed the staff report on deficiencies at the Memorial Auditorium on February 11, 1986. The same report was reviewed by the full Council on February 18, 1986. City Council approved Resolution 86-141 to close the Sacramento Memorial Auditorium on March 9, 1986. Further, the Council endorsed the formation of a Memorial Auditorium Task Force consisting of nineteen persons jointly appointed by the Mayor & City Council and the City Manager to recommend a reuse plan for the City Council consideration.

The Memorial Auditorium Task Force took final action on the selection of a reuse option on July 30, 1986. The Task Force report back to the Joint Committees of the City Council was originally scheduled for September 23, 1986 based on the vacation schedule of various City Councilmembers. Unfortunately, City staff was unable to complete the financial section to meet that schedule because of changes in the tax laws which affect some of the methods of financing. The staff also wanted an opportunity to discuss a proposal to expand the exhibit/assembly space of the Community Center Complex, concurrent with the proposal to refurbish the Memorial Auditorium. This is essential because both proposals have a bearing on the financial methods to be considered by the City Council.

SUMMARY OF TASK FORCE MEETINGS

The Memorial Auditorium Task Force held the first meeting on March 26, 1986 at the Memorial Auditorium. City staff presented over one hundred slides on the facility with emphasis on the deficiencies as determined by staff and consultants. The cost of correcting the deficiencies only is estimated to be \$4,176,535. The details for this estimate are included in Exhibit C. A tour of the Auditorium followed the slide presentation so that the Task Force could obtain a personal view of a large number of deficiencies in the facility.

The second meeting was held on April 2, 1986 in the Community/ Convention Center. The Convention Center staff presented the functions of the Community/Convention Center and the Memorial Auditorium. The staff contrasted existing assets including personnel, facilities and activities accommodated by the Convention Center and Memorial Auditorium with future requirements that will enable Sacramento to maintain a competitive position with other communities soliciting convention and visitor business. The staff concluded that the Memorial Auditorium was needed to accommodate community and performing arts events as a supplement to the heavily booked Community Center Theatre.

The third and fourth meetings on April 16th and April 30th respectively, dealt with the historical background and the nature of the Memorial Auditorium. The Task Force was presented with constraints on reuse options including the Sutter Land Grant Restrictions, the State Historical Building Code, zoning restrictions and the fact that the Auditorium is on the national, state, and local list of historical structures. The staff presented the original construction blueprints along with a 1981 set of plans for the renovation of the Auditorium. Earl Rand Barnett, the designer of the original Memorial Auditorium spoke to the Task Force concerning his knowledge of the Auditorium design concepts. Mr. Barnett responded to numerous questions by members of the Task Force concerning his knowledge and memory on how the Auditorium was constructed. The Task Force concluded that the Memorial Auditorium building should remain intact, especially the exterior, and that it should not be replaced with a facility that has a different architectural design.

The fifth, sixth, and seventh meetings on May 7th, 14th, and 21st, respectively, dealt with open workshops on creative problems solving. In these workshops a problem statement was developed, criteria to evaluate the possible options were developed, and finally, twenty-one reuse alternatives were selected for evaluation. Of the twenty-one reuses, six were selected by the Task Force for preliminary evaluation by the staff as follows:

1. Memorial Auditorium as a Multi-purpose Facility.
2. Cultural Center for the Performing Arts.
3. Central Library
4. Concert Hall
5. Community Center Exhibit Hall
6. Smithsonian-West

The pros and cons of each of these options were developed by the staff and presented to the Task Force. In reviewing this information, the Task Force selected: #1, Memorial Auditorium as a Multi-purpose Facility; and a combination of #2 and #4, a Cultural Center for the Performing Arts and Concert Hall for a detailed analysis, a preliminary design concept and a project feasibility study for each of the two options. The staff secured the assistance of several consultants to accomplish this task on behalf of the Memorial Auditorium Task Force.

Exhibit D provides a detailed summary of the feasibility study for the two options including the estimated cost of each. This material with additional artist sketches were presented during the eighth meeting on July 9, 1986. During the ninth and final meeting on July 30, 1986, the Task Force thoroughly discussed the two reuse options and voted thirteen to six to select the Memorial Auditorium/Theatre option over the Memorial Auditorium/Arena option.

The Task Force also selected James A. Craig to make the final Auditorium Task Force report to the Joint Committees of the City Council and the full Council. This staff report serves as the basic transmittal document however, Mr. Craig will provide a description of actions by the Task Force.

FINANCIAL DATA

Preliminary cost estimates for the adopted Memorial Auditorium Task Force option is as follows:

Table I

	<u>Auditorium/ Theatre Option</u>
Construction Cost	\$ 7,600,000
Contingency @ 25%	<u>1,900,000</u>
Subtotal	9,500,000
Administration @ 25%	<u>2,375,000</u>
Total before Financing	\$11,875,000
Financing Costs @ 2 1/2%	305,000
Total to be Financed	<u>\$12,180,000</u>

The City Treasurer has completed a Financing Options Report (attached as Exhibit E) which analyzed the impact on municipal borrowing of the 1986 Tax Reform Act. The Treasurer's report discusses such financing options as General Obligation Bonds, Certificates of Participation, Special Assessment Bonds (Mello-Roos) and Private Developer Lease Purchase. Other financing options include: (1) City "Pay as You Go" cash accumulation with deferral of contract award until sufficient funds are available; (2) public subscription fund drive similar to the Crocker renovation, and; (3) State grants.

The consensus of the City Treasurer, Finance and City Manager's staff is that a voter approved General Obligation Bond is the most cost effective financing structure for this transaction. The following financing assumptions are made based on a G.O. Bond Issue.

Table II

		<u>Auditorium Theatre Option</u>	
Total to be Financed (preliminary estimate)		\$12,180,000	
Assumed Interest Rate (this is subject to market fluctuation)		7 1/2%	
Annual Debt Services (estimate)		\$ 1,185,400	
<u>Property Taxed</u>	<u>Value</u>	<u>Annual Added Cost</u>	
a. Residential Property:	\$ 50,000 =	\$ 4.94	
	\$ 75,000 =	\$ 7.82	
	\$100,000 =	\$ 10.69	
b. Commercial/Industrial Property:	\$100,000 =	\$ 11.50	(for each \$100,000, or 11.5 cents pe thousand)

Voter approved General Obligation Bonds were authorized by passage of statewide Proposition 46 in June of 1986. This constitutional amendment allows cities to issue General Obligation Bonds for the first time since 1978. Proposition 46 amends Article XIII A of the California Constitution to create an exception from the property tax limitation for taxes to pay debt service on any bonded indebtedness for the "Acquisition or improvement of real property provided that such indebtedness is approved by two-thirds (2/3) of the voters voting on the measure."


General Obligation bonds have always been the least expensive source of debt financing. Other advantages include simpler documentation and procedures, lower issuance costs, reserve funds and capitalized interest during construction are normally not required and property taxes used to pay debt service do not constitute "Appropriations subject to the Gann spending limit".

RECOMMENDATION

It is recommended that the City Council, by resolution, accept and approve the report of the Memorial Auditorium Task Force and their recommendation to reconstruct the Sacramento Memorial Auditorium as a Memorial Auditorium/Theatre to supplement and enhance the Community Center Theatre for community, cultural and performing arts activities; and further, direct the City Manager to complete a financial plan which includes a ballot measure for a voter approved General Obligation Bond Issue (GOB) for the renovation and modernization of

the Memorial Auditorium consistent with the design concept recommended by the Memorial Auditorium Task Force.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

APPROVED:


WALTER J. SLIPE
City Manager

Attachments: Exhibit A - Task Force Roster
Exhibit B - Task Force Attendance & Vote
Exhibit C - Memorial Auditorium Deficiencies
Exhibit D - Design Options Comparisions
Exhibit E - Financing Options Report

Auditorium Task Force Roster

1. Sacramento Community Center Authority
Walter Christensen
2. Sacramento Convention & Visitor's Bureau
Chuck Hills
3. Veterans of Foreign Wars
Kenneth Robbins
4. American Legion
Andy Salontai
5. Sacramento History & Museum Commission
Judy Tafoya
6. Sacramento Downtown Association
Howard Evanson
7. Sacramento Old City Association
Bruce Samuel
8. Greater Sacramento Chamber of Commerce
Carl Treseder
9. Design Review/Preservation Board
Bob Rakela
10. Rudin Representative
Kay Knepprath
11. Shore Representative
Jonathan Lewis
12. Johnson Representative
Willie Bell
13. Pope Representative
James A. Craig
14. Chinn Representative
Audrey Tsuruda
15. Serna Representative
Manuel Alvarez
16. Smallman Representative
Judi O. Spivack

17. Kastanis Representative
Bob Wyman
18. Robie Representative
Jack H. Nissen
19. City Manager Representative
Solon Wisham, Jr.
Assistant City Manager

Staff Support Provided By:

1. Duane Wray, Superintendent of Facility Management
General Services Department
2. Sam J. Burns, Director of Community Center
Community Center Department
3. Mel Johnson, Director of Public Works
Public Works Department
4. Tim Sullivan, Superintendent, Building Inspections
Planning & Development Department
5. Ray Charles, Deputy Fire Chief
Fire Department
6. Andy Plescia, Deputy Director
Sacramento Housing & Redevelopment

AUDITORIUM TASK FORCE ATTENDANCE & REUSE OPTION VOTE SUMMARY

Name & Organization/ Appointment	Meeting Attendance									Reuse Option Vote		
	1	2	3	4	5	6	7	8	9	Attendance Percentage	Auditorium/ Arena	Auditorium/ Theatre
1. Walter Christensen/ Sacto. Comm. Cntr. Auth.	1	1	1	1	0	0	0	1	1	67%	0	1
2. Chuck Hills/ Sacto. Conv. & Vis. Bureau	0	0	1	1	1	1	1	0	0	56%	0	1*
3. Kenneth Robbins/ Veterans of Foreign Wars	1	1	1	1	1	1	1	1	1	100%	1	0
4. Andy Salontai/ American Legion	1	1	1	1	1	1	1	1	1	100%	1	0
5. Judy Tafoya/ Sacto. Hqs. & Museum Comm.	0	1	1	1	0	1	1	1	1	78%	1	0
6. Howard Evanson/ Sacto. Downtown Assn.	1	1	1	1	1	1	1	1	1	100%	1	0
7. Bruce Samuel/ Sacto. Old City Assn.	1	1	0	1	1	1	1	1	0	78%	0	1*
8. Carl Treseder/ Grtr. Sac. Chmbr. of Comrc.	1	1	1	1	1	1	1	1	1	100%	0	1
9. Bob Rakela/ Design Rvw/Pres. Brd.	1	1	1	0	1	1	1	1	1	89%	0	1
10. Kay Knepprath/ Rudin Representative	1	0	1	1	1	0	1	1	0	67%	0	1*
11. Jonathan Lewis Shore Representative	1	1	1	0	1	1	1	1	1	89%	0	1
12. Willie Bell/ Johnson Representative	1	1	1	1	0	1	1	1	1	89%	0	1
13. James Craig Pope Representative	1	1	1	1	1	1	1	1	1	100%	0	1
14. Audrey Tsuruda/ Chinn Representative	1	1	1	1	1	1	1	0	1	89%	1	0
15. Manuel Alvarez/ Serna Representative	1	1	1	1	1	1	1	1	1	100%	0	1
16. Judi Spivack/ Smallman Representative	1	1	1	1	1	1	1	0	1	89%	0	1
17. Bob Wyman/ Kastanis Representative	1	1	1	1	1	1	1	0	1	89%	0	1
18. Jack Nissen/ Robie Representative	1	1	1	1	1	1	1	1	1	100%	1*	0
19. Solon Wisham, Jr./ City Mgr. Representative	1	1	1	1	1	1	1	1	1	100%	0	1
Totals	17	17	18	17	16	17	18	15	16		6	13

* Proxy Votes

Chuck Hills' vote was cast by Walter Christensen

Bruce Samuel's vote was cast by Alternate David Mogavero

Kay Knepprath's vote was cast by Jonathon Lewis

Jack Nissen's vote was cast by Kenneth Robbins (Nissen departed meeting prior to vote)

MEMORIAL AUDITORIUM CODE
AND SAFETY DEFICIENCIES

The deficiencies can be divided into three general categories: 1) fire and exiting code violations; 2) handicap and mechanical code violations, and 3) patron and employee safety. A cost estimate for each of these three categories follows:

1. Fire and Exiting Code Violations

- | | | |
|----|--|------------|
| a. | Perform recommended work required to make the auditorium's exiting reasonably conform with the Uniform Building Code. This would include widening the balcony aisles and eliminating excess aisles and eliminating excess aisle length over 20 feet, widening each of the corner stairs, providing new east and west exits, providing approved exit hardware on all exit doors, providing dress circle and balcony aisle step lights and handrails and providing illuminated exit signage with an auxiliary emergency lighting system..... | \$ 372,600 |
| b. | Install a full, automatic sprinkler system throughout all areas of the auditorium including the stage, grid-iron and fly, main arena and attic, area below the arena operable floor, basement, dressing rooms storage areas, Little Theater and Memorial Hall..... | \$ 391,230 |
| c. | Eliminate /or protect all combustible construction materials. This includes the stage wood grid-iron, catwalks and exposed structural steel framing..... | \$ 98,325 |
| d. | Perform all work required by the National Electrical Code at main switch-board, correct all electrical grounding deficiencies, replace obsolete electrical distribution and lighting panel boards, and replace all branch circuit and feeder wiring..... | \$ 336,375 |
| e. | Construct new toilet room facilities at Main Level. Provide handicap facilities and code required numbers of toilets, urinals, lavatories and drinking fountains. (Relocation to ground level is recommended to eliminate basement exiting upgrade problems and alleviate costly basement toilet room remodeling while still having to meet | |

requirements for providing handicap facilities at Main Level.....	170,775
f. Extend dry stand pipe to roof over stage....	5,175
g. Correct all fire extinguisher and fire hose/cabinet violations.....	8,280
h. Replace theatrical draperies per Fire Code requirements.....	47,610
i. Provide refuse compaction and approved storage units per Fire Code requirements....	<u>28,980</u>
Sub Total Category No. 1	\$1,459,350

2. Handicap and Mechanical Code Violations

a. To meet present-day code corrections to building's HVAC system, refurbish existing mechanical equipment including up-grade of one-hour ratings of all ducts, provide required duct fire dampers, smoke purge and detection systems and incorporate new controls related to energy conservation.....	414,000
b. Supplement (2a.) all building areas with up-graded heating, cooling and exhaust/ventilation systems per code requirements for air changes per hour.....	414,000
c. Correct deficiencies, re: existing plumbing systems consisting of various gas lines, dressing room and toilet room code up-grades, backflow prevention device at boiler, sewer, water and storm drain piping, sump pumps, sewage ejectors and steam traps.....	136,620
d. Modify existing concession stands with reference to Mechanical, Plumbing and Health Code violations.....	87,975
e. Provide ingress/egress to the facility for the physically handicapped.....	<u>434,700</u>
Sub Total Category No. 2	\$1,487,295

3. Patron and Employee Safety

a. Construct new off-street loading dock/ service drive to the stage area.....	173,880
--	---------

b.	Replace main arena decorative plaster ceiling.....	310,500
c.	Provide, above arena ceiling, full system of catwalks and rigging positions....	223,560
d.	Strengthen portions of the stage.....	5,796
e.	Provide removeable forestage and stage riser platform.....	80,730
f.	Provide freight elevator with stops at all levels.....	93,150
g.	Provide wet closets for janitorial services at all levels of the arena.....	24,840
h.	Repair exterior scupper/drain system.....	6,624
i.	Repair and replace fixed seating as required.....	207,000
j.	Provide production connections (company switch).....	10,350
k.	Provide dimmer banks.....	49,680
l.	Remove ventilation mushrooms at fixed seating areas, patch and repair.....	34,983
m.	Provide new accesses to roof equipment and safety line cable.....	<u>8,797.50</u>
	Sub Total Category No. 3	\$1,229,890.50
	TOTAL OF ALL CATEGORIES	<u>\$4,176,535.50</u>



CITY OF SACRAMENTO

DEPARTMENT OF GENERAL SERVICES

FACILITY MANAGEMENT DIVISION

DUANE J. WRAY
Superintendent
DERROLD LEE
Assistant Superintendent

9 July 1986

MEMORANDUM

TO: MEMORIAL AUDITORIUM TASKFORCE
FROM: GARY SZYDELKO, SENIOR ARCHITECT

Pursuant to your request during the last Task Force meeting, we were directed to explore two (2) design concept reuses for the present Memorial Auditorium:

1. **Memorial Auditorium as a multi-purpose facility.**
2. **Memorial Auditorium as a single stage theater facility for the performing arts. (Memorial Theater)**

We have completed our assignment and the results are included in the attached package of drawings and information.

When reviewing this information, please keep in mind that these designs are "design concepts" and certain portions may and will change as a final design is completed. We attempted to meet the needs and desires of the Community Convention Center as well as the needs of the Task Force.

To complete this work in the time allocated, we used the services of several professional consultants and they are as follows:

1. Vitiello + Associates, Inc.
Architects
2. Reynolds/Webber, Architects, Inc.

3. **Marr/Shaffer and Associates
Structural Engineers**
4. **Andy Abrate, Cost Engineer**
5. **David Perry, Architect**

If you have any questions with the information presented, please feel free to call me at 449-5977.

MEMORIAL AUDITORIUM A Multi-Purpose Facility

The **Memorial Auditorium** as a multi-purpose facility focused on flexibility. This flexibility is to benefit the performers, audience and the Community Center.

It is envisioned that the multi-purpose facility will accomodate several different types of events such as:

1. Single stage theatric events/plays.
2. Single stage family events : Sesame Street
3. Single stage concerts
4. Arena floor sporting events: roller derby, boxing, wrestling
5. Arena floor dances
6. Graduations
7. Meetings and Conventions
8. Little Theater events/presentations

Entrances

The main lobby entrances have been reconfigured to allow independent use of either the main auditorium, the little theater, or the memorial hall. All are now self contained, including toilets, stairway and entrances/exits which will encourage some of the smaller more diversified community uses.

Main Floor

The redesigned foyer around the main arena on the first floor includes new elevators, toilet rooms and an increased number of concession areas. Adjacent to the east/west concessions and along the exterior walls will be lounge areas which will introduce daylight to the corridor, making it more of an open space. These lounge areas will also keep concession lines from blocking traffic in the corridor.

Seating in the Dress Circle will be replaced with new larger seats. Seating will also be added at the stage area for main arena floor events. Portable seating will be placed on the arena floor as required for each event.

The main arean ceiling is to be replaced with a fiberglass system which will recreate all the detail of the existing ceiling. This will allow for the needed lighting flexibility required by the multi-use nature of this facility. (A structural investigation of the existing ceiling confirmed that the ceiling could be reinforced and salvaged; however, it was felt that the functional needs of the facility would better be utilized if the ceiling was removed and duplicated.)

Mezzanine/Balcony

Access to the mezzanine level will be a combination of stairs and elevators, which will allow for handicapped use of this level. The corridor around the seating areas has been opened up with concession and lounge areas to minimize congestion. New handicapped toilets have been located near the existing toilets. (Additional toilets may be added on either side of the stage in areas which now serve as dressing rooms.)

Seating arrangements have been redesigned as continental which will allow fewer aisle ways. The seating angle has also been modified from an existing 31 degrees to 24 degrees, thus allowing for more comfortable and accessable seating.

Exiting from this level will be from four (4) stairways in each corner of this floor.

Basement

The south half of the basement will be used as a small exhibit space and/or meeting space/rooms. Access will be from the main level elevator or stairways. Meeting rooms will include moveable partitions to allow the maximum flexibility of room size.

Seating

All existing seating is to be replaced. Due to age and comfort, the redesigned seating will be similar to the Community Theater both in comfort and ease of access.

Main Floor

Dress Circle	720 Seats
Main Arena	
Stage Events	1,134 Seats
Arena Floor Events	1,380 Seats

Mezzanine/Balcony

Lower Mezzanine	531 Seats
Upper Balcony	1,344 Seats

Little Theater

Main Floor	176 Seats
Balcony	<u>64 Seats</u>

Total 240 Seats

Seating for a stage event will be a maximum of approximately 3,729 with some adjustment of seating outside the viewing angle of the stage (the corner areas of the Dress Circle, Mezzanine, and Balcony).

Seating for an arena event will be a maximum of approximately 3,975.

Cost

Attached, is a detailed cost estimate. This estimate was based on the concept drawings and discussions with the estimator. This estimate should be viewed as a "concept estimate" and will be updated as more detailed information and material selections are made. This estimate is only for construction. A project budget is estimated as follows:

Construction Cost:	\$8,800,000
Contingency @ 25%	<u>2,000,000</u>
Subtotal	11,000,000
Administration @ 25%	2,750,000
TOTAL (less financing)	13,750,000

Conclusion

The Memorial Auditorium will be completely code updated to meet the current applicable building codes. Acoustical treatment will be applied together with an updated sound system.

The exterior character of the building will not be compromised and the interior of the facility will be restored to its original character. The Memorial Auditorium will be a first class facility.

MEMORIAL THEATER

The **Memorial Theater** Complex concept was to create a first class theater to accomodate single stage events such as:

1. Broadway Shows
2. Symphony Concerts
3. Pop Concerts
4. Rock and Jazz Concerts
5. Operas
6. Ballet
7. Music Circus productions
8. Miscellaneous Single Stage Family Events

Entrances

The main lobby entrances have been reconfigured to allow independent use of either the main theater, the little theater or the memorial hall. All are now self contained, including stairway and entrances/exits which will encourage some of the smaller more diversified community uses.

Main Floor

The redesigned foyer around the main theater on the first floor includes new elevators, toilet rooms and an increased number of concession areas.

Adjacent to the east/west concessions along the exterior walls are new toilet rooms that will be accessible to the physically handicapped. The perimeter corridors have been widened to accomodate theater patrons.

To accomodate the Theater, the existing interior will have extensive demolition (walls, ceilings, etc.) to provide for a more spacious and opulent theater. Four (4) new stairways are provided for exiting, as well as new concessions and toilet rooms at all floor levels for a more pleasant theater experience. Two (2) new passenger elevators have been provided for

vertical circulation and access for the physically handicapped. Large spacious lobbies have been provided to enjoy the intermission/concession experience since no food or drink will be allowed in the main theater.

The Theater concept was developed with the audience comfort as the primary goal. Comfortable continental seating, proper site lines to the stage and a new audio system all have been provided. All walls have been angled for maximum acoustic benefit. All seats are so arranged as to provide a "good seat" for all theater patrons. A new acoustical ceiling will be installed to provide maximum listening pleasure at concerts/operas. An acoustical screen has also been provided to close the balcony for symphony concerts or any other event that would require less seating.

Seating

All seating will be similar to the Community Theater both in comfort and ease of access.

Main Floor	1,875 Seats
Balcony	<u>1,176 Seats</u>
Total	3,051 Seats (Continental)
Little Theater	168 Seats

Cost

Attached, is a detailed cost estimate. This estimate was based on the concept drawings and discussions with the estimator. This estimate should be viewed as a "concept estimate" and will be updated as more detailed information and material selections are made. This estimate is only for construction. A project budget is estimated as follows:

Construction Cost:	\$7,600,000
Contingency • 25%	<u>1,900,000</u>
Subtotal	9,500,000
Administration • 25%	<u>2,375,000</u>
TOTAL (less financing)	\$11,875,000

Conclusion

The Memorial Theater will be completely code updated to meet the current applicable building codes. There will be four (4) concession areas on the main level and three (3) concession areas on the balcony level.

The exterior character of the building will not be compromised. It is envisioned that the main lobby and perimeter corridors will be a transition spaces between the historical exterior and the modern interior theater. These areas will be updated, but they will retain much of their historical character. The **Memorial Theater** will be a first class facility.



EXHIBIT E

CITY MANAGER'S OFFICE
RECEIVED
NOV 3 1986OFFICE OF THE
CITY TREASURERCITY OF SACRAMENTO
CALIFORNIA800 TENTH STREET
SUITE ONE
SACRAMENTO, CA
95814-2688THOMAS P. FRIERY
TREASUREROctober 31, 1986
860290:TPFlv:fin-tax916-449-5318
OPERATIONSDONALD E. SPERLING
ASSISTANT TREASURER916-449-5168
INVESTMENTS &
ADMINISTRATION

TO: Solon "Doc" Wisham, Jr., Assistant City Manager

FROM: Thomas P. Friery, City Treasurer

916-448-3139
DEX TRANSCEIVER

SUBJECT: Alternative Financing Mechanisms - Memorial Auditorium

SUMMARY

The least costly method of publicly financing the Memorial Auditorium rehabilitation under the new tax laws would be a non-taxable GO bond. The second least costly method (if legally permissible) would be a Special Assessment (SAB) or Mello-Roos (MR) non-taxable financing if the Auditorium were determined to provide a "special benefit" or "general benefit" to property in the City. The most expensive financing from the standpoint of cost and loss of financing leverage to the City would be a non-taxable COP structure. It is pointed out that the COP structure requires only a simple majority vote of the City Council as compared to 2/3 vote of the electorate for a GO bond, 60% property owner approval for a SAB or 2/3 vote of property owners for a MR.

However, the new tax law imposes certain reporting requirements and rules relating to "arbitrage", etc. on tax exempt bonds that effectively could reduce the City's flexibility in operating the facility in the future and could result in our being required to operate the facility even though it might not be in our best financial interests or be exposed to unknown financial liability by not complying with the new tax rules.

Therefore, a taxable bond program may be preferable. Further, because of capitalized interest (and potentially insurance costs) for COPs as well as market requirements that COPs have one year maximum debt service in a reserve account, quite possibly a SAB or MR financing structure would be a preferred alternative to a COP structure. However, it will be necessary to obtain legal opinions as to whether the Memorial Auditorium would provide a "special benefit" or a "general benefit" to property in the City. Further, such opinion should consider this issue on all potential City projects being evaluated, i.e., Levees, Police and Administration, Community Center, Library, etc.

Finally, it should be considered that a "Private" developer proposal of a lease purchase arrangement may be the least complex structure to arrange the financing. However, on the assumption \$12,180,000 would be needed for rehabilitation, legal issues as to whether the Memorial Auditorium can be financed via a lease purchase as well as whether the transaction would be a Governmental Use Bond or Private Activity Bond should be determined. In any event, it would be necessary to show the ability to pay between \$1.4 and \$1.7 million annually in lease payments.

It is recommended that prior to financing the Memorial Auditorium:

- Determine which potential City capital projects could qualify for SAB or MR financing, and
- Determine whether the Memorial Auditorium could legally be financed via a lease purchase with a private developer, and
- Consideration be given to developing a City Capital Spending Financing Program using taxable GO, SAB or MR structures in an effort to provide maximum flexibility for operating the facilities longer term.

BACKGROUND

Under the proposed Federal tax law, as it pertains to municipal financing, municipal obligations will be classified in two broad categories: Governmental Use Bonds and Private Activity Bonds. Very briefly:

- Governmental Use Bonds would be those obligations used to finance projects owned and operated (subject to conditions delineated in the law) by the City for City purposes. Interest on the bonds issued from these projects will not be subject to Federal and State income tax laws as is the case under previous municipal finance practice. However, it should be noted that the lowering of the maximum Federal income tax rate may diminish the after-tax benefit from municipal financings for individuals as well as banks and insurance companies and absolute interest costs on municipal securities could rise to offset this loss. In the case of banks and insurance companies, they may have no need for tax-free income because of the new tax law. (There is a possibility that the perceived higher cost of future tax-free financings may be offset somewhat as a result of virtually every other tax shelter being removed from the tax code.) Further, a new "arbitrage" rule is proposed which states in effect that if tax-free bond proceeds are not fully expended within 6 months of bond sale date, all "arbitrage" profits from the issuance date of the bonds on the invested balances available must be returned to the Federal government. The time period to retain these balances stays the same as under previous municipal financing practices. Finally, it should be considered that presently a new financing

expense will be incurred by tax-free debt issuers to retain an independent reviewer to ascertain compliance with the new arbitrage ruling to return any excess arbitrage profits to the Federal Government. (Ernst and Whinney presently offers such service and the estimated cost is \$800 to \$1,400 annually.)

-- Private Activity Bonds would be classified as any other bond issue a municipality would be associated with and the income on these bonds would be taxable for Federal income tax purposes (not taxable for State income tax purposes). The exceptions to this would be:

- Multi Family Housing Revenue Bonds
- Airports (excluding hotels and commercial activity buildings)
- Docks and Wharves (only if owned by a governmental unit)
- Mass Community Facilities (Excludes vehicles and system must be owned by a public corporation)
- Locally Owned Electric or Gas Utilities
- Local District Heating or Cooling Facilities
- Facilities for Furnishing Water
- Hazardous Waste Facilities
- Sewage and Solid Waste Systems
- Single Family Mortgage Revenue Bonds
- 501 (c)(3) Corporation Bonds
- Small Issue IDB Bonds (less than \$10 million)
- Student Loan Bond Issues
- Qualified Redevelopment Bonds (Limited to Acquisition of property, Cleanup and Rehabilitation)

Exempted tax-free private activity bonds would be subject to a State volume cap (\$75 per capita) which in effect requires pre-approval by the State for issuance and subject to arbitrage rules described above.

10% Usage and 10% Debt Service Rule - A municipality can enter into a management contract with the private sector to operate a publicly-owned facility without causing bonds issued to finance the facility to become Private Activity Bonds. Such a Management Contract:

- Cannot exceed 5 years duration and must be subject to termination by the municipality at the end of a 3-year period, and
- At least 50% of manager's fees must be fixed. Any percentage incentive must be based on gross revenues, not net profit.

To avoid classification as Private Activity Bonds, a facility financed with tax-exempt bonds must be open to the general public. However, it is possible to retain the exemption if:

- No more than 10% of the usage is reserved for private activities, or
- Amounts equal to no more than 10% of the debt service are received from private activities so reserved.

Memorial Auditorium - Financing Alternatives

As a City-owned and operated facility, the Memorial Auditorium as a fixed seat theatre could be financed with Governmental Use Bonds. The bonds (or COPs) would not be subject to Federal or State income tax for investors. Further, the Memorial Auditorium could retain this exemption if a private manager were hired under a management contract as described above to operate this facility. Further, the facility could be reserved for non-public activities such as rock concerts or non-501 (c)(3) corporations (Broadway plays, etc.) whether by a private manager or the City so long as the bookings were available on a rate-scale basis to all members of the general public.

Additionally, space could be reserved for non-governmental persons on a preferential basis provided that the reservations did not exceed more than 10% of the days in a year (36) or the revenue generated from such reservations did not exceed 10% of the debt service payment on the non-taxable bonds issued to refurbish the facility. Non compliance with the Usage and Debt Service Revenue Rules would subject the issue to Federal income tax and financial liability to the City for failure to comply.

The tax-free financing structures that could be used to refurbish the Memorial Auditorium are:

- General Obligation Bond - for land, structure and permanent fixtures only.
- Certificate of Participation - for land, structure and/or equipment and non-permanent fixtures. (It should be considered that a lease revenue bond could also be issued. From an interest cost and structure standpoint, it would be the same as a COP. However, a lease revenue bond would have to be competitively bid, whereas a COP may be negotiated.)
- Special Assessment Bonds (SABs)/Mello-Roos (MR) - only if it can be legally determined that a "benefit" is received by City of Sacramento property owners for the facility. It should be considered that a SAB may not be a realistic alternative as it may require a "special benefit to property" However, a MR financing may only require a "general benefit" to property and may be a permissible vehicle. In any event, legal work should be accomplished to ascertain a definitive guideline for what City projects constitute "general benefits" and "special benefits" for City property owners, i.e., Memorial Auditorium, Levees, Community Center, City Hall, Police Station, etc.

-- Private Developer Lease Purchase - It should be considered that a Private Developer might be retained to build and lease the Auditorium to the City via a lease purchase arrangement. If a lease purchase is possible the interest rate might be expected to be prime rate plus a premium of 2% to 4% which at today's rates might range from 10% to 12%..

On the assumption that \$12,180,000 is needed to rehabilitate the Memorial Auditorium, none of this amount is for equipment or non-permanent fixtures, the Auditorium will be used as a fixed-seat theatre to serve the general public on a first-come/first-served basis effectively for 501 (c)(3) companies and the refurbishing period is 2 years, the following table is provided to show the estimated costs of each tax-free financing alternative:

TABLE 1
 Alternative Tax-Free
 Financing Structures
 and Cost

Structure	<u>"GO"</u>	<u>"COP"</u>	<u>1/ SAB/Mello-MR</u>
Comment	New Revenue Source (GF)	Not a Revenue Source (GF)	New Rev.Source (GF)
Vote	2/3 of Electorate	City Council Majority	60% of Affected Prop.Owners SAB/2/3 of Prop.Owners MR
Rehab. Amt.	\$ 12,180,000	\$12,180,000	\$ 12,180,000
Capitalized Int.	Not Permitted	2,720,000	Not Required
Reserve Acct.	<u>Not Permitted</u>	<u>1,700,000(MDS)</u>	<u>620,000(6 mos)</u>
Total Issue			
Fin.Costs	\$ 12,180,000	\$16,600,000	\$ 12,800,000
Est. Int. Cost for 20 Yr. Issue at at Today's Market	7 1/2%	8 1/2%	9%
<u>Semi-Annual</u> Debt Svc.	\$ 592,700	\$ 870,000	\$ 695,600

1/ To be determined by legal ruling (Special Benefit versus General Benefit).

From the above Table 1 it is clear that the most cost effective structure would be a GO Bond issue. However, for any of the above financings, as a result of arbitrage rules, etc., additional financing expenses not associated with taxable issues would be incurred.

Further, and potentially of greater concern, however, may be the City's loss of flexibility to terminate its direct involvement in the business of the theatre if it were to be determined in the City's best financial interest to do so at a later date. Should it be determined in the future that restricting the use of the theatre to non-501 (c)(3) corporations for less than 10% of the time or revenues to less than 10% of debt service, the issue may become taxable and the City would be exposed to financial liability from bondholders.

Therefore, it may be in the City's best interests to consider a taxable issue as opposed to a tax-free structure.

The following table attempts to depict the cost differences of a taxable structure:

TABLE 2
 Alternative Taxable
 Financing Structure
and Cost

Structure	<u>"GO"</u>	<u>"COP"</u> (no money)	<u>1/</u> <u>SAB/MR</u>
Comment	New Revenue Source (GF)	Not a Revenue Source (GF)	New Rev. Source (GF)
Vote	2/3/of Electorate	City Council Majority	60% of Affected Prop. Owners SAB, 2/3 of Prop. Owners MR
Rehab. Amt.	\$12,180,000	\$12,180,000	\$12,180,000
Capitalized Int.	Not Permitted	3,230,000	Not Required
Reserve Acct.	Not Permitted	1,930,000(MDS)	720,000 (6 mos)
<u>2/</u> Insur. Costs	<u>Not Needed</u>	<u>290,000</u>	<u>Not Needed</u>
Total Issue Excl.			
Finance Costs	\$12,180,000	\$17,630,00	\$12,900,000
	=====	=====	=====
Estimated Interest Costs for 20 Yr. Issue at Today's Mkt.	9%	9 1/2%	10 1/2%
	=====	=====	=====
Semi-Annual Debt Service	\$ 661,900	\$ 992,500	\$ 770,700
	=====	=====	=====

2/ Assume 2/3 of 1% of total Debt Service over life.

From the above Table 2 it is clear that the most cost effective structure is a GO. Further, the second least costly method would be a SAB or MR structure even though the nominal interest cost is higher than a COP or GO. This results from the fact that capitalized interest and insurance is not needed and reserve account requirements are 1/2 of that needed by a COP to receive market acceptance.

Possibly of greater interest, however, is that the difference in cost of a taxable GO, which is only \$69.2 thousand greater every six months. When you consider the financing costs, expenses and reporting requirements of a tax-free structure (arbitrage, etc.), which have not been allowed for in this paper because they as yet are unknown, versus a taxable bond, the taxable bond may be the preferred alternative from an Executive Management perspective.

Further, historically reserve accounts and capitalized interest accounts of COPs could be invested and all earnings, including arbitrage, worked to lower the capital needs required. However, the new ruling requiring returning the "arbitrage" portion of earnings results in the COP structure merely reducing the City financing leverage 20% to 30% when the COP structure is used. I believe this penalty offsets the "easier road to go" with a COP, particularly in light of the City's potential capital needs over the next few years.

Finally, given the potential capital needs of the City over the next 5 years it may be advisable to package our capital needs "Levees, Police, Memorial Auditorium, Administration Center, et al" and seek either voter approval of a GO on SAB/MR financing program so we can maximize our borrowing flexibility, minimize costs and more prudently plan and respond to our capital needs.

RECOMMENDATION

Seek voter approval for a 20-year level debt service tax-free GO Governmental Use Bond for refurbishing the Memorial Auditorium. This financing structure would be the least costly method for financing the refurbishing of the Memorial Auditorium. The estimated annual debt service payments on a \$12,180,000 tax-free GO bond at this time are estimated to be approximately \$1.185 million as opposed to \$1.224 million for a taxable GO bond issue.

As a result of the stated nature of the refurbishing to accommodate a fixed seat theatre to be operated by the City, the financing would not be perceived as a Private Activity Bond (subject to present capacity limits). It appears highly likely that the theatre would be able to be managed in compliance with the 10% usage and 10% debt service rule which would subject the bonds to being taxable at a later date.


In addition, as a result of the tax reform package on future municipal financings, it is possible that GO Bonds as well as SABs may be preferred alternatives to previous Certificates of Participation issued by the City for our future financing programs. Further, since these financing concepts (GOs/SABs/MRs) would be the same on all future municipal financings under the current version of tax reform, in order to determine whether SAB or MR financing structures could be permitted to finance them it may be advisable to: (1) review all potential future capital projects to be financed, and (2) seek legal opinions as to which, if any, could qualify as special benefits to property or general benefits to property.

Solon "Doc" Wisham, Jr.
October 31, 1986
Page 8

Also, it should be determined which projects could qualify for GO bonding authority as only land, permanent structures and fixtures can be financed via the GO instrument. The results of this review plus an analysis of the City's ability to make debt service payments would prove useful to planning our future financing programs.

Finally, retain the firms of Paine Webber, Inc. and Stone & Youngberg as investment bankers (underwriters and co-managers) and Orrick, Herrington & Sutcliffe as bond counsel for the City's capital improvement financing program as a result of their knowledge of the City's financing programs as well as expertise in SAB and MR financing. . Once retained, these firms could provide valuable assistance in developing the capital financing programs for the City.

Respectfully submitted,


THOMAS P. FRIERY
City Treasurer

cc: Walter Slipe
Jim Jackson
Jack Crist
Bill Carnazzo
Betty Masuoka

SACRAMENTO CITY COUNCIL

PRESENTATION RE SACRAMENTO MEMORIAL AUDITORIUM

MAY 7, 1987

I would like to speak to you briefly as a private citizen on behalf of the many underserved individual artists and arts organizations of the Sacramento community.

I believe I can predict what course of action you will take here tonight.

I believe I can foresee at least some of the long range impacts of your decision as they regard the arts/cultural community.

I also believe I can provide some helpful hints that could improve the "Quality Of Life" here in Sacramento.

Regarding what I believe you are going to do:

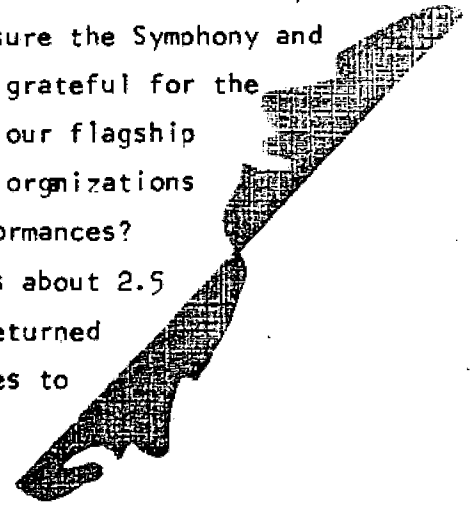
1. I believe you will approve the fixed theater concept. I can see the media pressure and publicized position reversals as clear evidence of this course of planned action.
2. I believe you will shy away from leaving any part of this to the voters to determine.
3. I believe you will find some means to tap the Transient Occupancy Tax (TOT) revenues in lieu of a confrontation with a possibly aroused public on a bond issue.

What are the long range impacts of this problem that I foresee?

1. A further setback of 10 to 25 years in development of a vigorous arts/cultural community in Sacramento. You now collect 4.5 to 5.0 Million dollars in City TOT each year without allotting one thin dime to a grant program to develop the wealth of talent that is available right here in River City. All revenues currently are channeled to the Convention Center. I am sure the Symphony and Sacramento Theater Company will be forever grateful for the bailout monies you provided, but these are our flagship organizations- what about the many smaller organizations that are struggling to provide public performances? It should be noted that the County collects about 2.5 million in TOT. All of these monies are returned to the community, although that sum dwindles to

THEATER

Wesley Frazer



THE CENTER

187,500 available for competitive grant awards. Not much of a 6.5 to 7.0 million collected revenue. Not just money, but support is most welcome- Thank God for the County. You are now funneling millions into the Convention Center, with plans to provide more millions to the block size addition. When you add Memorial Auditorium to this TOT commitment it is apparent there will be no funds for the next 10 years, 15 with delays. This is a shame and a disgrace when we are all seeking "Major League" status.

- 2. Memorial Auditorium will be doomed to sit idle until TOT money is available. With 84% of the Convention Center budget coming from TOT, this could be longer than the 10 or 15 years cited.
- 3. Sacramento will again be denied development of a publicly owned 400-500 seat theater. There has been much lip service over the years, but we still do not have a theater. If we had a suitable theater for small and emerging organizations to grow and prosper perhaps we could one day compete for those entertainment dollars that now go to Bagdad by the Bay or the tinsel and glitter of our neighboring state to the East.

What do I suggest you do?

- 1. Pertinent to the issue at hand:
 - (a) Leave the Auditorium alone! Do the work needed to meet basic earthquake standards. It is apparent there will only be road shows who can afford the cost. No local utilization possible.
 - (b) Make the small theater available to small and emerging arts/cultural organizations at no cost. It is long since overdue.
- 2. Pertaining to the long range:
 - (a) To match economic and population growth, review present TOT program with a view toward funding a City grant program.
 - (b) Match availability of tennis courts, ball diamonds etc. with a public small theater on an interim basis.
 - (c) Provide several 400-500 seat theaters in the area where the people are as a public service.
 - (d) Provide an open channel for community input from representatives of the arts/cultural activities.

This is not intended to denigrate the role of the Sacramento Metropolitan Arts Commission. They have large workload and limited staff.

THANK YOU VERY MUCH

Wendell Erazier
 WENDELL ERAZIER
 577787
 967-2967



2B

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

916-449-5704

April 30, 1987

City Council
Sacramento, California

Honorable Members In Session:

Subject: UPDATE ON THE SACRAMENTO COMMUNITY/CONVENTION CENTER
EXHIBIT HALL EXPANSION

SUMMARY

This report provides background information and an update on action taken in an effort to expand the Sacramento Community/Convention Center Exhibit Hall facilities. Public input is invited at this special meeting of the City Council.

BACKGROUND

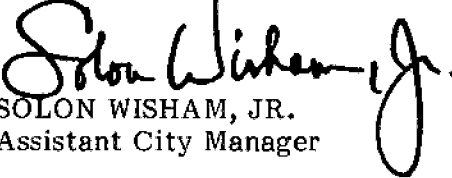
On December 16, 1986, the City Council was provided with a staff report which recommended the concept of a major expansion to the exhibition facilities for the Sacramento Community/Convention Center complex. That report focused on an easterly expansion of the center at a total cost expected to exceed \$40 million dollars for land and improvements. The City Council approved the expansion concept and directed the staff to proceed in obtaining the services of competent consultants to complete the required environmental impact documents and begin appraisals of the real property necessary for the expansion. To date, the staff has:

1. Selected an appraiser and authorized work to determine the fair market value of certain real properties.
2. Invited qualified consultants to file notice of interest (NOI) in the preparation of a comprehensive environmental impact report on the proposed project.
3. Begun the development of a comprehensive program description which will ultimately be used to select an architectural and engineering consultant to design the facility.

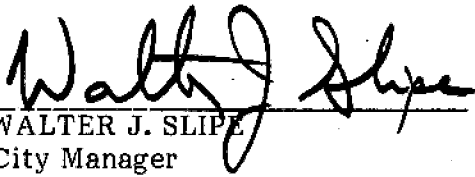
RECOMMENDATION:

It is recommended that this report and the attached Exhibit A, serve as the basis for further City Council, City staff, and public discussions on this project at the special meeting of the City Council on May 7, 1987.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

RECOMMENDATION APPROVED:


WALTER J. SLIPE
City Manager

Attachment: Exhibit A

All Districts
May 7, 1987



OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

916-449-5704

December 10, 1986

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: EXHIBIT HALL EXPANSION FOR THE SACRAMENTO
COMMUNITY/CONVENTION CENTER**

SUMMARY

This report recommends that the City Council approve the concept of a major 100,000 square foot expansion of exhibition facilities for the Sacramento Community/Convention Center Complex. This project will require the acquisition of most of the block east of the existing Community/Convention Center Exhibit Hall which is bounded by J,K, 14th and 15th Streets.

BACKGROUND

Since the opening in 1974, the Sacramento Community/Convention Center has been an extraordinary success. Booking dates far exceed the numbers projected in the original feasibility study. Most of this success can be traced to the lack of adequate facilities in Sacramento. Groups that normally would not consider Sacramento prior to the building of the complex, freely committed bookings which equal 801+ event days during construction. Bookings have grown steadily, rising to the present number which averages between 1,300 - 1,400 annually,

During the last eight years, Convention Center and Convention Bureau management and sales teams have been faced with the need for more space than is available in the existing facilities. The use of the Community/Convention Center has grown to a level that often reaches maximum capacity during prime times. The existing heavy facility use, coupled with the occupancy and use projections of the new Hyatt Regency Hotel, make it readily apparent to our booking agents that the Sacramento Community/Convention Center is inadequate to accommodate groups that will be attracted to our facilities.

In 1985, the City began an extensive evaluation and study of the Memorial Auditorium with intent to rehabilitate the structure to modern standards. A detailed cost estimate disclosed the need for a \$12-\$14 million dollar capital project which will ultimately result in more marketable space for existing and future users.

Projected Growth in the Convention Industry

During the past twelve years, Sacramento's convention market has expanded faster than any other city in California. Since 1978, we have moved from eleventh to first place in the number of state-wide conventions. The number of delegates coming to the Sacramento area has influenced the building of over 2,500 new hotel rooms during this period. The demand for hotel rooms is continually on the rise, and for the first time, Sacramento's hotel room rates have escalated fast enough that hotel developers are now of the opinion that Sacramento will support major hotel development. During the last 36 months six new hotels have been constructed in the Sacramento metropolitan area. The new 508-room Hyatt Regency is under construction and, four additional sites are under construction for hotel development within the metropolitan area, with more than 250 rooms each. All of the developers are aware of the competition and yet they are pressing toward completion of these new projects. A projection of the market by the Sacramento Convention & Visitors Bureau indicates that in the next ten years there will be a demand for more than 4,500 new hotel rooms in Sacramento.

Sacramento has reached a plateau in the California state market. The rotation program of most associations in California now results in biannual meetings in Sacramento. If Sacramento fails to grow and develop new hotels and new facilities, some of the expanded or refurbished areas, such as Oakland, San Francisco, Long Beach, Santa Clara, San Jose and Fresno will win some of our existing market. If Sacramento is to survive as a convention city, a very aggressive regional and national marketing program must be initiated. Sacramento is the perfect size for a state convention, but lacks convention space and hotel rooms for most regional and national groups. Growth in regional and national business will be much slower than it has been for state business and a marketing program must be designed as a ten-year program rather than the three-to-five-year program that was developed in the mid-1970's for the current market.

Hotels tend to follow the same pattern as department stores; i.e., as soon as the Hyatt Regency is finished and proven successful, others of equal quality will follow in the same area. When one new major hotel is built in Sacramento and our convention facilities are expanded, other hotels will follow the lead of the planned development near the Community/Convention Center Complex. Conversations with convention industry leaders in the fields of association management and convention solicitation throughout the United States indicate that Sacramento has a tremendous future in the state group business; with added facilities, we will have a base for expanded regional and national convention business.

Convention activity in the Sacramento area has increased from 189 in 1973 to 800 in 1985. This dramatic increase is a direct result of the construction of the Sacramento Community/Convention Center, new hotel rooms, more aggressive marketing, and addition of new visitor attractions. As noted in the Convention Bureau report of 1984/85, this industry now generates as much as \$175 million dollars for the Sacramento economy. Even though the convention growth has been dramatic in the last eight years, it has been a stable growth and is projected by the Convention Bureau to continue to stable for years to come (EXHIBIT 8, Page 2).

No group can become complacent, because the decline in convention activity can be just as dramatic as the growth that we have experienced in Sacramento. Convention solicitation has become one of the most competitive markets in today's economy. Every major city on the West Coast has expanded their facilities to meet the growing demand for space.

Existing West Coast Facility Resources

In the design of any facility, size becomes the most difficult question for architects and management. What is designed for today may not be adequate for the future years. There are very few, if any, convention centers that were built in the last twenty years that are adequate to handle the activities of today, and certainly not the future. Every major center in the Western United States has already planned, or is planning expansion. Every convention center planner does the best evaluation possible; e.g., potential growth of the community, the growth of hotels, the potential market in future years. There are always constraints that influence the size of facilities, such as land area and, of course, funding.

The following convention centers were expanded, and at the time of planning and construction, were thought to be adequate for many years. These facilities are of a size to merit review:

CALIFORNIA

A. Anaheim

The Anaheim Convention Center is considered by all professionals to be the most successful center in the United States. In the last fifteen years it has grown from a small complex to the largest in California. There are three halls of 100,000 square feet in each hall. There is an arena that seats 8,800 and opens into the original exhibit hall. Parking on site is 3,800 spaces. Anaheim has a primary market of 10,000,000 people. Under construction is 150,000 square feet of additional exhibit space and a 9,000 seat arena.

B. Fresno

The Fresno Convention Center was one of the early complexes built in California. Fresno has an exhibit hall with 32,000 square feet, which connects to a 10,900 seat arena and with 27,000 square feet of exhibit space on the arena floor. In October 1983, the center had a new 320 room hotel open on site. The Fresno Center has 880 parking spaces on site. Fresno's primary market is 750,000 people. Expansion of the Selland Arena to a total of 10,900 seats has accommodated the growth of the CSUF basketball program. Preliminary plans are underway for exhibit hall expansion of 100,000 square feet.

C. Long Beach

The Long Beach Convention Center is newly constructed next to the existing arena. The new facilities consist of 100,000 square feet of main hall, with another 88,000 square feet in adjoining facilities. The arena has 13,933 seats, and there are hotels on site or next to the facilities. There are 4,000 parking spaces on site to support the arena, exhibit hall, theatre and hotels. The primary market in Long Beach is 10,000,000 people. Plans are underway for a major expansion of the exhibit space.

D. Los Angeles

Los Angeles was the first of the new "giant" exhibit/convention center facilities in California. The center has a total of 332,676 square feet of exhibit spaces, with a main hall of 210,685 square feet, column free. The Los Angeles Convention Center has 3,450 parking spaces on site. Under consideration is the addition of 150,000

to 200,000 square feet of exhibit space to replace the temporary exhibit space added for MAGIC show. Presently, Los Angeles is planning a 100,000 square foot exhibit hall in the Los Angeles area to support the tremendous growth of hotel rooms.

E. Oakland

The recently opened Oakland Convention Center has 65,000 square feet with a main exhibit hall of 55,000 square feet. In conjunction with the center, there is a new 500 room Hyatt Regency Hotel and a 900 car garage. Oakland has a primary market of 6,000,000 people. No expansion is planned at this time.

F. San Francisco

The Moscone Convention Center, with its 260,000 square foot exhibit hall and meeting space, is the newest of the "giant" centers in California. With Brooks Hall some blocks away, there is now over 350,000 square feet of exhibit space available. As a cost cut in planning, a large portion of meeting room space was dropped from the original project. Construction is planned to start soon on new site meeting rooms. The Moscone Center now has a small parking lot across the street but is planned for hotel construction. San Francisco's primary market is 6,000,000 people.

G. San Jose

San Jose built an exhibit hall of 30,000 square feet some years back to augment their auditorium. Due to its small size, odd shape, wood floor, and no support hotel rooms, it has had little success at drawing conventions. San Jose is now under construction with a new exhibit hall of 150,000 square feet with support meeting rooms, as well as a new Fairmont Hotel. Parking is limited and new parking facilities are planned for the new facilities. San Jose has a primary market of 1,500,000 people.

H. San Diego

Even though San Diego is one of the major convention cities in the Western United States, it has a relatively small convention center. The San Diego Center has 62,666 square feet of exhibit space in two halls. The center has 1,200 parking spaces that are shared with City Hall and commercial office tower. San Diego will soon be underway with building a new facility of 250,000 square feet in the downtown area; when complete, there will be additional 1,000 new hotel rooms within walking distance of the new facility.

I. Santa Clara

Santa Clara is the newest competition in the northern California convention market, and today is the number one competitor for Sacramento. Their newly constructed 100,000 square foot exhibit facilities with 20 meeting rooms and connected Doubletree Inn has made them an overnight success.

J. Sacramento

Sacramento's convention complex was completed in the summer of 1974. Within a few short years usage exceeded the the original design. The complex consists of 50,000 square feet of exhibit space, ten meeting rooms and a performing arts theatre seating 2,400+. A city parking garage with 876 spaces is adjacent to the complex. In 1984 the Mayor and City Council directed staff to pursue the feasibility of expansion of the complex to a size that would be competitive in future years. Sacramento has a primary market of 1,500,000 people.

ARIZONA

A. Phoenix

The Phoenix Convention Center (completed in 1972 as a redevelopment project to help revitalize the downtown area) has an exhibit hall of 120,000 square feet with supporting meeting rooms. The center has 1,600 on site parking spaces. After ten years of operation, the need for expanded space was realized and the Phoenix Center added 180,000 square feet of exhibit space. Phoenix has a primary market of 1,500,000 people.

B. Tucson

Tucson's Convention Complex consists of a 32,000 square foot exhibit hall and a 9,600 seat arena, with the capability of utilizing the 20,000+ square feet on the arena floor in conjunction with the exhibit hall. There are 1,600 parking spaces on site that are also used by the Music Hall and Little Theatre. Tucson recently approved funds for a study on the expansion of up to 13,000 seats in the arena, and the addition of 100,000 square feet of exhibit space with meeting room support. Tucson's primary market is 500,000 people.

NEVADA

A. Las Vegas

Las Vegas currently has the third largest convention facility in the United States. With 850,000 square feet of exhibit space and 75 meeting rooms, it can handle any convention in the world. Along with its \$30 million dollar-plus income annually, it is under constant evaluation for expansion. The center also has a 7,400 seat arena. Las Vegas has a primary market of 480,000 people.

B. Reno

Reno's two convention halls, which are connected, have a total of 195,000 square feet of exhibit space. One hall can be converted to a 6,478 seat assembly hall. There are 2,000 parking spaces on site. Reno has a primary market area of 342,000 people.

OREGON/WASHINGTON

A. Portland, Oregon

The Portland Memorial Coliseum has 100,800 square feet of exhibit space with a main hall of 55,800 square feet. The arena seats 1,300 with parking for 2,200 on site. Portland is now planning a 150,000 square foot exhibit hall expansion. Portland's primary market is 850,000 people.

B. Seattle, Washington

The Seattle Center has 220,000 square feet of space spread throughout a number of halls, the largest being 100,000 square feet. On site is a 6,100 seat arena and a 15,000 seat coliseum. There are 2,700 parking spaces on site shared with theatres and commercial attractions. Seattle is currently under construction with a new convention center. The primary market in Seattle is 1,500,000 people.

HOTEL CONVENTION CENTERS

Governmental convention centers in the 50,000 square foot size range are not only competing against like facilities, but also face stiff competition from major hotels which offer varied amounts of square footage for exhibit usage as well as the availability of hundreds of rooms under the same roof. Some of these facilities are:

A. SAN DIEGO

Hotel Del Coronado	686 rooms	36,460 square feet exhibit space
Town & Country Hotel	1,000 rooms	84,000 square feet exhibit space

B. SAN FRANCISCO

Hilton & Tower	1,700 rooms	45,433 square feet exhibit space
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C. LOS ANGELES

Century Plaza	800 rooms	44,400 square feet exhibit space
The Biltmore	1,022 rooms	42,150 square feet exhibit space
Westin Bonaventure	1,500 rooms	42,725 square feet exhibit space

D. ANAHEIM

Disneyland Hotel	1,100 rooms	67,670 square feet exhibit space
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E. PALM SPRINGS

Hilton Riviera Hotel	500 rooms	54,000 square feet exhibit space
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F. LAS VEGAS

Hilton Hotel	3,174 rooms	102,000 square feet exhibit space
MGM Hotel	2,900 rooms	60,000 square feet exhibit space
Riviera Hotel	1,200 rooms	50,000 square feet exhibit space
Caesar's Palace	1,736 rooms	40,000 square feet exhibit space

G. RENO

Ballys Grand Hotel	2,000 rooms	45,000 square feet exhibit space
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Sacramento Community/Convention Center Complex

The Sacramento Community/Convention Center complex must compete with all of the facilities on the West Coast that have 40,000 square feet of exhibit space or more.

The Center has enjoyed tremendous success, but it has reached a point where available dates during certain times of the year are very difficult to find. As more centers open and others expand, the Center's market share may decrease. In evaluating the potential market, we contacted the National Association of Exposition Managers and the Trade Show Bureau to determine the exhibit market for Sacramento. It is currently estimated that there are over 9,000 trade shows held in this country each year, with the majority being in the 100 booth size, or less (25,000 square foot hall needed). This market strata also has the highest number of facilities that are capable of handling their shows. The market most cities are looking for is in the 200 to 500 booth strata and the number of cities that can handle this size goes down dramatically.

Sacramento, with its primary market of 1,500,000 and a potential market of over 2,000,000 is ideal for shows of 300+ booths. There are over 320 shows that have a potential of booking into Sacramento. Sacramento, at present, has 2.3% of the total market share with a potential of increasing by 300% (EXHIBIT 8, Page 4).

Existing Facilities

Since the opening of the Sacramento Community/Convention Center in 1974, the combination of facilities in the Complex—Exhibit Hall, Activity Building, Theatre, and Memorial Auditorium—has given the citizens of Sacramento a complete showcase.

In the last ten years, the squeeze has been on show managers and promoters. Show costs have escalated so rapidly that the profit lines have narrowed to the point that larger and larger facilities are needed to show a profit. Building and local costs have also escalated because of increased labor costs, utilities and maintenance costs. The facilities with 3,000 to 5,000 seats have felt this pressure more than the larger facilities because their costs, as a whole, are nearly equal while the potential for gross is less.

This is also true of show managers who must sell exhibit space plus have a gate charge in order to make a profit. The exhibit show manager must create enough traffic in the exhibit area to increase the demand for space sales. The cost of advertising continues to increase as does the cost of entertainment. Recently, these two costs have grown faster than the amount that can be charged for booth space. The exhibit show manager is left with the only recourse of selling more space, and if it is not available in one facility he must move to a larger one. Sacramento's space is reflected in EXHIBIT 2, Pages 1-5.

The use patterns of the Center follow national trends where show managers and promoters must have larger space. EXHIBIT 3 reflects a steady growth in the Exhibit Hall usage, while the usage of Memorial Auditorium has decreased drastically. The only similarity of usage was with rock concerts in EXHIBIT 4. Rock concert promoters are finding it harder and harder to show a profit with Sacramento's limited indoor seating. The decline in family shows in Memorial Auditorium is attributed to the same problem in EXHIBIT 4.

Even though the Exhibit Hall shows a steady increase from 1977 to 1985, the loss of two major shows, due to space restrictions, put us in a decline in 1982 and 1983. We are anticipating a further decline as the other major exhibit shows outgrow the Exhibit Hall (Note EXHIBIT 5).

The loss of rock concerts as well as a decrease in the number of sporting events (EXHIBIT 4) had a direct effect on the Center's income (EXHIBITS 6 and 7). These areas of decrease not only affect the amount of rent, but also have a domino effect on box office income and concession income.

Projected Facility Needs

In reviewing the needs for the expansion of the Sacramento Community/Convention Center Complex and the concept of utilizing minimum space for maximum usage, the most logical concept would be a multi-purpose hall that would provide 100,000 to 125,000 square feet of exhibit space, and which could be converted to convention hall seating up to 8,000 or more. The concept of creating a multi-purpose facility and utilizing space to the best advantage is not a new one and has been done well in Reno, Nevada, and in Orlando, Florida where exhibit space can be converted with the use of telescopic risers. This type of multi-purpose use in Sacramento could utilize the facility approximately 200+ days per year. This type of utilization and potential usage, as shown in EXHIBIT 8, Pages 1, 2 and 3, does not take into consideration set-up, take-down, or change-over days. This type of utilization of facility creates a facility that could be used year-round.

To take advantage of existing facilities, the most logical area to supplement is the Exhibit Hall. All show managers insist that exhibit space not be separated by streets or other barriers that would interrupt patron traffic flow. To utilize the existing power plant of the Center, the expansion should be attached to the east of the Exhibit Hall (abandon 14th Street between "J" and "K" Streets). A preliminary sketch provided in EXHIBITS 9, 10 and 11 shows that such an expansion is possible. A very preliminary construction estimate is reflected in EXHIBIT 12.

Sacramento is in a unique situation with the Memorial Auditorium being part of the Center's Complex. It would be considered poor economic planning to spend \$12 million to \$14 million dollars on refurbishing an existing facility that would only have 4,000+ seats and very limited exhibit space. The separation of Memorial Auditorium from the main facility makes it difficult to utilize as a convention facility in conjunction with facilities of the Center, and impossible to use for convention and trade show exhibit space needs. However, the continuing demand for more theatre dates supports the Memorial Auditorium Task Force's recommendation on the best reuse of the Memorial Auditorium since it fits the overall growth of the entertainment facility needs for Sacramento. A rehabilitated Memorial Auditorium would provide the Center an opportunity to serve conventions that require large seating areas of 3,000+. Groups needing flat floor space for convention use, i.e., Order of Eastern Star and the Shriners, would utilize exhibit hall and theatre space available in the Center Theatre and rehabilitated Memorial Auditorium.

New exhibit space connected to the existing Center Exhibit Hall would result in great cost savings by requiring:

1. Nominal increase in Center staff.
2. No expansion of the Center kitchen.
3. Limited amount of new equipment.
4. Limited addition to the main heating and cooling plant.
5. Limited utility increases.

With the exception of two centers out of the ten studied, all faced problems with funding their expansion plans. Escalated construction costs have led most cities to seek some sort of creative financing. These creative financing plans are as varied as the number of facilities planned for expansion. The growth in the transient occupancy tax (TOT) is the base for most expansion plans.

None of the cities contacted planned a multi-purpose facility which would enhance their income capabilities, therefore, no clear-cut finding precedent was established. The potential usage and income from a new multiple-purpose facility could offset the operating costs if properly planned. The type of activities that would be brought to the Sacramento area would satisfy almost every segment of the community. A study of our primary funding source for the exhibit space expansion is attached (EXHIBIT 1, Page 4).

FINANCIAL DATA

The City Department of General Services retained A.M. Abrate, Consulting Cost Engineer to develop preliminary project cost estimates for the proposed Convention Center expansion. The consultant, working with City staff has developed a project budget of \$26.9 million. The detail of this estimate is attached as Exhibit 12. The project estimate does not include land costs which City staff estimates will approximate \$13.1 million. The total estimated cost of an expanded Community Center Exhibit Hall, including land and building acquisition, relocation, demolition and new construction is \$40.0 million. This figure does not include financing costs. Summary of the estimates are as follows:

• Capital Improvement Project Budget	\$26.9 million
• Land & Building Acquisition Relocation & Demolition	<u>13.1</u> million
TOTAL	\$40.1 million

The assumptions contained in this estimate:

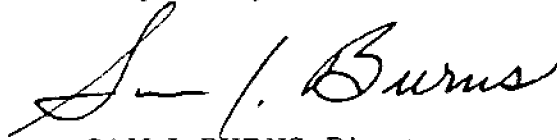
- A. The construction estimate contains no additional costs for possible unfavorable geo-technical conditions.
- B. Building material costs used in the cost estimate are based upon those same materials as in the existing Convention Center.
- C. The entire block bounded by J,K, 14th and 15th will be acquired for the proposed expansion including an abandonment of 14th Street between J & K Streets.
- D. The church and office building bordering 15th Street will be acquired, retained and/or incorporated into the design of the expanded center.
- E. All phases of design, bidding and construction will require 45 months.
Land acquisition, relocation and demolition can be accomplished during the design phase of the project.

Annual debt service on a \$40 million Center expansion would be approximately \$5.0 million and would begin in the first quarter of 1990. City staff estimates that transient occupancy tax revenues in excess of those needed to fund the existing Center operations including existing debt service will be sufficient to support the new \$40 million bond issue. Staff has assumed a 10% annual growth rate in transient occupancy tax revenues which is consistent with past growth rates. Further, we are assuming the expanded facility will open in 1991-92. Exhibit 13 provides a detailed review of the comprehensive Community/Convention Center Financial Analysis.

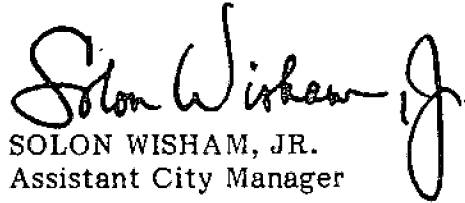
RECOMMENDATION

It is recommended that the City Council review and approve the concept of an exhibit hall expansion for the Sacramento Community/Convention Center, and further, that this report be referred to the Joint Committee on Budget & Finance and Transportation & Community Development for more detailed review and preparation for final action by the full Council.

Respectfully submitted



SAM J. BURNS, Director
Community/Convention Center



SOLON WISHAM, JR.
Assistant City Manager

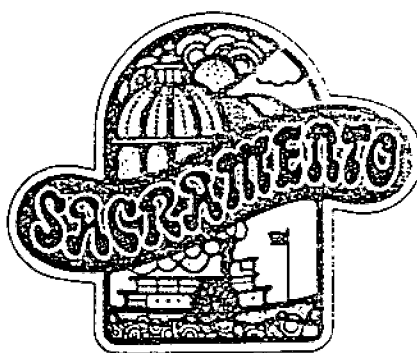
RECOMMENDATION APPROVED:



WALTER J. SLIPE
City Manager

Exhibits 1-13

All Districts
December 16, 1986



SACRAMENTO CONVENTION & VISITORS BUREAU

CONVENTIONS

<u>YEAR</u>	<u>NO. OF CONVS.</u>	<u>STATE</u>	<u>REG'L.</u>	<u>NAT'L.</u>	<u>NO. OF DELEGATES</u>	<u>NO. OF DELEGATE DAYS</u>	<u>FINANCIAL IMPACT TO COMMUNITY</u>
1980	432	367	43	22	136,000	477,000	\$125 million
1981	478	402	51	25	145,000	509,000	\$133 million
1982	514	432	56	26	160,000	560,000	\$147 million
1983	560	448	84	28	175,000	612,000	\$160 million
1984	610	451	110	49	183,142	641,000	\$171 million
1985	808	592	146	70	210,613	737,000	\$184 million
1986*	856	626	150	80	223,000	780,000	\$195 million
1987*	907	665	155	87	226,000	791,000	\$198 million
1988*	962	692	175	95	250,000	875,000	\$219 million
1989*	1,058	745	200	113	264,000	924,000	\$231 million
1990*	1,165	800	210	155	302,900	1,100,000	\$275 million

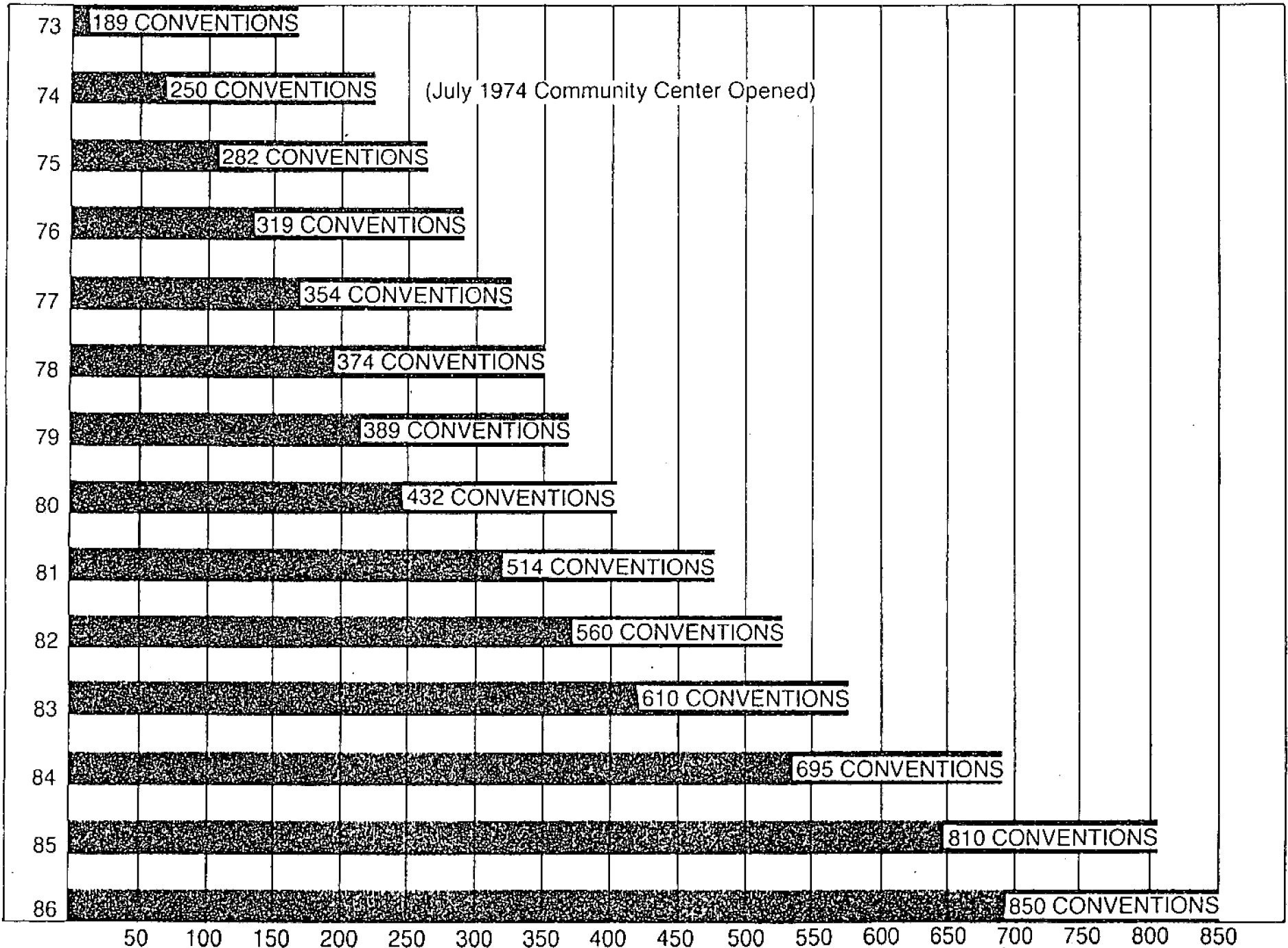
TOURISM

<u>YEAR</u>	<u>NO. OF VISITORS</u>	<u>FINANCIAL IMPACT TO COMMUNITY</u>
1980	7.25 million	\$145 million
1981	7.98 million	\$159.6 million
1982	9.2 million	\$184 million
1983	10.1 million	\$202 million
1984	11.1 million	\$222 million
1985	12.2 million	\$244 million
1986*	13.4 million	\$268 million
1987*	14.7 million	\$295 million
1988*	16.2 million	\$324 million
1989*	17.8 million	\$356 million
1990*	19.6 million	\$391 million

* Estimated



14 YEAR HISTORY OF CONVENTIONS IN SACRAMENTO AREA



TRANSIENT OCCUPANCY TAX
QUARTERLY FIGURES

<u>FISCAL YEAR</u>	<u>1ST QUARTER</u>	<u>2ND QUARTER</u>	<u>3RD QUARTER</u>	<u>4TH QUARTER</u>	<u>TOTALS</u>
1974-75	\$ 105,158	\$ 142,311	\$ 125,053	\$ 173,889	\$ 546,411
1975-76	168,505	146,817	159,404	189,165	663,891
1976-77	225,584	186,276	227,206	253,687	892,753
1977-78	255,640	235,569	245,767	272,182	1,009,157
1978-79	305,984	463,438	332,977	511,578	1,613,977
1979-80	530,149	501,779	581,088	655,812	2,268,828
1980-81	604,121	529,671	626,519	766,455	2,526,766
1981-82	725,348	603,967	749,954	722,994	2,802,264
1982-83	832,113	619,875	724,812	844,512	3,021,313
1983-84	848,157	723,352	830,757	976,839	3,379,107
1984-85	912,591	813,382	872,278	1,098,048	3,696,300
1985-86	1,054,127	942,910	1,018,447	1,007,295	4,022,780

TRANSIENT OCCUPANCY TAX RATES:

- 9/1/68 - 5%
- 7/1/74 - 6%
- 8/1/76 - 7%
- 7/1/78 - 10%

City of Sacramento
Transient Occupancy Tax Projections
FY 1986/87 thru FY 1995/96

<u>Fiscal Year</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
1986/87	\$ 4,585,992	\$ 4,585,992	\$ 4,585,992	\$ 4,585,992	\$ 4,585,992
1987/88	5,044,591	5,044,591	5,273,890	5,273,890	5,273,890
1988/89	5,549,050	6,053,509	6,064,974	6,328,668	6,856,057
1989/90	6,103,955	7,264,211	6,974,720	7,594,403	8,912,874
1990/91	6,714,350	7,990,632	8,020,928	8,733,563	9,893,290
1991/92	7,385,785	8,789,695	9,224,067	10,043,597	10,981,552
1992/93	8,124,364	9,668,665	10,607,678	11,550,137	12,628,784
1993/94	8,936,801	10,635,531	12,198,829	13,282,657	14,017,951
1994/95	9,830,481	11,699,084	14,028,654	15,275,056	15,559,925
1995/96	<u>10,813,529</u>	<u>12,868,993</u>	<u>16,132,952</u>	<u>17,566,315</u>	<u>17,271,517</u>
Total	<u>\$73,088,898</u>	<u>\$84,600,603</u>	<u>\$93,112,684</u>	<u>\$100,234,278</u>	<u>\$105,981,832</u>

Assumptions:

- A - 10% annual increase, no adjustment for new rooms
- B - 10% annual increase, adjust FY 1988/89 and FY 1989/90 by an additional 10% for anticipated room growth
- C - 15% annual increase, no adjustment for new rooms
- D - 15% annual increase, adjust FY 1988/89 and FY 1989/90 by an additional 5% for anticipated room growth
- E - Sacramento Convention & Visitors Bureau projection

1

EXHIBIT HALL

EQUIPMENT

Building gives total flexibility by overhead and in-floor utilities, special lighting, direct truck loading area, automatic unloading equipment, storage and dressing rooms, first aid room, ticket booths, refreshment bars, public address system with reinforced progressive sound, telephone booths and catering facilities.

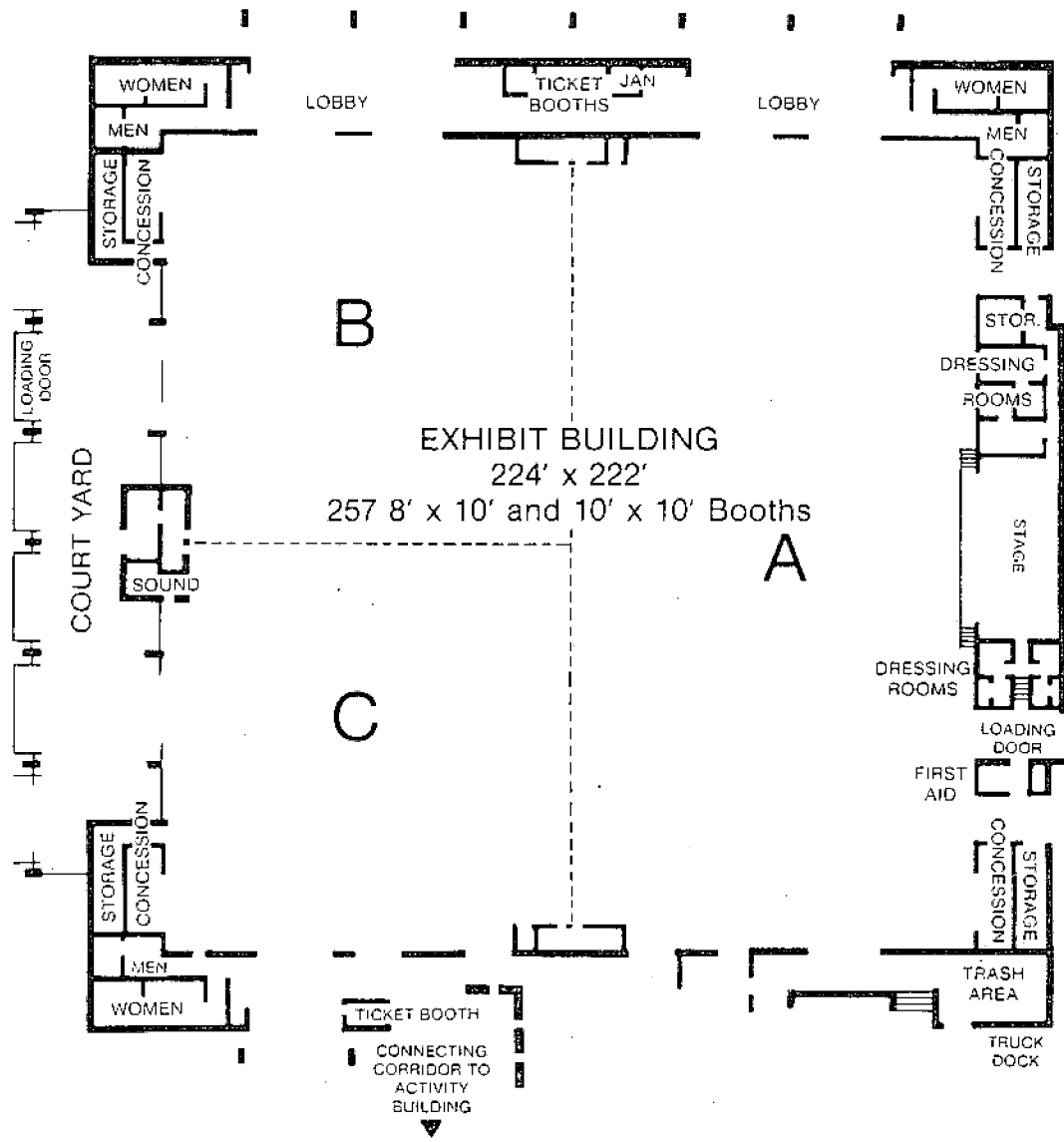
EXTRA FACILITIES

Large lobbies, restrooms, lounge, air conditioning and heating throughout (including lobbies and corridors), a 49' x 27' stage with 40' x 14' proscenium arch. Ceiling height: Vertical clearance to truss bottom chord - 20', to top of truss - 38' ceiling.

Floor load capacity: 400 lbs. per sq. ft., 6,000 lbs. wheel load. Loading and unloading: Door (13.5' wide by 17' high) allows for direct access to exhibit floor by over-the-road hauler; 57.5' loading dock equipped with hydraulic-powered, adjustable load levelers.

UTILITIES

Electric power of 120, 208 and 480-volt, single and three-phase. Current supplied from overhead to step-down power reducing carts . . . similar electric outlets on each wall of exhibit area. Plumbing: Hot and cold water, gas, drainage and compressed air from floor ducts and side walls of Exhibit Hall.



2

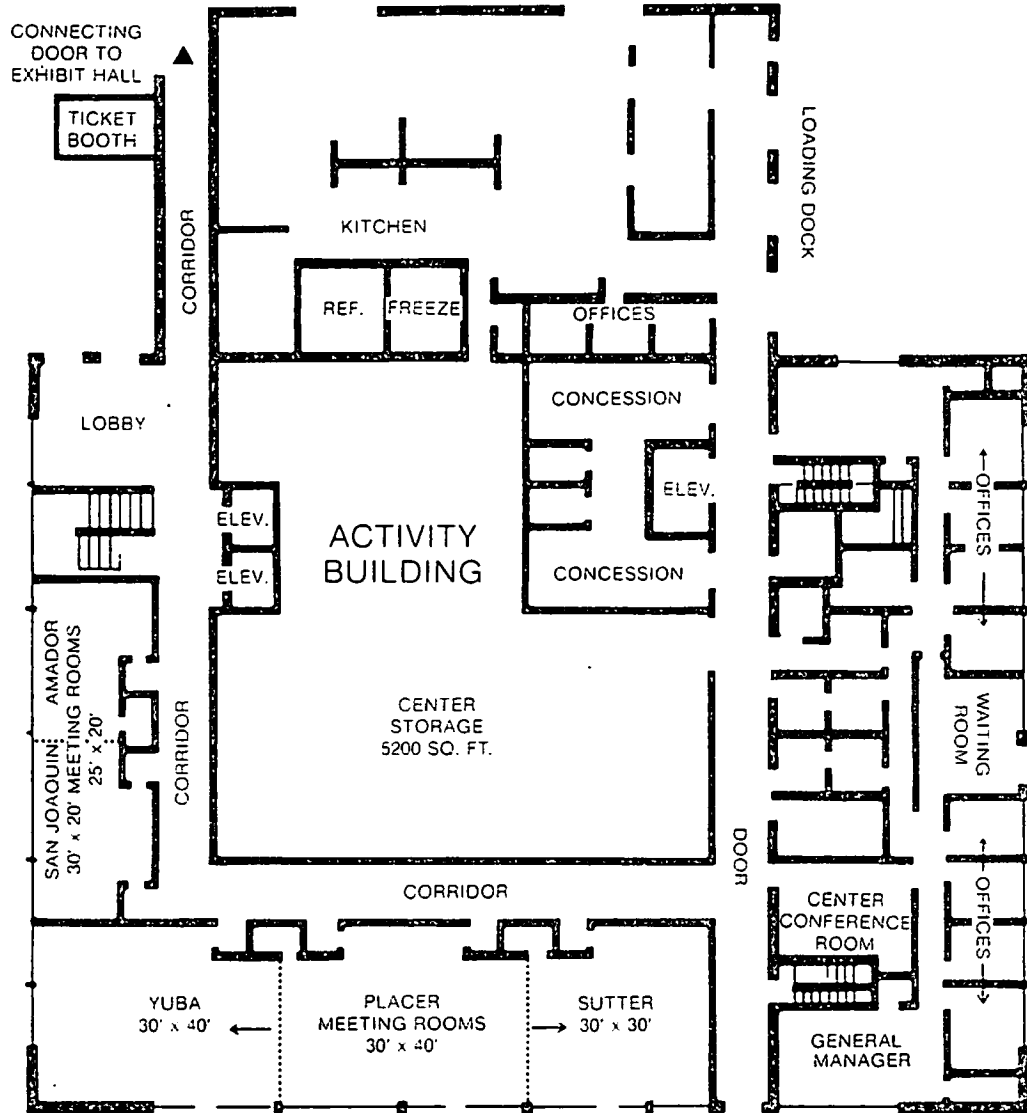
ACTIVITY BUILDING

The Activity Building, connected by a hallway to the Exhibit Hall, provides ten carpeted meeting rooms on two floors. Seating capabilities range from 40 to 1,500 for meetings, and from 24 to 1,000 for dining. All rooms have individually controlled lighting and sound systems. As exhibit space, the Activity Building with 15' ceilings on the second and 9' ceilings on the first floor, will handle a total of 111 10' x 10' booths. Each room is comfortable and attractive for use as meeting space or a dining experience.

On-site food preparation is done in the large kitchen, which is equipped to handle menus of any desired degree of sophistication for either banquets or receptions. Full service bars are available as needed.



The Activity Building has two floors.



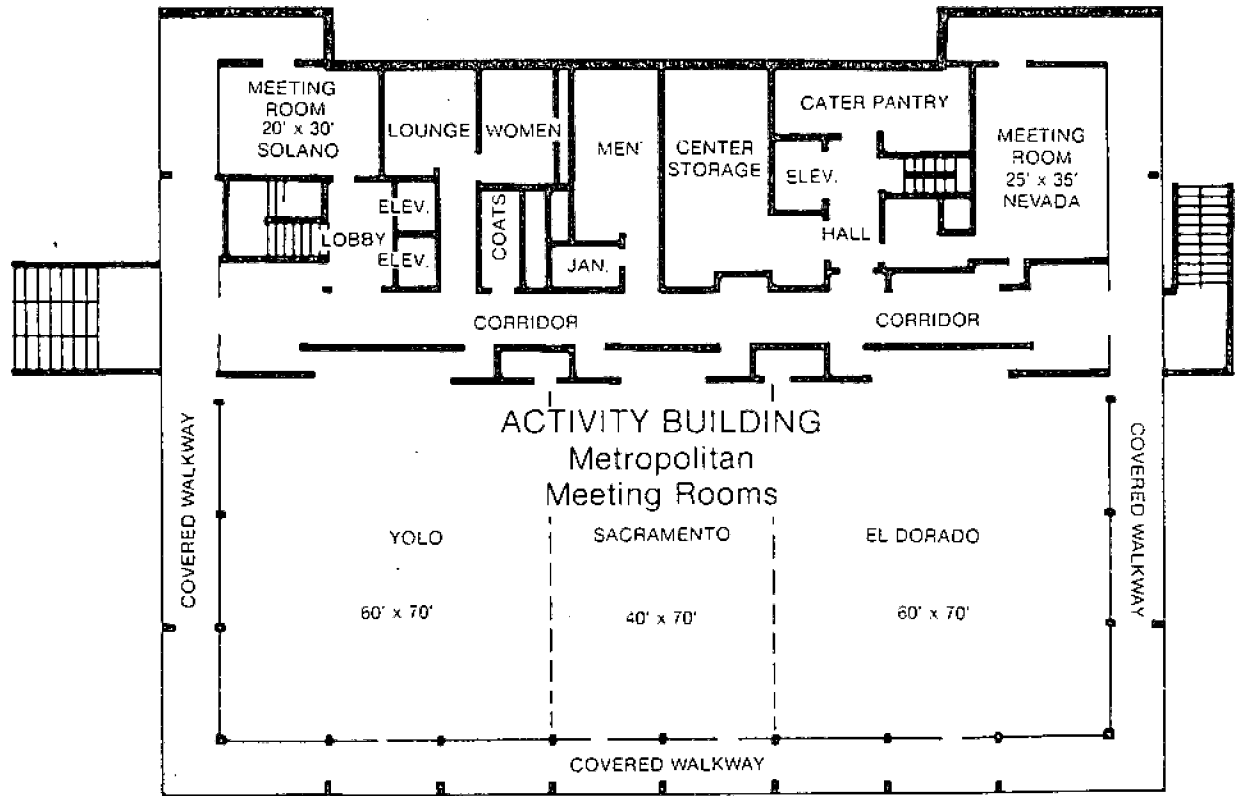
FIRST FLOOR PLAN



Room	Sq.Ft.	Sq.Meters	Dimensions (Ft.)	Dimensions (Meters)	Ceiling Height	(Meters) Ceiling Height	Theater Style	School-room	Dining Round	Dining Rect.
Amador	500	46.4	25' x 13'	7.6 x 3.9	9'	2.7	40	16	24	32
San Joaquin	600	55.7	30' x 13'	9.1 x 3.9	9'	2.7	50	20	32	48
Yuba	1,200	111.4	39' x 28'	11.8 x 8.5	9'	2.7	120	40	72	96
Placer	1,200	111.4	40' x 23'	12.1 x 7.0	9'	2.7	120	40	64	96
Sutter	900	83.6	30' x 23'	9.1 x 7.0	9'	2.7	80	32	48	72

2

ACTIVITY BUILDING



2nd FLOOR

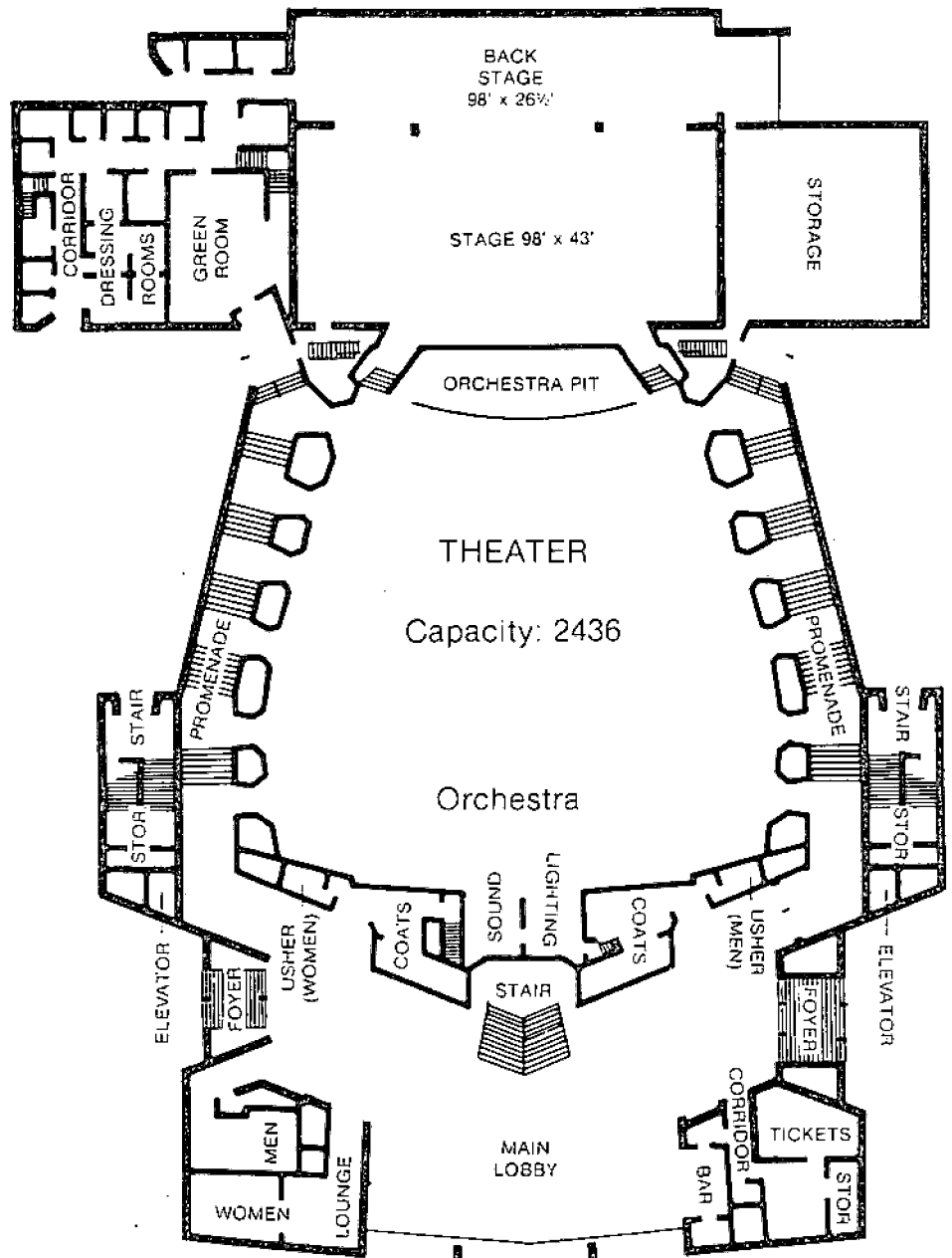


Room	Sq.Ft.	Sq.Meters	Dimensions (Ft.)	Dimensions (Meters)	Ceiling Height	(Meters) Ceiling Height	Theater Style	School-room	Dining Round	Dining Rect.
Solano	600	55.7	30' x 20'	9.1 x 6.0	12'	3.6	65	28	48	56
Nevada	875	81.2	35' x 25'	10.6 x 7.6	12'	3.6	90	32	48	72
Metro	11,200	1,040.4	154' x 62'	46.9 x 18.8	15'	4.5	1500	576	816	1000
Yolo	4,200	390.1	62' x 58'	18.8 x 17.6	15'	4.5	540	224	288	432
Sacramento	2,800	260.1	62' x 39'	18.8 x 11.8	15'	4.5	300	144	192	256
El Dorado	4,200	390.1	62' x 58'	18.8 x 17.6	15'	4.5	540	224	288	432

* Functional Dimensions

3 THEATER

The Convention Center Theater has a seating capacity of 2,436 persons. The Theater is outstanding in its complete flexibility of acoustics, lighting, and staging. It is capable of accommodating with equal ease, opera, Broadway productions, concerts requiring electrical amplification, and symphony concerts which require natural acoustics as well as an acoustical shell enclosing the orchestra. The stage, 96' wide and 98' deep, is framed by a proscenium 56' wide and 34' high. Ten star and principal performers' dressing rooms are available at stage right with chorus rooms found on the mezzanine level. The hydraulically operated orchestra pit can be positioned to provide audience seating for 72.



FIRST FLOOR PLAN



CAPACITY

Seats a total of 2436 persons.
Orchestra seats 1528, plus 22 wheelchairs.
Continental-style seating.
Lower balcony seats 379, plus 8 wheelchairs.
Upper balcony seats 491, plus 8 wheelchairs.

BACKSTAGE

Dressing rooms, orchestra lift, direct loading.
Special lift to take costume trunks to dressing rooms from loading dock.
Green room accommodates up to 75 people.

EQUIPMENT

54-line stage with 56' x 34' proscenium arch, full lighting, curtains, projection booth.

LOBBY

Large formal lobby, five easily divisible ticket booths and a counting room, first aid room, ample restrooms, passenger elevator.

LOADING AND UNLOADING

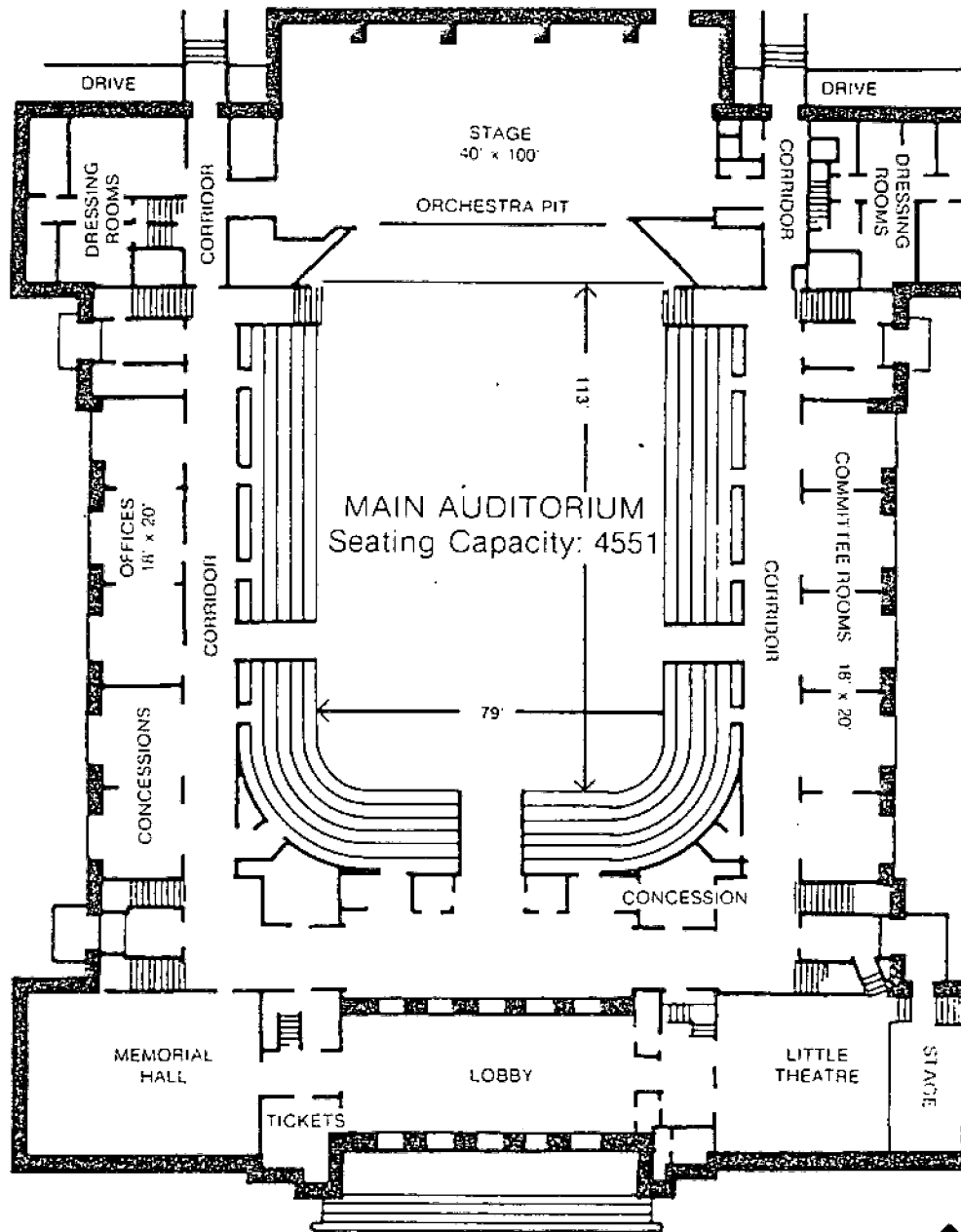
Automatic loading equipment, direct loading dock, off-street access to Theater for largest rigs.

4

MEMORIAL AUDITORIUM

A venerable landmark built in 1926 and located just one block from the Sacramento Community Convention Center, offers facilities for a wide range of occasions with a total capacity of 4,551. The building converts to a sports arena (full basketball court), or a ballroom (dance floor 113' x 79'), and has a proscenium stage 100' wide by 40' deep. The building also contains Memorial Hall with a capacity of 325 for meetings, the Little Theater with 295 fixed seats and a small proscenium stage, and six 18' x 20' meeting rooms.

The main floor is hydraulic and can be changed from a flat floor arena setup to a sloped theater-style arrangement in ten minutes.



CAPACITY

Seats a total of 4551 persons.
Orchestra seats 1320
Dress Circle (main floor) 843.
Lower Balcony 688.
Upper Balcony 1700
Wheelchair access on main floor.

BACKSTAGE

21 dressing rooms available all equipped with dressing table and mirrors. Freight elevator accessible to basement. Direct loading to stage level. Electrical service is 3-phase at 400 amps/leg, 208V, single phase 400 amps, 208V.

EQUIPMENT

55-line stage.
56' x 37' proscenium arch. Full lighting, curtains, projection booth, 2 super trooper follow spots. Boxing ring and basketball standards available.

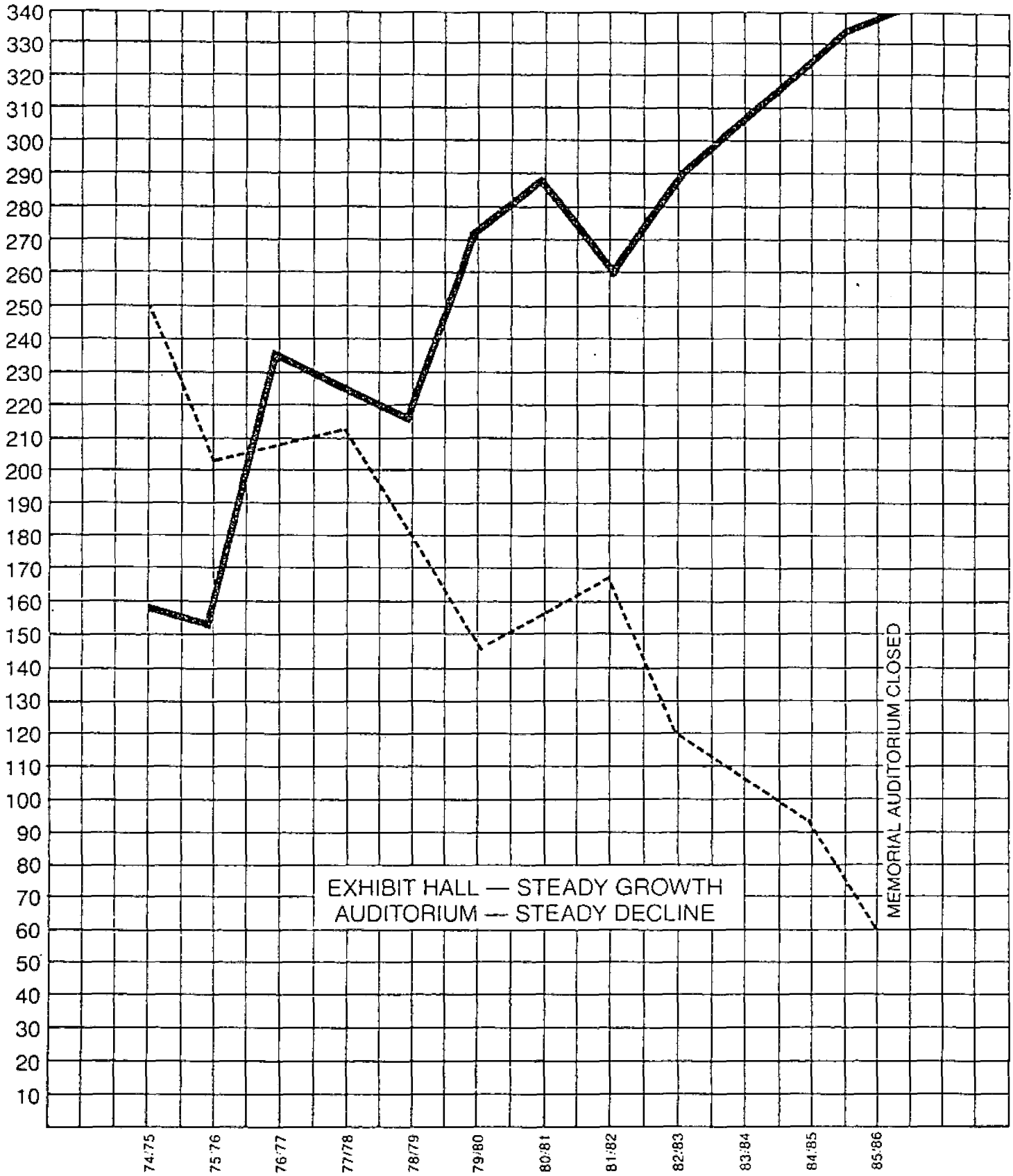
ADDITIONAL FEATURES

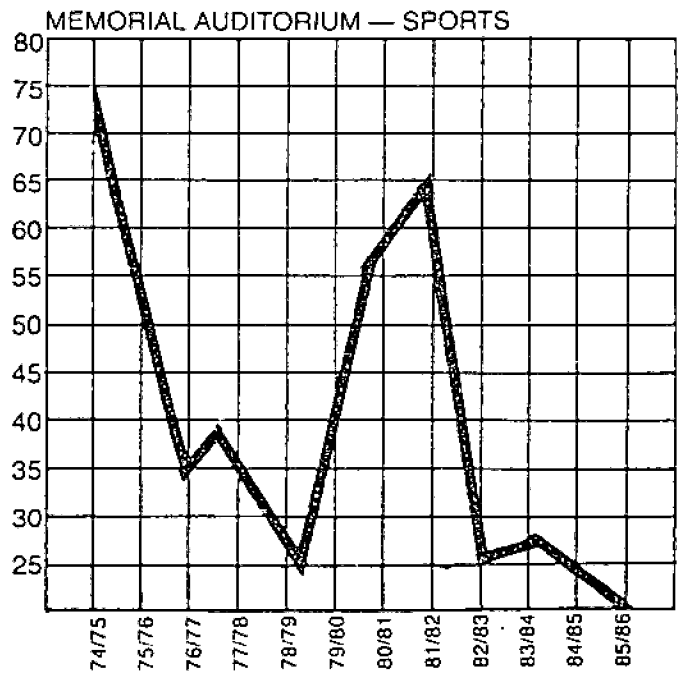
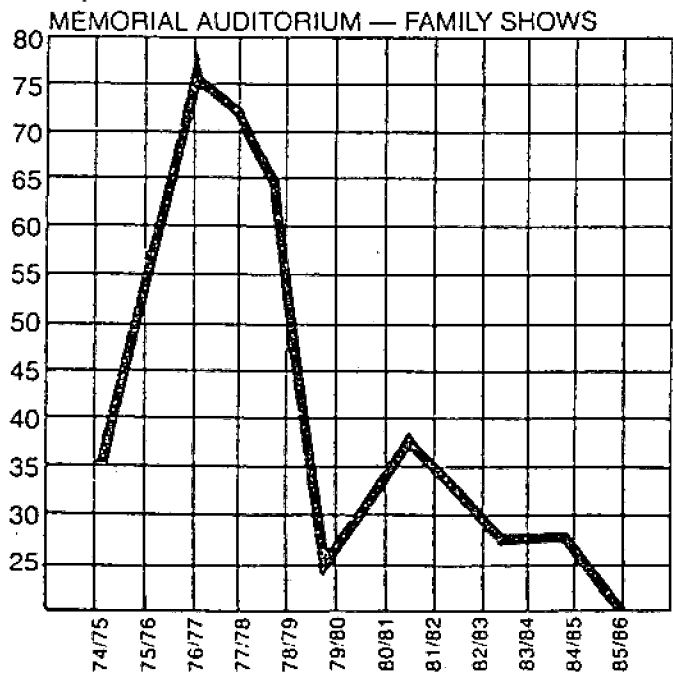
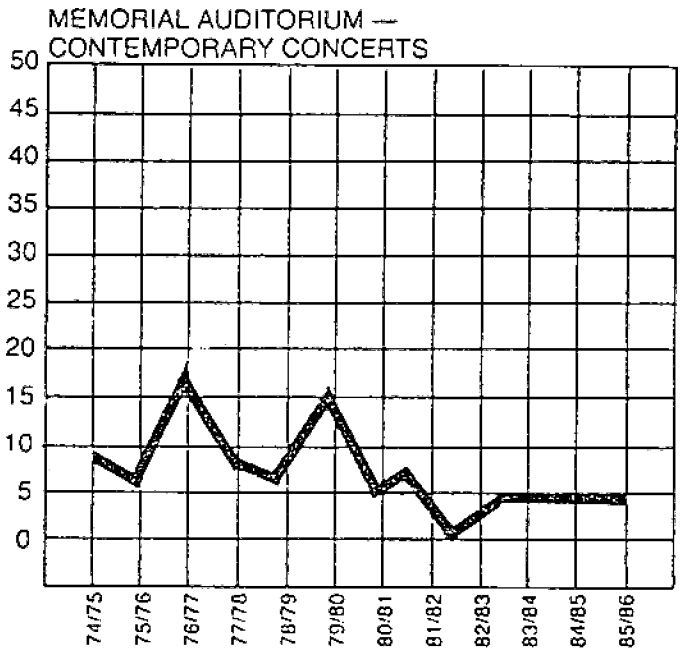
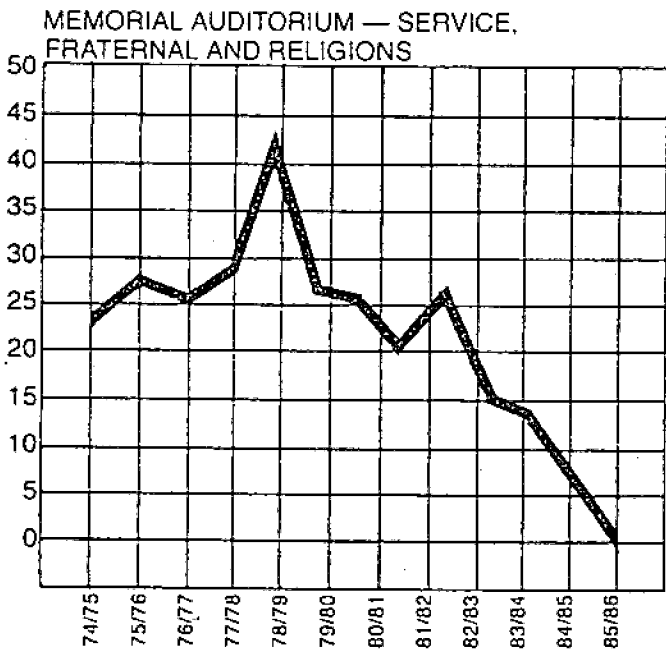
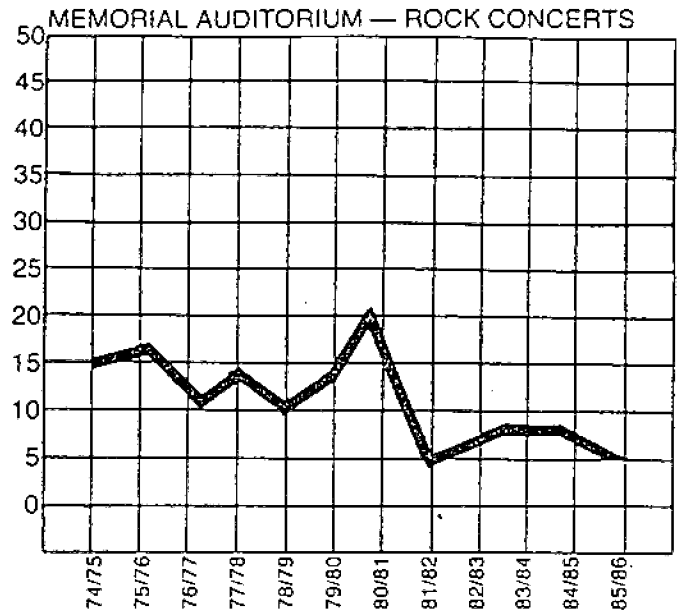
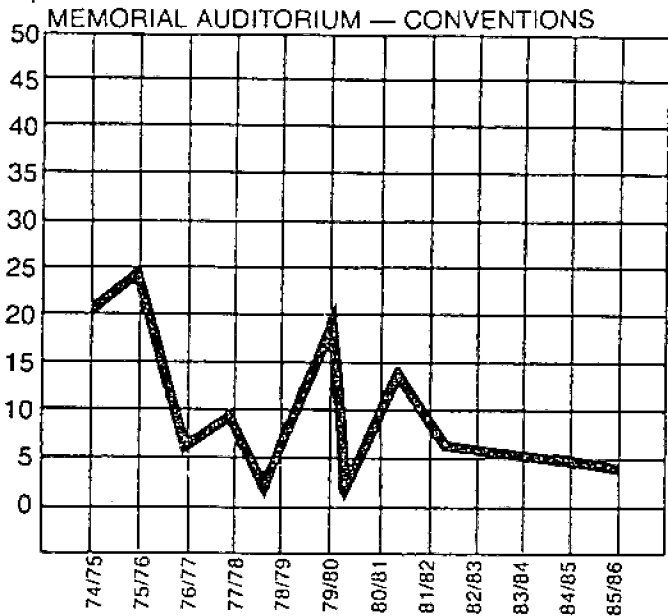
Complete food and beverage service is available. Concession stands are located on 1st and 2nd floor. The main foyer provides ticket booths. Ample restrooms and telephones.

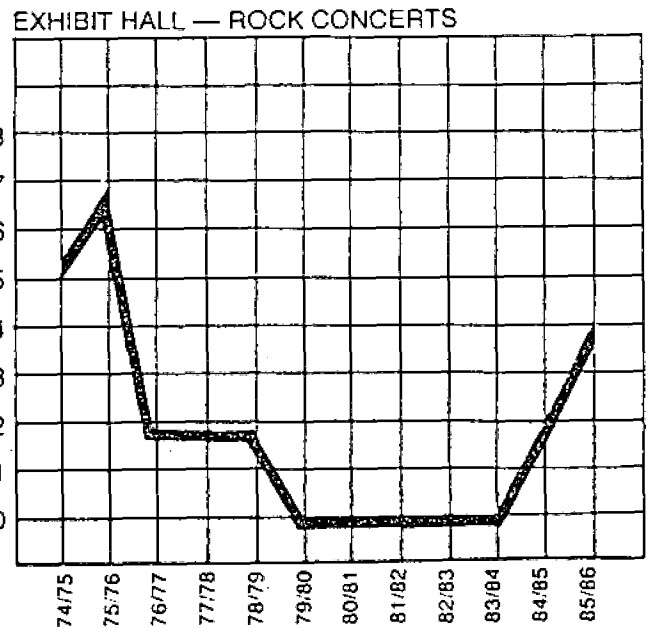
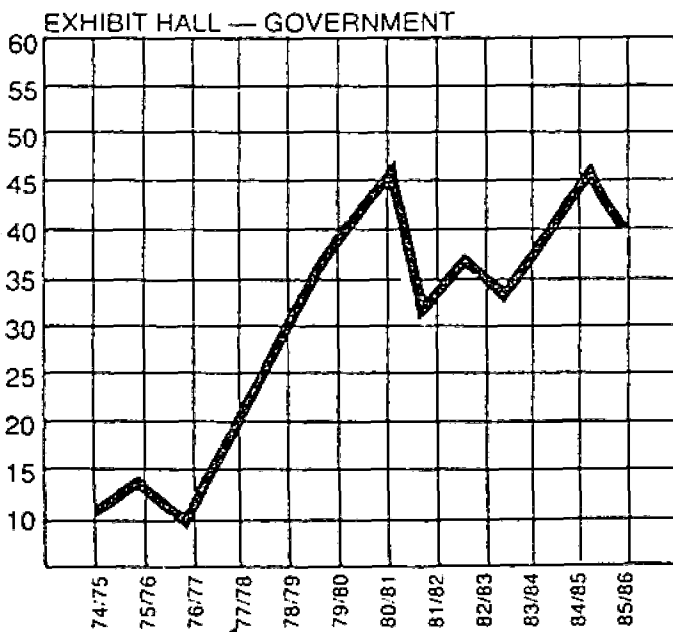
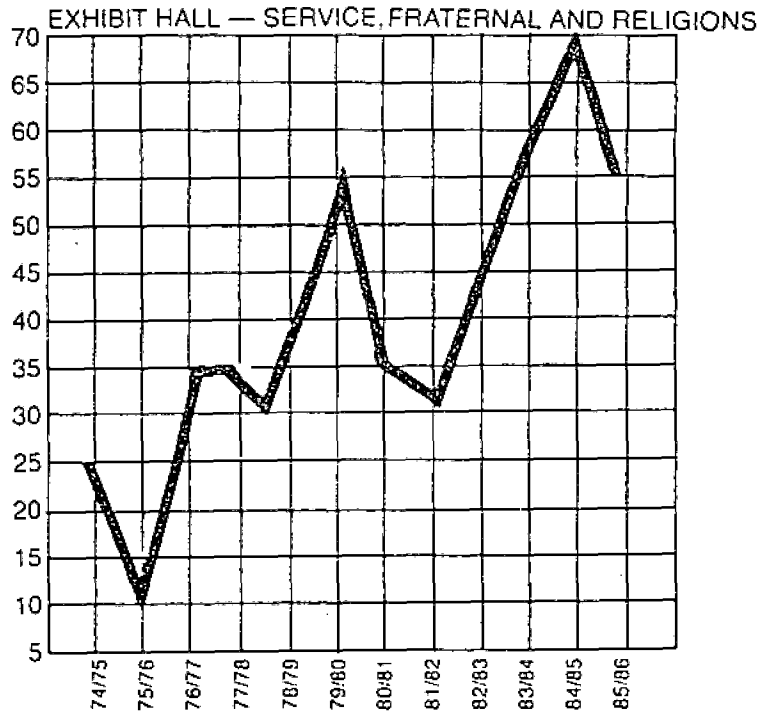
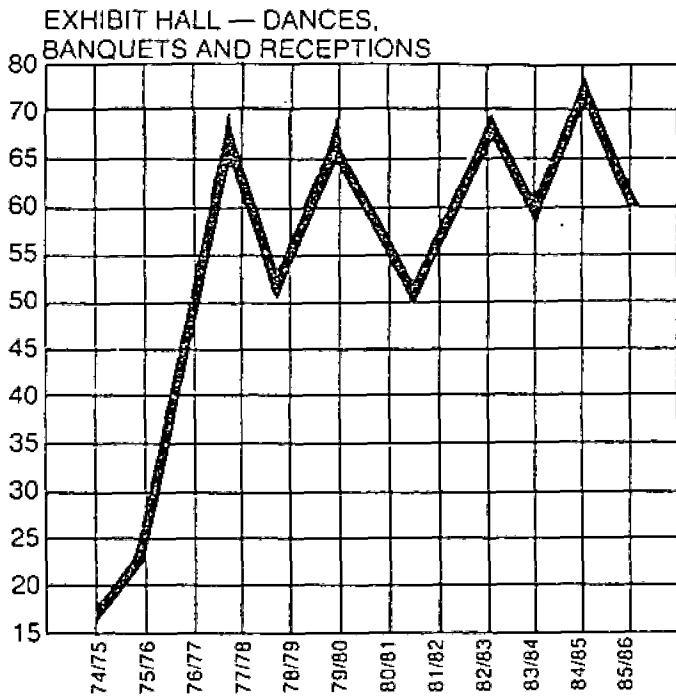
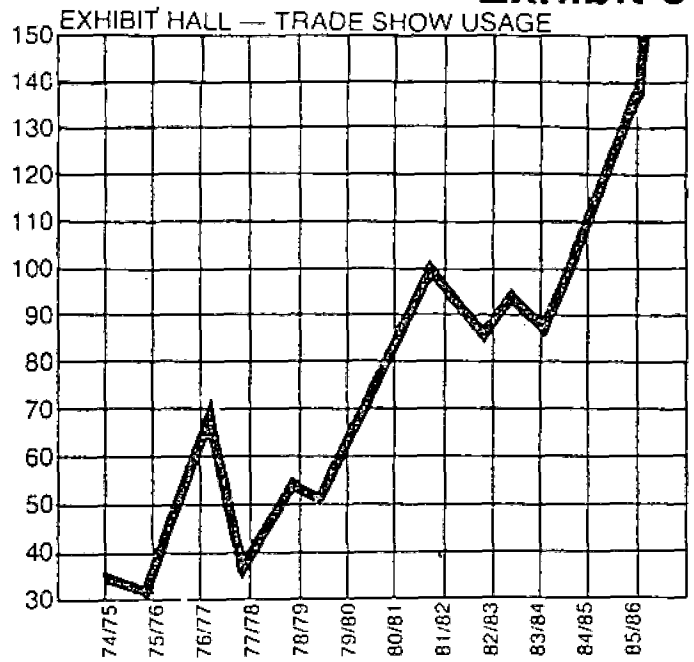
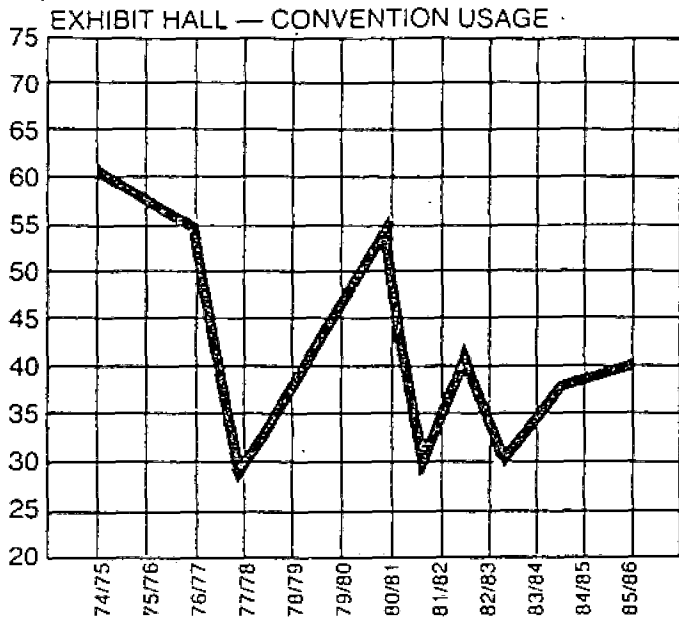
* Functional Dimensions

11 YEAR USAGE EXHIBIT HALL AND MEMORIAL AUDITORIUM

Exhibit 3



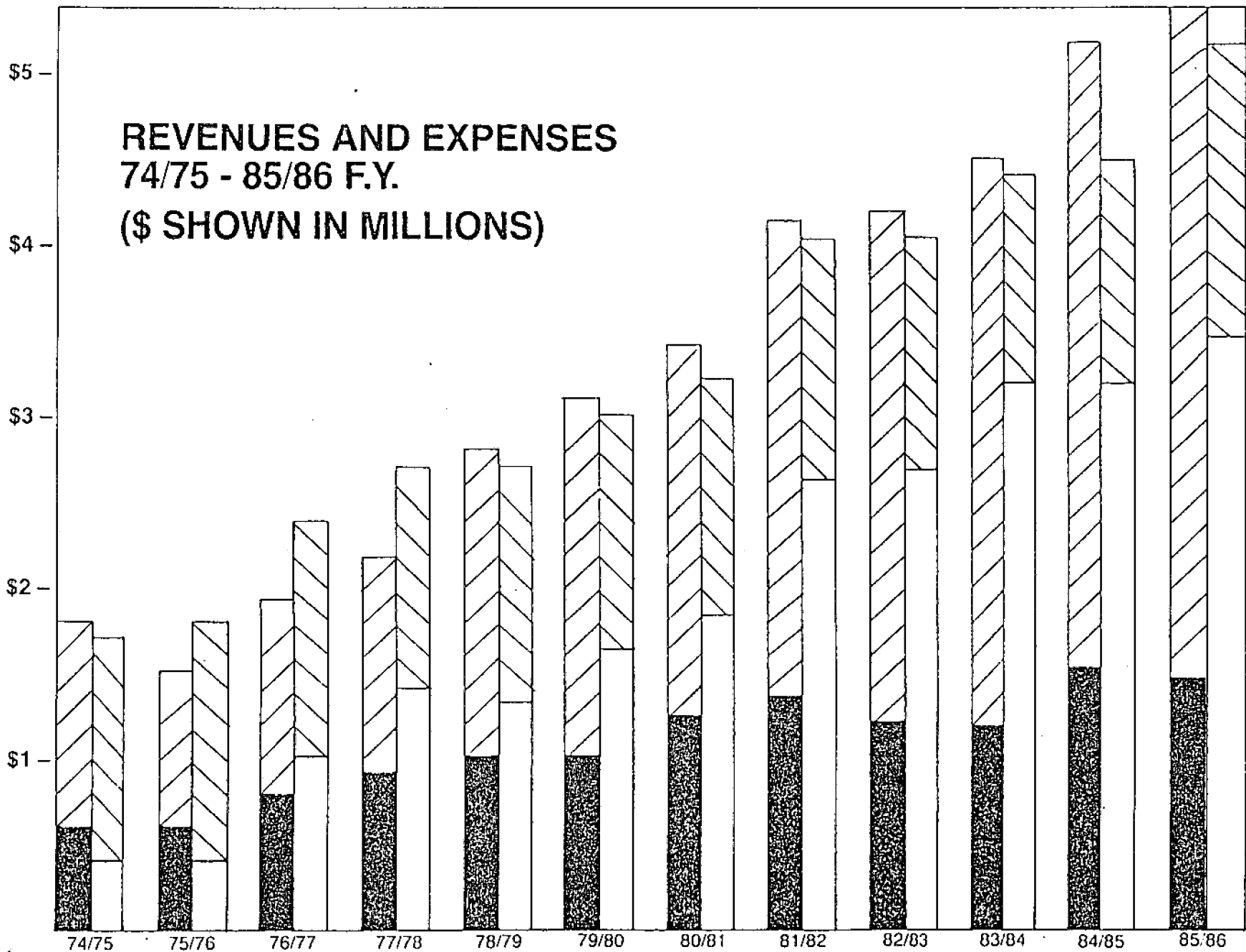




SACRAMENTO COMMUNITY CENTER
ATTENDANCE & GROSS TICKET SALES
July 1974 - June 1985

<u>YEAR</u>	<u>ATTENDANCE</u>	<u>TICKET SALES</u>
1974-75	903,888	\$1,807,732
1975-76	874,038	1,838,238
1976-77	939,843	2,350,120
1977-78	836,573	2,647,840
1978-79	804,749	2,401,313
1979-80	843,752	2,009,920
1980-81	866,424	3,029,605
1981-82	904,884	3,730,745
1982-83	845,714	2,663,718
1983-84	858,570	3,216,242
1984-85	889,643	4,367,368

SACRAMENTO COMMUNITY CENTER



SACRAMENTO COMMUNITY/CONVENTION CENTER

POTENTIAL USAGE & INCOME
(third year of operation)

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	
<u>EVENT</u>	<u>NUMBER OF EVENT DAYS</u>	<u>RENT</u>	<u>BOX OFFICE</u>	<u>CONCESSIONS</u>	<u>TOTAL</u>
Exhibit Shows	60	\$ 400,000	\$ 50,000	\$ 50,000	\$ 500,000
Consumer Shows	40	260,000	75,000	25,000	360,000
Conventions	80	160,000	-	50,000	210,000
Meetings & Seminars	30	200,000	-	20,000	220,000
Government	25	125,000	-	10,000	135,000
Banquets & Receptions	10	50,000	-	15,000	65,000
Concerts	15	180,000	75,000	30,000	285,000
Sports	12	60,000	20,000	25,000	85,000
	<u>272</u>	<u>\$1,435,000</u>	<u>\$220,000</u>	<u>\$225,000</u>	<u>\$1,880,000</u>
	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	

SACRAMENTO COMMUNITY/CONVENTION CENTER
REVENUE vs. EXPENDITURES
1981 - 1990 Projection

<u>FISCAL YEAR</u>	<u>TRANSIENT OCCUPANCY TAX</u>	<u>INCOME-BUILDING</u>	<u>EXPENDITURES</u>	=	<u>BALANCE</u>
1981-82	2,805,620	1,313,095	3,977,394		141,321
1982-83	2,990,184	1,187,905*	4,039,438		138,651
1983-84	3,379,107	1,229,081	4,453,981		154,207
1984-85	3,696,301	1,528,790	4,517,185		707,906
1985-86	4,022,800	1,313,176****	4,936,726		399,250
1986-87**	4,585,992	1,475,000	5,275,000		785,992
1987-88**	5,273,890	1,622,000	5,538,000		1,357,890
1988-89**	6,856,057	1,784,000	5,800,000		3,020,057
1989-90**	8,912,874	2,600,000***	6,400,000		5,112,874

* Lost Admission Tax to General Fund

** Projected

*** Income and expenditure based on completed expansion

**** Memorial Auditorium closed 5 months of year

TRADESHOW BREAKDOWN

The following list of tradeshow represents those shows that are currently meeting on the West Coast and also in the Mid-West. Mid-West destinations consist primarily of Salt Lake City, Utah and Phoenix, Arizona. This listing shows the number of booths being utilized during any given show.

The bulk of this information came from the 1985 exhibits schedule, annual directory of Trade and Industrial Shows, which is published by Bell Communications, New York. Contact was also made with N.A.E.M. and Trade Show Bureau in compiling this information.

It is currently estimated that there are over 9,000 trade shows held in this country each year. The following suggests the percentage breakdown for the number of booths that are used in the various size shows:

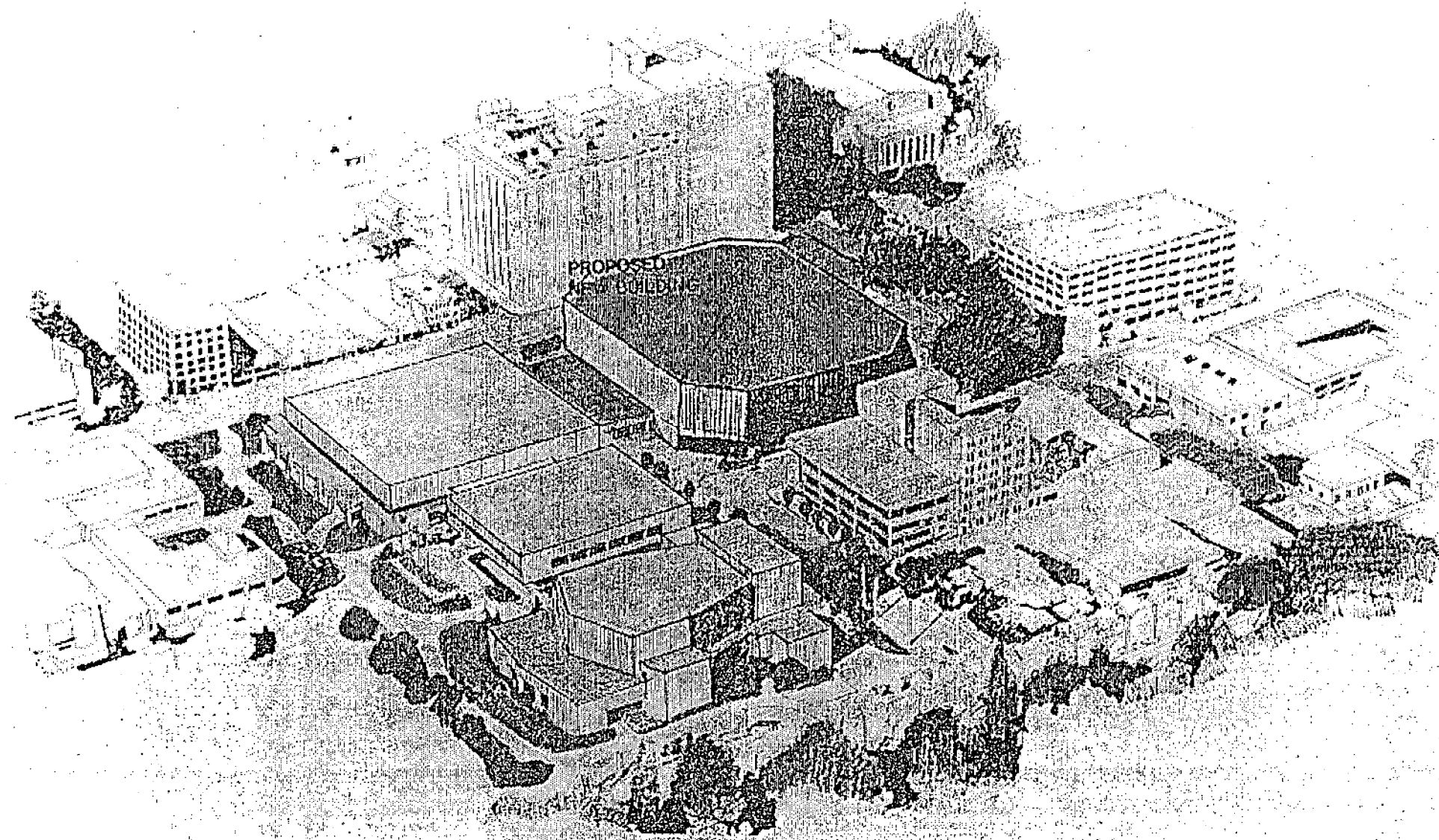
100 booths or less	53%
100 - 200 booths	16%
201 - 350 booths	8.2%
351 - 500 booths	3.7%
501 - 750 booths	3.2%
751 - 1,000 booths	2%
1,000 - plus	1%

COMPARATIVE MARKET SHARE ANALYSIS
FOR LARGER CONVENTION/TRADE SHOWS

	<u>Market Share*</u>
<u>CALIFORNIA</u>	73.6%
Anaheim	18.5%
San Francisco	17.5%
Los Angeles	14.9%
San Diego	9.6%
Long Beach	3.0%
Sacramento	2.3%
Other	7.9%
<u>NEVADA</u>	20.8%
Las Vegas	17.5%
Reno	3.3%
<u>ARIZONA</u>	5.6%
Phoenix	5.3%
Other	0.3%

*1984 events requiring space for 300+ booth spaces
occurring in California, Arizona and Nevada

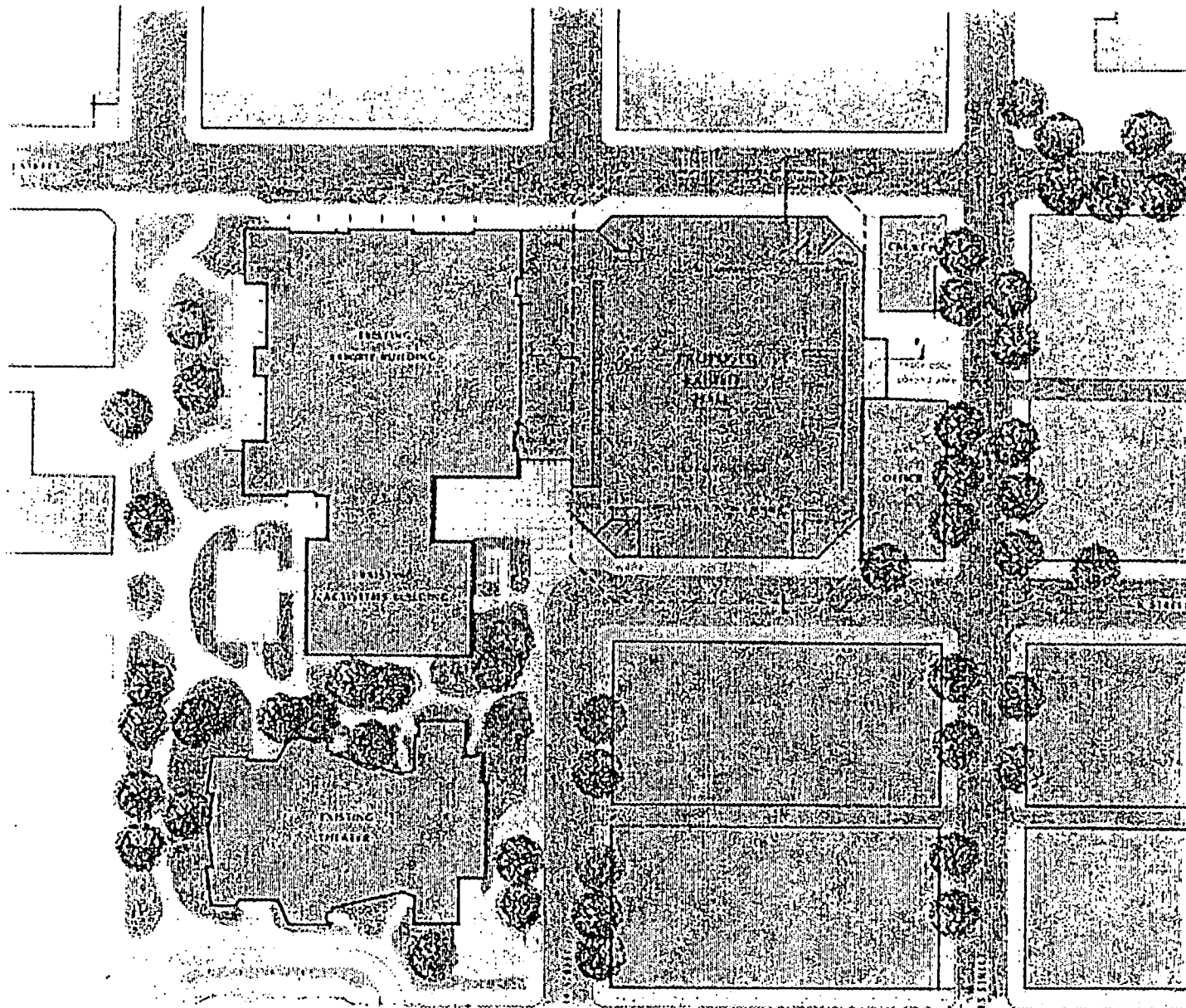
Source: Successful Meetings Data Bank



SACRAMENTO COMMUNITY CENTER

AERIAL VIEW

PAGE 3

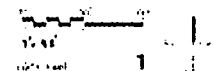


BUILDING AREA	
EXISTING FLOOR AREA	147,000 sq. ft.
MAIN FLOOR	78,500 sq. ft.
UPPER FLOOR	68,500 sq. ft.
TOTAL	147,000 sq. ft.

ASSEMBLY SEATING CAPACITY	
MAIN FLOOR	4,100
UPPER FLOOR	3,500
TOTAL	7,600

SACRAMENTO COMMUNITY CENTER

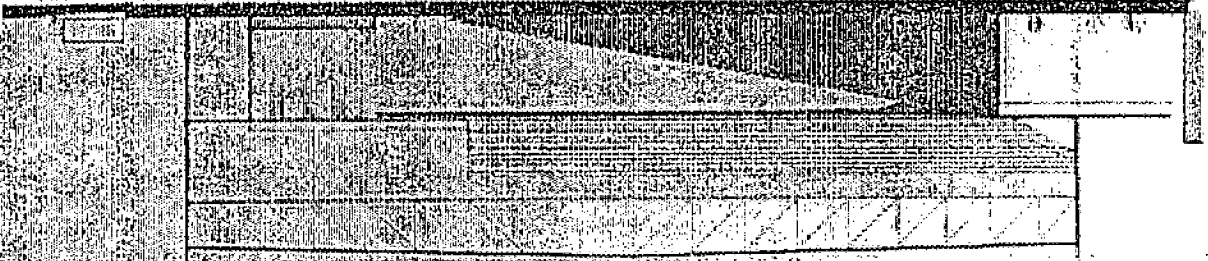
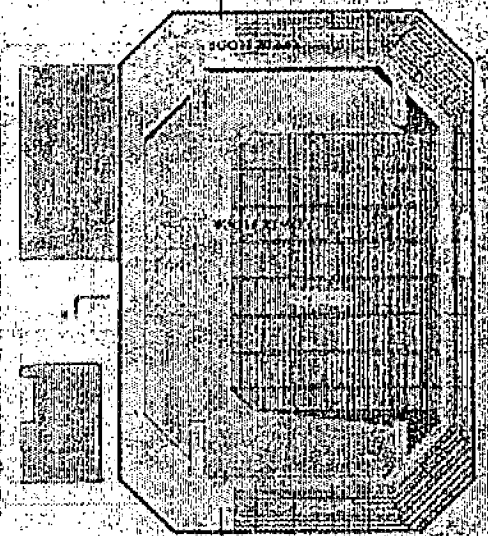
SITE PLAN





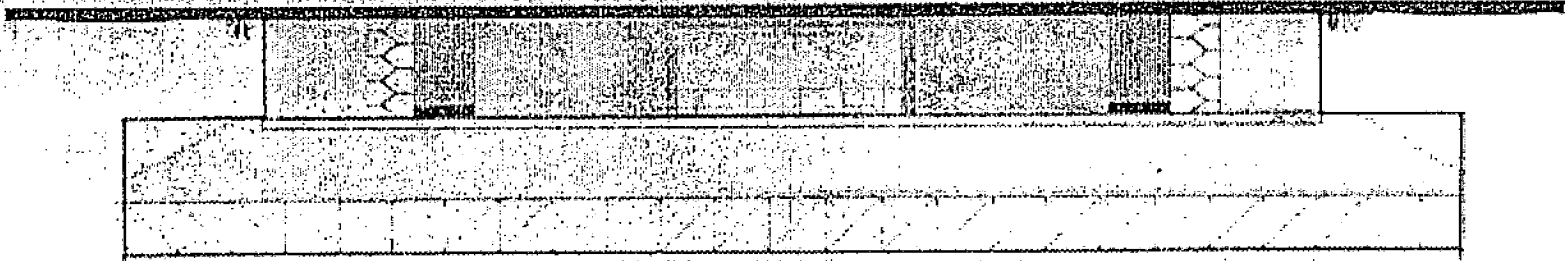
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UPPER AND LOWER FLOOR PLAN ASSEMBLY CONFIGURATION



SECTION B

UPPER AND LOWER FLOOR PLAN ASSEMBLY CONFIGURATION



SECTION A

BASIS FOR COST ESTIMATE

DATE OF COST ESTIMATE 4th QTR 1986

START CONSTRUCTION 2nd QTR 1988

COMPLETE CONSTRUCTION 4th QTR 1989

**MIDPOINT OF CONSTRUCTION =
2nd QTR 1989, THUS, A 9%
COST GROWTH (ESCALATION)
FACTOR IS RECOMMENDED**

COST SUMMARY

EXHIBIT HALL \$18,900,000

PROMENADE 1,000,000

SITE DEVELOPMENT &
UTILITIES 1,200,000

TOTAL ESTIMATED
CONSTRUCTION COST \$21,100,000

EXHIBIT HALL

DIVISION 1 (General Requirements)	\$ 600,000
DIVISION 2 (Sitework) Building Only	165,000
DIVISION 3 (Concrete)	4,700,000
DIVISION 4 (Masonry)	100,000
DIVISION 5 (Metals)	2,800,000
DIVISION 6 (Wood & Plastics).....	600,000
DIVISION 7 (Thermal & Moisture Protection)...	300,000
DIVISION 8 (Doors & Windows)	300,000
DIVISION 9 (Finishes)	815,000
DIVISION 10 (Specialties)	330,000
DIVISION 11 (Equipment)	250,000
DIVISION 12 (Furnishings)	60,000
DIVISION 13 (Special Construction).....	2,850,000
DIVISION 14 (Conveying Systems).....	200,000
DIVISION 15 (Mechanical)	2,100,000
DIVISION 16 (Electrical)	1,200,000
<hr/>	
SUBTOTAL.....	\$17,370,000
COST GROWTH (ESCALATION) 9%	1,530,000
<hr/>	
TOTAL COST	\$18,900,000

PROMENADE

DIVISION 1 (General Requirements)	\$ 34,000
DIVISION 2 (Sitework) Building Only.....	15,000
DIVISION 3 (Concrete)	153,000
DIVISION 4 (Masonry)	N/A
DIVISION 5 (Metals).....	161,000
DIVISION 6 (Wood & Plastics)	10,000
DIVISION 7 (Thermal & Moisture Protection)	33,000
DIVISION 8 (Doors & Windows).....	50,000
DIVISION 9 (Finishes).....	147,000
DIVISION 10 (Specialties)	5,000
DIVISION 11 (Equipment).....	N/A
DIVISION 12 (Furnishings).....	10,000
DIVISION 13 (Special Construction)	N/A
DIVISION 14 (Conveying Systems)	N/A
DIVISION 15 (Mechanical)	160,000
DIVISION 16 (Electrical)	122,000
<hr/>	
SUBTOTAL.....	\$ 900,000
COST GROWTH (ESCALATION) 9%.....	100,000
<hr/>	
TOTAL COST.....	\$1,000,000

SITE DEVELOPMENT & UTILITIES

1. DEMOLITION & REMOVAL.....	\$ 125,000
2. SITE GRADING	33,000
3. SITE DRAINAGE.....	48,000
4. CONCRETE CURBS, WALKS, GUTTERS	280,000
5. BITUMINOUS PAVING	45,000
6. MISCELLANEOUS.....	68,000
7. LANDSCAPING	50,000
8. AUTOMATIC IRRIGATION.....	40,000
9. WATER (Domestic)	30,000
10. WATER (Fire)	55,000
11. SANITARY SEWER	40,000
12. GAS.....	10,000
13. ELECTRICAL DISTRIBUTION	100,000
14. AREA LIGHTING.....	66,000
15. TRAFFIC SIGNALS	110,000
<hr/>	
SUBTOTAL	\$1,100,000
COST GROWTH (ESCALATION) 9%.....	100,000
<hr/>	
TOTAL COST.....	\$1,200,000

COMMUNITY CENTER FUND
REVENUES VS EXPENDITURES
(\$'S IN 000'S)

DESCRIPTION	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96
T/O Tax-Scenario A	4,586	5,045	5,549	6,104	6,714	7,386	8,124	8,937	9,830	10,814
Bldg income	1,475	1,622	1,784	1,962	2,158	3,129	3,442	3,786	4,165	4,581
Total Revenue	6,061	6,667	7,333	8,066	8,872	10,515	11,566	12,723	13,995	15,395
Less: Com Ctr Expend	5,325	5,755	5,826	6,010	5,901	6,128	6,428	6,719	7,051	7,401
Less: Memorial Expend			471	458	483	511	540	572	606	642
Less: Expansion Expend		884	(213)	(213)	(213)	6,024	5,949	6,019	6,094	6,175
PROJECTED NET INCOME/LOSS	736	28	1,249	1,811	2,701	(2,148)	(1,352)	(586)	244	1,177
CUMULATIVE FUND BALANCE (Beg F/B 86/87 = \$1,680)	2,415	2,443	3,692	5,504	8,205	6,057	4,704	4,118	4,363	5,540

COMMUNITY CENTER EXPENDITURE PROJECTIONS

DESCRIPTION	APPROVED	BASE									Comments
	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	
Employee Svc	1,755	1,825	1,898	1,974	2,053	2,135	2,221	2,309	2,402	2,498	4% increase in 87-88 and every year thereafter
Utilities	287	316	347	382	420	462	508	559	615	677	10% increase in 87-88 and every year thereafter
Rental Prop-Bonds	1,387	1,389	1,389	1,387	1,408	1,401	1,452	1,477	1,527	1,577	
Rental Prop-Schofield		213	213	213	213	213	213	213	213	213	
Interdept Allocation	188	207	227	250	275	303	333	366	403	443	10% increase in base and every year thereafter
Gen Fund payback	351	351	351	351							
Conv Bureau contrib	521	552	585	621	658	697	739	783	830	880	6% increase in base and every year thereafter
Maint/Repair	131	158	166	174	183	192	202	212	222	233	\$30K increase in base, 5% yearly
Other Supp/svc	557	532	559	587	616	647	679	713	749	786	5% increase in years after base
Total Supp/svc	3,422	3,718	3,838	3,964	3,773	3,915	4,126	4,324	4,559	4,810	
Equipment	97	60	63	66	69	73	77	80	84	89	Avg \$60K plus 5% each year
Facility Maint		5	5	5	5	5	5	5	5	5	
Total Operating Exp	5,274	5,608	5,804	6,010	5,901	6,128	6,428	6,719	7,051	7,401	
CIP	51	147	22								
TOTAL PROJECTED EXP	5,325	5,755	5,826	6,010	5,901	6,128	6,428	6,719	7,051	7,401	

	APPROVED 86-87	BASE 87-88	86-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	Comments
MEMORIAL AUDITORIUM BUDGET INCREASES (7/1/88 START)											
Salary, wages, benefits		15	16	16	17	18	18	19	20		.5FTE relief CC attd. 4% increase each year
Utilities		69	76	83	92	101	111	122	134		20% over Ctr, 10% annually
Custodial Supplies		6	3	3	3	3	4	4	4		Increase in supplies plus 5% each year
Mechanical Parts		4	4	4	5	5	5	5	6		Increase in supplies plus 5% each year
Maint & Repair		25	26	28	29	30	32	34	35		Increase in Maint/Repair plus 5% each year
Small Tools		25	2	2	2	2	2	3	3		\$25K initial, \$2k annually plus 5%
Advertising		8	2	2	2	2	2	3	3		\$8K initial, \$2K annually
Hospitality		8	3	3	3	3	3	3	3		\$8K initial, \$3K annually
Facility Maintenance		5	5	5	5	5	5	5	5		\$5k annually
Telephone		11	12	12	13	13	14	15	15		40% increase, 5% thereafter
Insurances		195	205	215	226	237	249	261	274		Increase based on sq feet plus 5% each yr
Debt Svc-included in G/O Bond											
Machinery		30	30	30	30	30	30	30	30		Estimated equip expenses
Interdept Alloc		20	22	24	27	29	32	35	39		Estimated based on increase expend level
Other Expenses		50	53	55	58	61	64	67	70		Estimate 20% increase plus 5% annually
TOTAL MEMORIAL EXPENSES		471	458	483	511	540	572	606	642		

EXPANSION BUDGET INCREASES (7/1/91 START)

Salary, wages, benefits					270	281	292	304	316		Add 5.0 CCattd, Fac Supvr, Evt Coord, .5 Booking
Utilities					101	111	122	134	148		20% inc over Ctr and Memorial, then 10% annually
Custodial Supplies					5	5	5	6	6		\$5k initial, \$5K annually plus 5%
Mechanical Parts					6	6	7	7	7		20% increase, 5% annually
Maint & Repair					37	39	41	43	45		20% increase, 5% annually
Small Tools					50	5	5	6	6		\$50K initial, \$5K annually plus 5%
Advertising/Hospitality					18	5	5	6	6		\$18k initial, \$5K annually plus 5%
Telephone					50	15	16	17	17		\$50K for Oats bldg plus \$15K annual, 5%
Insurances					118	124	130	137	143		Square footage basis
Debt Service					5,000	5,000	5,000	5,000	5,000		Gross estimate
Facility Maint					50	5	5	5	5		\$50K for office space, \$5k annual
Machinery/Equip					30	30	30	30	30		Estimate of equip
In Lieu Prop Tax					165	168	172	175	179		Prop value \$50M x 33% x 1% plus 2% yearly
Interdept Alloc					284	312	344	378	416		Based on expend increase, then 10% annual
Other Expenses					53	56	58	61	64		Estimate plus 5% annually
Payoff Scofield		1,097									To pay off Scofield loan
Scofield rent out		(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)		To reverse out annual debt svc
TOTAL EXPANSION EXPENSES		884	(213)	(213)	(213)	6,024	5,949	6,019	6,094	6,175	

TOTAL EXPENSES-ALL INCLUSIVE 5,375 4,479 4,086 4,255 4,171 12,447 12,918 13,709 17,750 14,210