

Meeting Date: 11/18/2014

Report Type: Staff/Discussion

Report ID: 2014-00865

Title: Studios for the Performing Arts Status (Continued from 11/13/2014)

Location: 2420 N Street, District 4

Recommendation: Receive and file.

Contact: Leslie Wisniewski, Administrative Officer, (916) 808-8920, Convention and Cultural Services

Presenter: Jody Ulich, Director, (916) 808-5105, Convention and Cultural Services

Department: Convention & Cultural Services

Division: CCS Administration

Dept ID: 17001011

Attachments:

1-Description/Analysis

City Attorney Review

Approved as to Form

Kourtney Burdick

11/6/2014 3:48:38 PM

Approvals/Acknowledgements

Department Director or Designee: Jody Ulich - 11/4/2014 5:06:03 PM

Description/Analysis

Issue Detail: On December 17, 2013, City Council approved a lease agreement between the City and the Sacramento City Unified School District (“SCUSD”) for lease of property at 2420 N Street (the “Fremont School Building”) as the new location for the Studios for Performing Arts. City Council also approved a sublease of the property to the Studios for the Performing Arts Operating Company (the “Studios Operating Company” or “SOC”) who would then further sublease the property to its member organizations—the Sacramento Ballet and the Sacramento Region Performing Arts Alliance (formerly the Sacramento Opera and Sacramento Philharmonic) (collectively referred to as the “Member Organizations”)—and possibly to other arts and educational institutions.

Neither of these agreements was executed, pending further actions to be taken by SOC.

On October 14, 2014, a status report on the project was brought before Council. It was reported that the Sacramento Ballet was the only founding member that was still involved in the project and that SOC had not been able to secure a \$2.5 million bridge loan, which was needed to begin construction. At that meeting, the Mayor directed Vice Mayor Schenirer and Mayor Pro Tem Ashby to form a subcommittee of City Council to work with the City Manager to investigate the possibility of a City loan to the Studios and to review the conditions of approval in the sublease.

Vice Mayor Schenirer and Mayor Pro Tem Ashby met and determined the scope of the Studios for the Performing Arts project had changed significantly from the original plan since the Sacramento Ballet was the last founding member to still have an interest in the project. In addition, it was determined the City does not have debt capacity to assist with a \$2.5 million loan in advance of a major financing to be undertaken for the entertainment and sports center. Consequently, the subcommittee is recommending more time be spent to review the viability of the project and to explore options for the Ballet that are less costly and less risky. The Sacramento Ballet is currently negotiating with their property owner for a one-year extension on their lease, which is set to expire in February.

Policy Considerations: The proposed actions in this report further the City’s goal of providing a diversity of first class arts and cultural facilities and programs.

Economic Impacts: None.

Environmental Considerations: This project is for the purpose of making improvements to the historic Fremont School for Adults building, which is limited to the maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation, or reconstruction of historical resources in a manner consistent with the Secretary of Interior’s Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995), Weeks and Grimmer.

California Environmental Quality Act (CEQA): This project is exempt under CEQA Guidelines Section 15331 – Historical Resource Restoration/Rehabilitation.

Sustainability: This agreement has been reviewed for consistency with the goals, policies, and targets of the City's Sustainability Plan (SMP).

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Not applicable, informational report.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not applicable.