



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

---

File #: 16-0590, Version: 1

---

### REPORT TO COUNCIL

#### **SUBJECT**

Approve an Agreement between the City of Sunnyvale and the California Theatre Center for Use of City Facilities from September 26, 2016 through May 31, 2017 at a Rental Rate Below Established Rental Fees

#### **BACKGROUND**

Each year, the City enters into an agreement with the California Theatre Center (CTC), a non-profit organization that utilizes City facilities to provide community theater programs. The FY2015/16 agreement generated approximately \$72,676 in facility revenue and expired on May 31, 2016.

The proposed agreement contains a rental rate below established facility use fees. While Council Policy 7.2.4 (Relationships with Outside Groups) allows the City to enter into special agreements with lower than established rates, such agreements require review by the appropriate Board and Commission as well as authorization by the City Council. Consequently, in an effort to align current practice with established policy, staff is seeking Council authorization to extend a special rate of \$74,130 to CTC for continued rental of City facilities for FY 2016/17.

#### **EXISTING POLICY**

Council Policy 7.2.4 Relationships with Outside Groups

General Plan - Community Character (CC)

- Policy CC-10.6 Leverage available resources by pursuing co-funded and/or cooperative agreements for provision and maintenance of programs, facilities, and services in order to maximize benefits to the community. Partners may include, but are not limited to, school districts, non-profit groups, governmental agencies and businesses.
- Policy CC -10.7 Encourage the use of recreational and open space facilities and services for educational activities of schools that serve Sunnyvale students first, and secondarily the schools that serve students of surrounding communities.

#### **ENVIRONMENTAL REVIEW**

The proposed agreement continues the use of the existing facility. The approval of this agreement is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 because the agreement involves existing facilities involving no expansion of use beyond that presently existing.

#### **DISCUSSION**

CTC has been a long time renter of City facilities and offers a wide array of community theater programs including their School and Family Series. Approximately 33,000 students have participated in these programs.

In recognition of the valuable services provided by CTC and the steady stream of revenue afforded by this rental during non-peak Theatre hours, the parties have operated under a flat rate agreement since FY 2012/13.

A summary of the revenue generated by CTC under the flat rate special agreement is as follows:

Fiscal Year	Fee Collected
2012/13	\$84,000
2013/14	\$88,000
2014/15	\$71,255
2015/16	\$72,676

Fees collected vary depending on the actual hours of utilization. For FY 2016/17, CTC has requested the use of 1,585 hours at the Sunnyvale Theatre and 100 hours of park building facility use. Utilizing established facility use rates, the fee for this rental would be \$313,575. Through discussions with CTC representatives, it is clear that the normal rental rate is cost prohibitive and could not be supported by the organization.

CTC has been a good partner and provides an important public benefit by virtue of their community performances, educational programs and site tours. Moreover, while the differential between established rates and the proposed rate appears to be significant, the variance is, in fact, primarily one of lost opportunity. The CTC rental enables the City to generate a stable stream of revenue during non-peak hours of Theatre operation which are generally hard to book and which would require significant effort on the part of the City to replace. For these reasons, it is requested that the City Council authorize continuance of the flat-rate agreement at a cost not to exceed \$74,130 for FY 2016/17 (a 2% increase over FY 2015/16).

In addition, staff requests that the Council waive the requirement to present this agreement to the Parks and Recreation Commission. The discrepancy in rental rates required additional research that delayed the approval process. CTC has informed staff that time is of the essence with respect to marketing programs for the upcoming production year, and taking the agreement to the PRC would result in a delay of several weeks. Staff will advise the Commission of the exception and answer any questions they may have at their next meeting. Should CTC wish to enter into agreement for future years, the special agreement would be brought to the Commission for their recommendation prior to bringing the item to the Council for final consideration.

### **FISCAL IMPACT**

In preparing the proposed FY 2016/2017 budget, a 2% cost increase above the current flat rate special agreement was assumed. As such, continuance of the flat rate special agreement as proposed would have no direct fiscal impact. Should the Council decide not to authorize continuance of the flat rate special agreement, CTC has indicated that it lacks the ability to pay the full market rate and would in all likelihood negatively affect its ability to continue community theater programs in City facilities. While it is likely that the City could, in time, find alternative uses for the Theatre that might generate additional revenue, CTC provides a valuable service to the arts community in Sunnyvale that should be considered.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **STAFF RECOMMENDATION**

Approve agreement and authorize the City Manager to execute the agreement between the City of Sunnyvale and the California Theatre Center for Use of City Facilities from September 26, 2016 through May 31, 2017 in an amount at a rental rate below established rental fees.

Prepared by: Daniel Wax, Superintendent of Community Services

Reviewed by: Cynthia E. Bojorquez, Director, Department of Library and Community Services

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENT**

1. Agreement between the City of Sunnyvale and the California Theatre Center for Use of City Facilities at the Sunnyvale Community Center from September 30, 2017 through May 31, 2017