



REPORT TO THE CITY COUNCIL AND REDEVELOPMENT AGENCY **22**

City of Sacramento

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

Consent
August 15, 2006

**Honorable Chair and Members of the Board and
Honorable Mayor and Members of the City Council**

Title: Funding for the Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71)

Location/Council District: Crocker Art Museum, 216 O Street, (Council District 1) and Memorial Auditorium, 1515 J Street (Council District 3)

Recommendation:

- 1) For the Redevelopment Agency: Adopt a Resolution authorizing the Executive Director to: (a) enter into an Individual Project Agreement (IPA) with the City of Sacramento for the Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71); (b) transfer \$8 million from the 2005 Downtown Tax Exempt Allocation Bond to CF56; (c) transfer \$3.053 million from the 2002 Master Lease Tax Exempt Capital Improvement Fund to PC71; (d) retain and compensate consultants and other providers of services required in connection with the sale of Agency-owned property at Capitol Mall and Third Street; and (e) offer and sell such Agency-owned property to the highest bidder in a public sale process. This resolution also: 1) designates such Agency-owned property as being surplus and available for disposal; and 2) directs that net proceeds from sale of such property accrue to the benefit of CF56.
- 2) For the City Council: Adopt a Resolution authorizing the City Manager to: (a) enter into an Individual Project Agreement (IPA) with the Redevelopment Agency for the Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71); (b) increase the revenue and expenditure budget for CF56 by \$8 million; (c) increase the revenue and expenditure budget for PC71 by \$3.053 million; (d) retain and compensate consultants and other providers of services required in connection with a sale of two City-owned parcels known as Lot X; (e) offer and sell Lot X to the highest bidder in a public sale process (f) designates Lot X as being surplus to the City's needs and thus available for disposal; and (g) directs that net proceeds from a sale of Lot X accrue to the benefit of CF56.

Contact: Nicole York-Johnson, Economic Development, 808-8646; Barbara Bonebrake, Convention, Culture & Leisure, 808-7733

Presenters: None

Department: Economic Development

Division: Downtown Development

Organization No: 4451

Description/Analysis

Issue: On April 18, 2006 the City Council approved the final Tier I and Tier II project list for the 2006 Community Reinvestment Capital Improvement Program (CRCIP). The City Council conducted several meetings over the past year which resulted in a CRCIP Project list. On May 23, 2006 the City Council approved the issuance of the 2006 Capital Improvement Revenue Bond (2006 CIRB) which included funding for the Crocker Art Museum Renovation and Memorial Auditorium Improvement projects.

Because of the substandard design and inadequate size of the Crocker Art Museum, its economic viable use and capacity is significantly hindered. According to the 2004 Association of Art Museum Director's Statistics Survey, the average square footage for art museums is 177,637. The current size of the Crocker Museum is 45,000 square feet. The Museum also lacks standard facilities associated with current museum standards and market conditions including: adequate exhibit space, loading dock, education space, and office space.

Partial funding for the Crocker Art Museum Renovation is available in the 2005 Downtown Tax Exempt Allocation Bond and will be used to bring the structure up to current industry standards. This project will allow the facility to offer more exhibit space for its existing collection, additional space for public educational activities and parking, and greater space for administration functions.

In conjunction with its designation of the Crocker Renovation as a Tier I project, the City Council on April 18, 2006 endorsed an overall financing plan for the project. In addition to the Downtown Tax Exempt Allocation Bonds funds mentioned above, that plan entails the sale of three City- and Redevelopment Agency-owned parcels (collectively referred to as "Lot X") in the area of Capitol Mall and Third Street. Net proceeds from the sale of Lot X will accrue towards the Crocker Renovation project costs.

Funding for the Memorial Auditorium Improvements resides in the 2002 Master Lease Tax Exempt Capital Improvement Fund. An Individual Project Agreement for each of these projects would allow the transfer of the approved allocations from the foregoing funding sources to their respective City of Sacramento capital improvement project accounts.

Policy Considerations: These actions are consistent with the 2005-2009 Merged

Downtown Redevelopment Plan which identified a number of projects and programs necessary to implement the Downtown Redevelopment Strategy, including:

1. The strengthening of retail and other commercial functions in the downtown area by the installation of needed site improvements either inside or outside the Merged Project Area to stimulate new commercial expansion, employment and economic growth; and
2. The preservation and/or restoration of historically or architecturally significant structures; and
3. The establishment and implementation of performance criteria to assure high site-design standards and environmental quality and other design elements which provide unity and integrity to the entire Merged Project Area.

Environmental Considerations: The requested actions are exempt under CEQA Guidelines section 15262 as a planning activity for possible future action. Environmental review will be performed in conjunction with the planning and design of these projects.

Rationale for Recommendation: The Mayor and City Council determined the Crocker Art Museum renovation and the Memorial Auditorium Improvements to be priority public benefit projects to be implemented as part of the CRCIP. In addition, these actions are consistent with the 2005-2009 Merged Downtown Redevelopment Plan.

Financial Considerations: On April 18, 2006, the Mayor and City Council approved the final Tier I and Tier II project lists for implementation under the Community Reinvestment Capital Improvement Program (CRCIP). The Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71) were included as Tier I projects.

Crocker Art Museum Renovation and Expansion Project: Detailed information on the Crocker Art funding plan was presented and approved by Council on April 18, 2006. The following provides a summary of the project funding:

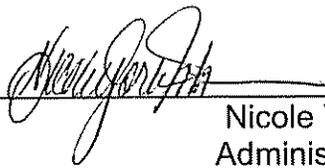
- \$39 million from private donors
 - \$4 million State Grant
 - \$2 million City 2006 CIRB
 - \$20 million combined proceeds from the sale of Parking Lot X (owned by City of Sacramento) and nearby parcel owned by Redevelopment Agency
 - \$12 million City Bridge Loan (provided through the CRCIP)
 - \$2 million 2002 Master Lease Capital Projects Fund
 - \$8 million 2005 Downtown Tax Exempt Allocation Bonds
- \$87 million (total estimated project cost)

All City of Sacramento funding sources have been identified and without the \$8 million contribution from redevelopment funds there are not adequate funds available to complete this project. Also, the proceeds from the sale of Lot X was identified as a funding source

for the Crocker Art Museum renovation in the above information..

Memorial Auditorium Improvements: The total project is estimated at \$6.106 million, of which \$3.053 million will be funded by the City's 2006 CIRB and \$3.053 will be funded from the 2002 Master Lease Tax Exempt Capital Improvement Fund. No other City funds are available for this effort; all available funds are otherwise committed.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: 
Nicole York-Johnson
Administrative Officer

Approved by: 
John Dangberg
Assistant City Manager
On behalf of the Redevelopment Agency
of the City of Sacramento

Recommendation Approved:

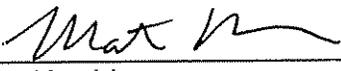

Ray Kerridge
City Manager

Table of Contents:

	Pg	1	Report
Attachments			
1	Pg	5	Redevelopment Agency Resolution
2	Pg	7	City Council Resolution

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

APPROVING FUNDING FOR THE CROCKER ART MUSEUM RENOVATION AND EXPANSION PROJECT (CF56) AND THE MEMORIAL AUDITORIUM IMPROVEMENT PROJECT (PC71)

BACKGROUND

- A. On April 18, 2006, the Mayor and City Council approved the final Tier I and Tier II project lists for implementation under the Community Reinvestment Capital Improvement Program (CRCIP). The Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71) were included as Tier I projects.

- B. Due to the substandard design and inadequate size of the Crocker Art Museum, its economic viable use and capacity is significantly hindered. According to the 2004 Association of Art Museum Director's Statistics Survey, the average square footage for art museums is 177,637. The current size of the Crocker Museum is 45,000 square feet. The Museum also lacks standard facilities associated with current museum standards and market conditions including: adequate exhibit space, loading dock, education space, and office space.

- C. In conjunction with its designation of CF56 as a Tier I project, the Mayor and City Council approved a financing plan entailing the sale and/or development of a City Redevelopment Agency-owned parcel identified by Assessors Parcel Number 006-0135-030 (the Site) , the proceeds of which sale will fund a portion of CF56's project costs.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

- Section 2. The Redevelopment Agency of the City of Sacramento also finds that both the Memorial Auditorium and the Crocker Art Museum facility and structure upgrades, renovations, and expansions are of benefit to the Merged Downtown Project Area; that there is no reasonable means of funding these improvements available to the community; and, that the payment of funds for these improvements will assist in eliminating blighting factors, both physical and economic, in the Merged Downtown Project Area.
- Section 3. The Executive Director is authorized to: (a) enter into an Individual Project Agreement (IPA) with the City of Sacramento for the Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71); (b) transfer \$8 million from the 2005 Downtown Tax Exempt Allocation Bond to CF56; (c) transfer \$3.053 million from the 2002 Master Lease Tax Exempt Capital Improvement Fund to PC71; (d) retain and compensate any brokers, appraisers, consultants and other outside services that may be required in connection with the offering for sale and/or development of the Site.; and (e) offer and sell the Site for eventual development to the highest bidder in a public sale process.
- Section 4. The Redevelopment Agency of the City of Sacramento has determined that it has no ongoing need for the Site and thus declares the property to be surplus and available for disposal.
- Section 5. All proceeds from sale of the Site, net of reimbursement for transaction and programmatic costs incurred in connection with such sale, shall accrue to the revenue and expenditure budget for CF56.

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVING FUNDING FOR THE CROCKER ART MUSEUM RENOVATION AND EXPANSION PROJECT (CF56) AND THE MEMORIAL AUDITORIUM IMPROVEMENT PROJECT (PC71)

BACKGROUND

- A. On April 18, 2006, the Mayor and City Council approved the final Tier I and Tier II project lists for implementation under the Community Reinvestment Capital Improvement Program (CRCIP). The Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71) were included as Tier I projects.
- B. Due to the substandard design and inadequate size of the Crocker Art Museum, its economic viable use and capacity is significantly hindered. According to the 2004 Association of Art Museum Director's Statistics Survey, the average square footage for art museums is 177,637. The current size of the Crocker Museum is 45,000 square feet. The Museum also lacks standard facilities associated with current museum standards and market conditions including: adequate exhibit space, loading dock, education space, and office space.
- C. In conjunction with its designation of CF56 as a Tier I project, the Mayor and City Council approved a financing plan entailing the sale and/or development of City-owned parcels identified by Assessors Parcel Numbers 006-0135-028 and 006-0135-029 (Lot X), the proceeds of which sale will fund a portion of CF56's project costs.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

- Section 2. The City of Sacramento also finds that both the Memorial Auditorium and the Crocker Art Museum facility and structure upgrades, renovations and expansions are of benefit to the Merged Downtown Project Area; that there is no reasonable means of funding these improvements available to the community; and, that the payment of funds for these improvements will assist in eliminating blighting factors, both physical and economic, in the Merged Downtown Project Area.
- Section 3. The City Manager is authorized to: (a) enter into an Individual Project Agreement (IPA) with the Redevelopment Agency for the Crocker Art Museum Renovation and Expansion Project (CF56) and the Memorial Auditorium Improvement Project (PC71); (b) increase the revenue and expenditure budget for CF56 by \$8 million; (c) increase the revenue and expenditure budget for PC71 by \$3.053 million; (d) retain and compensate any brokers, appraisers, consultants and other outside services that may be required in connection with the offering for sale and/or development of Lot X.; and (e) offer and sell Lot X for eventual development to the highest bidder in a public sale process.
- Section 4. The City of Sacramento has determined that it has no ongoing need for Lot X and thus declares the property to be surplus and available for disposal.
- Section 5. All proceeds from sale of Lot X, net of reimbursement for transaction and programmatic costs incurred by the City in connection with such sale, shall accrue to the revenue and expenditure budget for CF56.

