RESOLUTION NO. 2008-010

Adopted by the Sacramento City Council

January 8, 2008

APPROVING THE SACRAMENTO HOTEL CORPORATION 2008 OPERATING BUDGET

BACKGROUND

A. The Sacramento Hotel Corporation Bylaws state in Section XI, Section (3)(a), that the Sacramento City Council is responsible for two items: (1) approving appointees to the Sacramento Hotel Corporation Board and (2) approving the Hotel Corporation Budget on an annual basis.

B. The Corporation's Board of Directors is required to submit an annual budget to the Sacramento City Council prior to the beginning of each fiscal year. On December 20 2007, the Hotel Corporation Board unanimously approved the proposed 2008 operating budget to be presented to the City Council for approval.

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

Section 1. The Sacramento Hotel Corporation 2008 Operating Budget as presented in Exhibit A is approved for final adoption.

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Exhibit A – 2008 Operating Budget

Adopted by the City of Sacramento City Council on January 8, 2008 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo

Mayor Heather Fargo

Attest:

Shirley Concolino

Shirley Concolino, City Clerk

Sacramento Hotel Corporation
Operating Budget - Detail
For the Year Ended 12/31/08

	2008 Offering Memorandum	As of Nov '07 2007 Estimated Year-End	2008 Proposed Annual Budget	Increase/ (Decrease) Over 2007	Percent Increase/ Decrease Over 2007
Hotel Operations:					
Revenue	$ 35,904,000	$ 33,351,885	$ 34,773,000	1,421,115	4.26%
Expenses:					
Operating Costs	15,455,000	13,308,991	13,702,000	393,009	2.95%
Administrative expenses and fees	7,930,000	6,397,444	6,713,000	315,556	4.93%
Management Fees	1,353,000	1,268,386	1,315,000	46,614	3.68%
Total Expenses	24,738,000	20,974,821	21,730,000	755,179	3.60%
Available Revenue before Reserves	11,166,000	12,377,064	13,043,000	665,936	5.38%
Less Amounts Deposited to Reserves For:					
Hotel Taxes and Insurance	1,179,000	2,459,852	2,239,000	(220,852)	-8.98%
Hotel Replacement FF&E Fund	1,436,000	1,427,599	1,390,920	(36,679)	-2.57%
Hotel Net Operating Income (NOI)	$ 8,551,000	$ 8,489,613	$ 9,413,080	923,467	10.88%
Garage Operations:					
Revenue	$ 2,105,000	$ 2,697,206	$ 2,750,419	53,213	1.97%
Expenses:					
Operating Costs	463,000	736,175	704,362	(31,813)	-4.32%
Management Fees	166,000	110,219	144,300	34,081	30.92%
Total Expenses	629,000	846,394	848,662	2,268	0.27%
Available Revenue before Reserves	1,476,000	1,850,812	1,901,757	50,945	2.75%
Less Amounts Deposited to Reserves For:					
Garage Taxes and Insurance	175,000	233,870	260,000	26,130	11.17%
Garage Repair and Replacement	63,000	81,124	82,513	1,389	1.71%
Garage Net Operating Income	1,238,000	1,535,818	1,559,244	23,426	1.53%
Lease Payments	250,000	250,000	250,000	-	0.00%
Garage NOI After Lease Payments	$ 988,000	$ 1,285,818	$ 1,309,244	23,426	1.82%
Administration Expenses:					
Legal		$ 10,000	$ 10,000	-	0.00%
Hotel Consultant		27,000	28,000	1,000	3.70%
Accounting		34,320	35,350	1,030	3.00%
Administrator		60,000	60,000	-	0.00%
Board Stipends		20,000	20,000	-	0.00%
Trustee Fees		12,000	12,000	-	0.00%
Insurance Expenses		9,000	9,000	-	0.00%
Audit Expenses		13,600	14,200	600	4.41%
Other Expenses		3,000	3,000	-	0.00%
Total Administrative Expenses	$ 115,000	$ 188,920	$ 191,550	2,630	1.39%