

City of Sacramento

Legislation Text

File #: 2020-00997, **Version:** 1

Title:

Dissolution of the Sacramento Museum of History, Science and Technology Endowment (Fund 5020)

File ID: 2020-00997

Location: Sacramento History Museum, 101 I Street, District 4

Recommendation:

Adopt a Resolution: 1) authorizing the City Manager or the City Manager's designee to release the Sacramento Museum of History, Science and Technology Endowment ("Endowment") fund balance of \$300,000, plus any remaining accrued interest, to the Sacramento History Alliance ("SHA") for the purpose of subsidizing the Executive Director position; and 2) authorizing the City Manager or the City Manager's designee to close the Sacramento Museum of History, Science and Technology Endowment (Fund 5020) once the disbursements are completed.

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Presenter: Not Applicable

Attachments:

- 1-Description/Analysis
- 2-NEH Letter dated May 1, 2018 and NEH Letter dated July 24, 2020
- 3-Resolution

Description/Analysis

Issue Detail: In 1979, the Friends of the Sacramento City and County Museum (predecessor to the Sacramento History Alliance) was awarded a Challenge Grant from the National Endowment for the Humanities ("NEH") in the amount of \$300,000. The purpose of the NEH Challenge Grant program is to help guarantee the long-term stability and financial independence of humanities programs, organizations, and institutions. As part of the NEH grant award, the City was named the fiduciary agent and the grant funds were deposited into the Sacramento Museum of History, Science and Technology Endowment (Fund 5020).

Interest accrued by the Endowment has been drawn upon by the Sacramento History Alliance and its predecessor entities, for the purpose of supporting improvements and long-term organizational growth of the Sacramento History Museum.

The SHA has requested the City release the funds from the Endowment so the SHA can use the outstanding fund balance to offset the cost of its Executive Director position. This will provide stability for SHA as revenues have been severely impacted by the COVID-19 pandemic. The NEH provided written correspondence releasing restrictions on the funds (Attachment 2).

Policy Considerations: The proposed action supports the City's General Plan Goal ERC 4.1 to provide a diversity of arts and cultural facilities and programs for people of all ages to improve knowledge of Sacramento's history, enhance quality of life, and enrich community culture, and policies that encourage partnerships with organizations to support cultural educational activities and programming, children's programming, and reinvestment in City facilities.

Economic Impacts: Not Applicable

Environmental Considerations: Administrative activities that will not result in direct or indirect physical changes in the environment do not constitute a "project" and are exempt from CEQA pursuant to CEQA Guidelines, Section 15378(b)(5).

Sustainability: Not Applicable

Commission/Committee Action: Not Applicable

Rationale for Recommendation: In 2018 the City asked the NEH for an opinion on releasing any restrictions on the Endowment so it would effectively be dissolved in order to subsidize a development director position for SHA. In a letter dated May 1, 2018 in response to the City's request, the NEH agreed to release any restrictions and determined that the City could dissolve the Endowment to support the salary of a development director "as long as the development director's work will strengthen the long-term viability of the museum's humanities activities and programs." The SHA ultimately hired an Executive Director who also functions as the development director for the non-profit organization. Through prudent planning, SHA has been able to delay their request to dissolve the Endowment up to this point. In a letter dated July 24, 2020, the NEH reaffirmed that any restrictions had been released so the funds were unrestricted and the SHA could have the Endowment dissolved in order to subsidize the salary of the Executive Director position as the NEH deemed that the position would meet the long-term objectives of the museum by strengthening its humanities programs and activities.

Impacts from the COVID-19 pandemic threaten the long-term viability of the SHA due to a drastic

loss of revenue since March 16, 2020, when state and local health and safety orders required the Sacramento History Museum to close its doors to the general public. The SHA not only operates the Sacramento History Museum through Agreement 2012-0977 with the City, but also leases three other locations within the Old Sacramento Historic District for expanded programming - the Living History Center, the Hall Luhrs Building for Underground Tours, and the B.F. Hastings Building/Old Sacramento Visitors Center. SHA programming in Old Sacramento includes school tours and summer camps through the History Museum, the Visitors Center, the Underground Tours, and Gold Fever Tours, all of which have been closed or cancelled since March 16, 2020.

The fiscal impact of these closures and cancellations is a reduction of approximately \$70,000 per month in ongoing revenue during the shutdown, and a loss of approximately \$74,000 in school tour and summer camp fees for 2020. Ongoing monthly revenue is less than the total cost of SHA's labor budget. The City distributed \$21,000 in accrued interest from the Endowment on April 28, 2020 at SHA's request. SHA has also received \$124,000 through a PPP loan, and \$77,218 from the City through a CARES grant. SHA estimates that it will draw down 100% of its reserves by December 2020 without the additional infusion of funds available from the Endowment (Fund 5020).

Financial Considerations: Releasing the funds and dissolving the Endowment (Fund 5020) does not affect the General Fund and allows the City to transfer the fund balance of \$300,000, plus any remaining accrued interest, to the SHA.

Local Business Enterprise (LBE): Not Applicable