

Meeting Date: 4/22/2014

Report Type: Consent

Report ID: 2014-00296

Title: Resolution of Support for the B Street Theatre Application to the California Infrastructure and Economic Development Bank

Location: District 4

Recommendation: Pass a Resolution of support for the B Street Theatre's application to the California Infrastructure and Economic Development Bank for an economic expansion loan in the amount of \$9.4 million for the construction of a relocated and expanded B Street Theatre at 2710 Capitol Mall.

Contact: Leslie Fritzsche, Sr. Development Project Manager, (916) 808-5450, Economic Development Department

Presenter: None

Department: Economic Development Dept

Division: Administration

Dept ID: 18001011

Attachments:

1-Description/Analysis

2-Resolution

3-Attachment 1 2014-00296

4-Attachment 2

5-Attachment 3

City Attorney Review

Approved as to Form

Michael Sparks

4/14/2014 9:10:35 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 4/8/2014 2:10:54 PM

Description/Analysis

Issue Detail: The Theatre for Children, Inc., commonly referred to as the B Street Theatre (B Street), is seeking the City's support for its submittal of an application for a \$9.4 million loan from the California Infrastructure and Economic Development Bank (IBank) to fund the construction of a new theatre complex in midtown (B Street Project). The loan repayment will come from revenue generated by a ticket surcharge. The City will have no direct obligation to repay the loan and no financial commitment is being requested of the City.

Policy Considerations: The B Street Project is consistent with the 2030 General Plan as it will add to Sacramento's cultural amenities and contribute to the quality of life for residents and visitors.

Economic Impacts: The economic impact estimates are calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). The total estimated cost of construction for the B Street Theatre Project is \$14 million, which is projected to create 42 direct jobs and 30.8 indirect jobs. Additionally, according to the CSER calculation over \$7.7 million in direct output and over \$4.2 million in indirect or induced activities will be generated by the construction of the B Street Project. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The project was reviewed under the California Environmental Quality Act ("CEQA") on a program level as part of the Environmental Impact Report that was completed for the entire Sutter General Expansion project. If the loan is obtained, design and preliminary plans would be reviewed to determine whether the project requires discretionary action by the City, and, if so, what level of environmental review would be required.

Sustainability: The B Street Theatre Project is an infill project which will put into productive use a vacant parcel across from the Sutter Medical Center complex.

Commission/Committee Action: None.

Rationale for Recommendation: B Street began in 1986 as a touring theatre for children. Over 25 years later, the company's two-theatre playhouse on B Street in Sacramento is home to its Mainstage, B3, and Family Series programs. B Street has long envisioned the development of a larger, state-of-the-art facility to fulfill its mission of education, literacy and cultural enrichment by engaging children and adults in high quality theatre arts and playwriting. The proposed complex would house two theatre spaces including a 364 seat children's theatre and an intimate 250 seat theatre. B Street is nearing completion of their construction drawings with a proposed submittal date for entitlements of May 2014.

The construction of a new B Street Theatre will be a regional draw for Sacramento as well as provide California's first year-round professional theatre for children. Having the City serving as project sponsor for B Street's application is the first step in securing the IBank financing needed to begin construction of the project.

Financial Considerations: The IBank loan would not be an obligation of the City and no financial commitment is being requested of the City. B Street is expected to repay the loan through operating revenues generated by its ticket sales and a new ticket surcharge.

The total project cost is \$22 million. The leading gift of land and services was donated by Sutter Medical Center and is valued at \$6 million. Along with considerable private donations and upon receipt of IBank financing and New Market Tax Credits, the project will be able to begin construction in October of this year.

Local Business Enterprise (LBE): None at this time.

RESOLUTION NO. 2014-___

Adopted by the Sacramento City Council

April 22, 2014

**SUPPORT FOR THE APPLICATION FOR THE ECONOMIC
EXPANSION PROJECT BEING IMPLEMENTED BY THE B STREET
THEATRE AND INTENT TO ACT AS A SPONSOR FOR PURPOSES OF
THE FINANCING APPLICATION FOR SUCH PROJECT**

BACKGROUND:

- A.** Theatre for Children, Inc., commonly referred to as the B Street Theatre (“B Street”), is expanding from its current location at 2711 B Street to a new home at 2710 Capitol Avenue.
- B.** The California Infrastructure and Economic Development Bank (the “IBank”) was established and exists pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following), for the purpose of, among other things, providing financial assistance to eligible infrastructure and economic expansion projects.
- C.** B Street (“Applicant”) intends to submit an application for financing (the “Financing Application”) in the amount of \$9.4 million under the IBank’s Infrastructure State Revolving Fund Program (“ISRF Program”) for the construction of the new, expanded facility at 2710 Capitol Avenue (the “Project”).
- D.** The IBank’s Amended and Restated Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, adopted on October 29, 2013 (the “Criteria”), establishes requirements for the financing of projects under the ISRF Program.
- E.** For the ISRF Program, in instances such as this, where the Applicant is a nonprofit organization, the Criteria requires that the Financing Application for an Economic Expansion Project (as defined in the Criteria) be made in conjunction with a public entity, such as the City of Sacramento (the “City”) acting as a sponsor (“Sponsor”); and
- F.** The City desires to declare its support for the Project and indicate its intent to act as a Sponsor for purposes of the Financing Application.

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

Section 1. The above recitals are true and correct.

Section 2. The City Council declares its support for the Project (as described in Attachment A) and its intent to act as a Sponsor for purposes of the Financing Application.

Section 3. In furtherance of the foregoing, the City Manager or his designee is hereby authorized to cooperate with the IBank and the Applicant and their representatives to facilitate the Applicant's efforts to submit a completed Financing Application package to the IBank; provided, however, that the City is under no obligation to provide any form of financial assistance to the Applicant or the Project unless the obligation is explicitly authorized by a subsequent action of the City Council.

Section 4. This Resolution takes effect when adopted.

PASSED, APPROVED, AND ADOPTED at a meeting of the City Council of the City of Sacramento on [DATE] by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____

ATTEST

By: _____

ATTACHMENT A

Description of the Project

The B Street Theatre project involves the construction of a theater complex consisting of a 365 seat children's theatre and a 250 seat theatre with a large public lobby, courtyard and restaurant.

Background

Project Information

The B Street Theatre (B Street) is a 501(c) 3 that started over 25 years ago as a touring theatre for children. Today at their two-theatre playhouse on B Street they offer a variety of programs

A key feature of their mission is to work with children to promote education and literacy and to engage children in social interaction and cultural enrichment. Recognized as one of Northern California's top theatres, B Street produces 19 shows per year with a focus on new work for youth and adult audiences serving approximately 300,000 annually throughout Northern California.

The proposed project had its inception over 10 years ago, with discussions with Sutter Medical Center about the possibility of incorporating a new B Street Theatre facility into their plans for an expanded medical campus in Midtown Sacramento. Plans proceeded and the corner of 27th Street and Capitol Avenue was identified as B Street's future home. Sutter Medical Center has provided a gift of the land and services, a total contribution of approximately \$5 million.

Plans for the project originally included a residential component but the current proposal is for two theatres, a 365 seat theatre for children and an intimate 250-seat theatre with a large public lobby, courtyard and restaurant. The children's theatre, once constructed, will be the only year-round professional theatre for children in California.

The project was included in the Sutter Medical Center's Environmental Impact Report and has thus obtained environmental clearance under CEQA. The project has received its required entitlements and regulatory approvals. Construction documents are underway with an estimated May 2014 submittal date for permits.

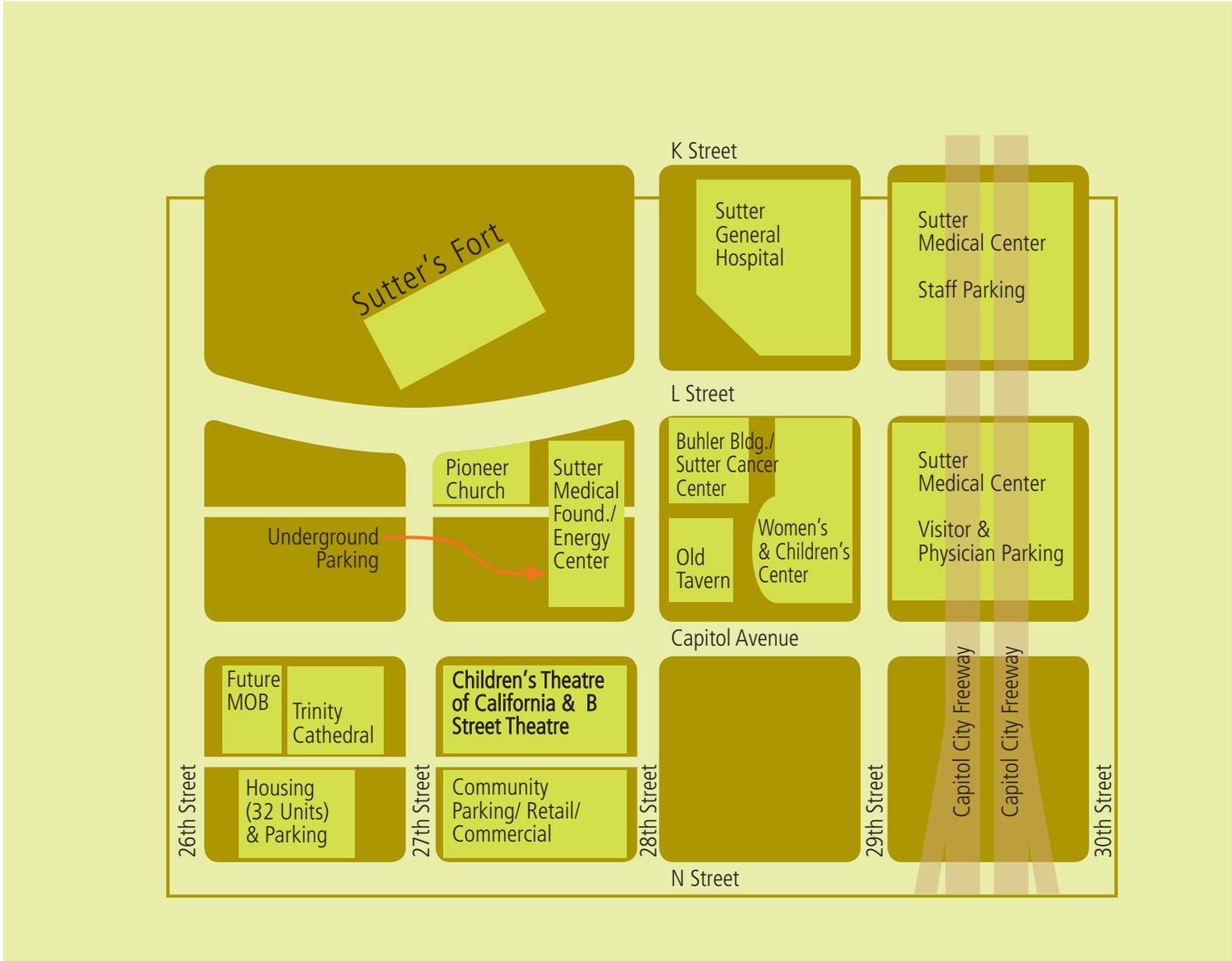
Project Financing

The B Street Theatre project has been more than 8 years in development. The total project cost is estimated at \$22 million of which \$14.5 million is for construction. The funds for the project are envisioned to come from a number of sources including the Infrastructure Financing Bank, corporate donations such as Sutter's, foundation grants, and tax credits.

B Street Theatre's professional staff, consultants, and Board of Directors have been active in identifying resources for the project. They are in the midst of a Capital

Campaign to raise the remaining funds through gifts as well as utilizing grassroots giving through its patron base of 40,000 households. The project is in its final funding stage and can finalize entitlements and begin construction once the loan from the California Infrastructure and Economic Development and New Market Tax Credits are secured. It is anticipated that construction could begin by October 2014.

NEW B STREET THEATRE LOCATION





Proposed New B Street Theatre

Attachment 3