

COUNTY OF SACRAMENTO
CALIFORNIA

For The Meeting Of:
September 11, 2009

To: Board of Supervisors

From: Department of Economic Development and Intergovernmental Affairs

Subject: Report Back To Questions Raised During The Transient Occupancy Tax Portion Of The Fiscal Year 2009-10 Final Budget Hearings Relating To: (1) Gifting Or Loaning Art In Public Places Funding Associated With The Sacramento International Airport Terminal Modernization Program To Support Other Sacramento Metropolitan Arts Commission Programs; And (2) Reallocating To Regional Parks Transient Occupancy Tax Funds That Were Recommended To Support Sacramento Tree Foundation And American River Parkway Foundation Programs

Supervisory
District: All

Contact: Robert B. Leonard, Director, 874-7876

BACKGROUND:

During the Transient Occupancy Tax Fund portion of the Fiscal Year 2009-10 Final Budget Hearings, the Board of Supervisors requested additional information relating to:

1. Gifting or loaning the art endowment portion of Art In Public Places funding associated with the Sacramento International Airport Terminal Modernization Program to support other Sacramento Metropolitan Arts Commission (SMAC) programs; and
2. Reallocating to Regional Parks Transient Occupancy Tax (TOT) funds that were recommended by the Department of Economic Development and Intergovernmental Affairs to support Sacramento Tree Foundation and American River Parkway Foundation programs.

DISCUSSION:

Art In Public Places Funding

Department of Economic Development and Intergovernmental Affairs (Department) staff reviewed documentation on the budget for the Terminal Modernization Program (TMP) at Sacramento International Airport. The TMP budget includes \$8 million for an Airport Public Art program. The \$8 million Public Art program includes a \$2 million endowment to create and maintain an exhibition program and comprehensive conservation/maintenance and repair program for art installations at the airport. The \$2 million endowment is part of Sacramento

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County's Airport Enterprise Fund and subject to restrictions on how and where the money can be spent.

County Counsel provided the following information regarding the consequences of gifting or loaning the endowment funds to support other SMAC programs. Federal Aviation Administration Grant Assurance Number 25 requires that all airport revenue be expended solely for the capital or operating costs of the airport. Use of Sacramento County Airport System (SCAS) managed Airport Enterprise Funds to support other activities of the SMAC would violate this grant assurance with a number of potential adverse consequences to the County. The violation of this grant assurance could result in the following sanctions: the requirement to repay previously authorized FAA grants, including penalties and interest; and the loss of eligibility for future Department of Transportation grants, including both FAA and Federal Highway Administration grants.

Additionally, the Board of Supervisors approved the establishment of the endowment for the TMP under the following terms:

- To be held as restricted funds, with a commitment to the endowment's preservation in perpetuity for the purpose of building and maintaining an Airport public art program.

Shift of TOT Funding to the General Fund to Support Regional Parks

The Department recommended the Board allocate from the Transient Occupancy Tax (TOT) Fund \$16,184 to support American River Parkway Foundation programs and \$20,776 to support Sacramento Tree Foundation programs. Reallocating these funds to the General Fund would provide \$36,960 to support Regional Parks programs and would eliminate all TOT fund support of American River Parkway Foundation and Sacramento Tree Foundation programs.

Staff received information from the Director of Regional Parks, the Executive Director of the American River Parkway Foundation and the Executive Director of the Sacramento Tree Foundation regarding their respective programs. The following is a brief description of the programs that each of the three potential TOT recipient organizations would fund with TOT allocations in amounts presented above.

Regional Parks \$36,960

Regional Parks would recommend that the funds be used to maintain the County's Gibson Ranch Park facility. Specifically, the money would be used as seed funding to form a partnership with surrounding park and recreation districts. Monies would be aggregated with funding from the other districts in an effort to secure enough funding for park security and maintenance with the ultimate goal of keeping the park open in some capacity.

American River Parkway Foundation \$16,184

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The American River Parkway Foundation would use the funds to maintain a component of the volunteer clean-up program and the adopt a mile program for the parkway. The Foundation has been operating the clean-up/adoption program for 18 years. TOT funds cover the cost of all clean-up supplies, volunteer recruitment and two major clean-ups in April and September each year. Annually the volunteers remove three tons of debris and 150 acres of invasive plants along the parkway. Volunteers in the program contribute over 6,000 hours a year. Without the funding staff indicated it would extremely difficult to run the volunteer program.

Sacramento Tree Foundation \$20,776

The Sacramento Tree Foundation would recommend that the funds be used, as they were used in previous years, to support youth education services including the Hands on Trees program and the elementary school Seed to Seedling Oak Tree program.

The Executive Director indicated that the Tree Foundation has cut over \$1 million from the Tree Foundation budget and also cut 33 percent of Foundation staff in the last year. Elimination of the funds would add to the hardship, but the education and tree planting programs would continue to the extent current funding allows.

Respectfully submitted,

APPROVED:

ROBERT B. LEONARD,
Director
Department of Economic Development and
Intergovernmental Affairs

TERRY SCHUTTEN
County Executive

Cc: County Budget Officer