



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent

Honorable Mayor and
Members of the City Council

May 5, 2009

Title: Letter of Understanding with the County of Sacramento and the California Exposition and State Fair (Cal Expo) Regarding Pari-mutuel Wagering Allocation of Funds Through Fiscal Year 2012/13.

Location/Council District: District 3

Recommendation: Adopt a 1) Resolution authorizing the City Manager to enter into a Letter of Understanding (LOU) with the County of Sacramento and Cal Expo regarding the receipt and disbursement of revenue for pari-mutuel wagering at Cal Expo through Fiscal Year 2012/13.

Contact: James R. Rinehart, Economic Development Division Manager, (916) 808-5054

Presenter: not applicable

Department: Economic Development

Division: Citywide Economic Development

Organization No: 18001031

Description/Analysis

Issue: Under the Business and Professionals Code Section 19610.4, Cal Expo dedicates 0.33 percent of pari-mutuel revenue from satellite and live racing proceeds to the City and County of Sacramento to fund projects of mutual benefit to both jurisdictions and Cal Expo. This report requests approval of a new five-year agreement between the City and County of Sacramento and Cal Expo regarding the receipt and disbursement of revenue from pari-mutuel wagering at Cal Expo for specific projects during Fiscal Years 2008/09 through 2012/13. The Letter of Understanding (LOU) is included as Attachment 2.

Policy Considerations: The City and County have entered into two prior five-year agreements for the use of these funds. State law requires the City, County and Cal Expo to agree on an expenditure plan for these funds, or the funds revert to the State. The Cal Expo Board of Director's approved the LOU at their Board Meeting of

March 27, 2009 and the County will consider it at their Supervisor's Meeting of May 5, 2009.

In September, 2004, the City Council voted to approve Resolution No. 2004-731, which authorized the City Manager to enter into an agreement between the County of Sacramento and Cal Expo for expenditure of pari-mutuel revenues. In June, 1998, the City Council adopted Ordinance No. 98-024, which provided for the City of Sacramento to accept from Cal Expo an allocation of 0.33 percent pari-mutuel revenues derived at Cal Expo, pursuant to California Business and Professionals Code Section 19610.4.

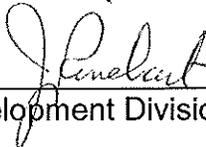
The City is also furthering its goal of establishing and strengthening community and regional partnerships to enhance the quality of life by working with the County and Cal Expo on the expenditure plan for pari-mutuel revenues.

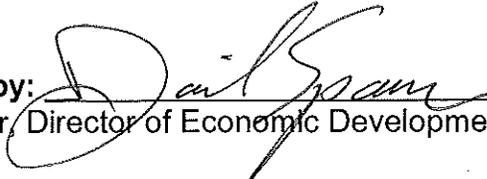
Environmental Considerations: There are no environmental considerations associated with this report.

Rationale for Recommendation: Proceeds from pari-mutuel, designed to mutually benefit Cal Expo, the City and the County, must be consistent with Ordinance Number 98-024 and the LOU. The proposed expenditure plan is consistent with both of the above policy documents and is included as Attachment 2 to the LOU.

Financial Considerations: There is no impact to the City's General Fund. The County of Sacramento established a Trust Fund to deposit and disburse funds for the City and County of Sacramento that will fund projects that are mutually benefitting the City, the County and Cal Expo with revenues received from pari-mutuel wagering. Total projected revenue including carry over is estimated at \$641,888 through Fiscal Year 2012/13.

Emerging Small Business Development (ESBD): There are no goods or services being purchased with this report.

Respectfully Submitted by: 
James R. Rinehart, Economic Development Division Manager

Approved by: 
David Spaur, Director of Economic Development

Recommendation Approved:



Ray Kerridge
City Manager

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Attachment 1

BACKGROUND

On September 14, 2004, the City Council approved Resolution No. 2004-731, which authorized the City Manager to enter into an agreement between the County of Sacramento and Cal Expo for expenditure of pari-mutuel revenues. This agreement renewed an LOU from 1998.

On June 30, 1998, the City Council adopted Ordinance No. 98-024, which provided for the City of Sacramento to accept from Cal Expo an allocation of 0.33 percent pari-mutuel revenues from satellite and live racing at Cal Expo, and authorized the City Manager to execute appropriate implementation agreements between the County of Sacramento and Cal Expo relative to this ordinance.

Proceeds from the pari-mutuel revenues, per the signed agreement, have included but have not been limited to July 4th Fireworks Show, traffic and signal light improvements, floodplain improvements and other improvements that have mutually benefited the County of Sacramento, the City of Sacramento and Cal Expo.

The County of Sacramento and Cal Expo will be taking board action to adopt a new five-year agreement with the City of Sacramento for specific projects funded by 0.33 percent revenue from pari-mutuel wagering at Cal Expo through 2012/13. Based on actual revenues from pari-mutuel wagering at Cal Expo over the past few years, the projected allocation is approximately \$128,377.60 annually or \$641,888 over the life of the new five-year agreement.

Planned projects include a July 4th Fireworks program and a racing backstretch Wastewater Treatment Project.

This report requests approval of a new five-year agreement with the County of Sacramento and Cal Expo regarding the receipt and disbursement of 0.33 percent revenue from pari-mutuel wagering at Cal Expo through fiscal year 2012/13.

Attachment 2

**LETTER OF UNDERSTANDING
BETWEEN
COUNTY OF SACRAMENTO, CITY OF SACRAMENTO
AND THE
CALIFORNIA EXPOSITION & STATE FAIR**

The County of Sacramento (County), acting through the County Executive Officer; the City of Sacramento (City), acting through the City Manager; and the California Exposition & State Fair (Cal Expo), acting through the General Manager (collectively, the "Parties"), hereby enter into this Letter of Understanding (LOU) concerning the working relationship between these three governmental entities regarding the receipt and disbursement of 0.33% of revenue from pari-mutuel revenues from live racing and the satellite wagering facility on the grounds of Cal Expo.

WHEREAS, the Cal Expo Board of Directors has agreed to allocate and dedicate 0.33% of pari-mutuel revenues to the County and City, provided that an agreement between the County, the City, and Cal Expo is entered into and in force that provides for the expenditure of these monies in a manner that benefits the Parties; and

WHEREAS, it is anticipated that this delegation will generate approximately \$642,000 over a five year period; and

WHEREAS, in the spirit of cooperation, the County, City and Cal Expo desire to work together to benefit the community of Sacramento;

NOW THEREFORE, the Parties agree as follows:

1. Cal Expo has agreed to dedicate 0.33% of revenues from pari-mutuel revenues from Cal Expo live horse racing and the satellite wagering facility at the Cal Expo grounds to be split between the County and the City.
2. Any party to this LOU may at any time by resolution of its governing body withdraw from this LOU.
3. The Parties shall mutually agree on projects to fund using the money, which is the subject of this LOU. The Parties shall meet and agree on projects prior to December 15th of each year that this LOU is in effect. Attached hereto is a tentative five (5) year schedule of allocation, subject to the yearly review of the Parties, which staff of the Parties have agreed upon.
4. The County shall be the party to receive the full allocation of funds covered by this LOU. The County shall have the fiduciary responsibility both for the receipt of the funds and disbursement of the funds to the proper party to cover costs of projects covered by this LOU.

**Proposed Five-Year Plan for Use of
0.33 Percent Pari-Mutuel Revenues
Revenue**

Approximate Fund Balance as of 3/1/09 \$130,000

Projected Fund Balance 3/1/09 – 2/28/14 \$511,888

Total Projected Revenue \$641,888

Expenditures

2008

July 4th Fireworks Program	\$ 50,000
Racing Backstretch Wastewater Treatment Project	\$ <u>50,000</u>
	\$100,000

2009

July 4th Fireworks Program	\$ 52,500
Racing Backstretch Wastewater Treatment Project	\$ <u>82,972</u>
	\$135,472

2010

July 4th Fireworks Program	\$ 52,500
Racing Backstretch Wastewater Treatment Project	\$ <u>82,972</u>
	\$135,472

2011

July 4th Fireworks Program	\$ 55,000
Racing Backstretch Wastewater Treatment Project	\$ <u>80,472</u>
	\$135,472

2012

July 4th Fireworks Program	\$ 55,000
Racing Backstretch Wastewater Treatment Project	\$ <u>80,472</u>
	\$135,472

Total Projected Expenditures \$641,888

Continuation of reimbursement for project costs which diverted storm drainage from the American River. One payment of \$50,000 was made on 4/20/08.

Attachment 3

RESOLUTION NO.

Adopted by the Sacramento City Council

LETTER OF UNDERSTANDING WITH THE COUNTY OF SACRAMENTO AND THE CALIFORNIA EXPOSITION AND STATE FAIR (CAL EXPO) REGARDING PARI-MUTUEL WAGERING ALLOCATION OF FUNDS THROUGH FISCAL YEAR 2012/13

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

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AGREEMENT BETWEEN THE COUNTY OF SACRAMENTO AND CAL EXPO FOR EXPENDITURE OF PARI-MUTUEL REVENUES WHEREAS:

- A. On September 14, 2004, the City Council adopted Resolution No. , which authorized the City Manager to enter into an agreement between the County of Sacramento and Cal Expo for the expenditure of pari-mutuel revenues. This agreement renewed an LOU from 1998.
- B. On June 30, 1998, the City Council adopted ordinance Number 98-024, which provided for the City of Sacramento to accept from Cal Expo an allocation of 0.33 percent pari-mutuel revenues derived at Cal Expo, and authorized the City Manager to execute appropriate implementation agreements between the County of Sacramento and Cal Expo.
- C. The County of Sacramento established a Trust Fund to deposit and disburse funds for the City and County of Sacramento per the signed implementation agreement.
- D. Planned projects of mutual benefit include July 4th Fireworks Program and Racing Backstretch Wastewater Treatment Project.
- E. Both the County of Sacramento and Cal Expo boards will take action to adopt a new five-year agreement with the City of Sacramento regarding the receipt and disbursement of 0.33 percent revenue from pari-mutuel wagering at Cal Expo.

NOW THEREFORE, BASED ON THE FACTS SET FORTH ABOVE, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to enter into a five-year agreement (Letter of Understanding or LOU) between the County of Sacramento and Cal Expo regarding the receipt and disbursement of 0.33 percent revenue from pari-mutuel wagering at Cal Expo through Fiscal Year 2012/13.

