

ECONOMIC DEVELOPMENT DEPARTMENT
CITY OF SACRAMENTO

January 7, 2005

City Council of the City of Sacramento
Sacramento, CA

Honorable Members in Session:

SUBJECT: SACRAMENTO SPORTS ARENA SITE ANALYSIS

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report is for information only. There are no actions associated with this item.

CONTACT PERSONS: Wendy Saunders, Downtown Development Manager, 808-8196

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FOR COUNCIL MEETING OF: January 18, 2005

SUMMARY:

Pursuant to Council direction, City staff worked with a team of consultants to objectively identify and evaluate potential sites for a new arena within the City of Sacramento. This report presents a summary of the analysis included as Attachment A.

BACKGROUND:

In late summer, 2004 multiple staff reports were completed and public discussions held related to the location and financing of a new Sacramento Sports Arena.

- On July 22, Council Member Cohn presented a resolution that addressed a number of matters related to the proposed new Sacramento Sports Arena, including financial parameters for both the overall project cost and the relative share of costs to be borne by the public and private sectors, as well requiring staff to report back to Council with a definitive site selection and financing plan.

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- On August 5, 2004, staff presented to Council a workplan including targeted milestones for review of draft ballot language as well as completing the following tasks:
 1. Analyzing the viability of various public funding alternatives for an Arena and recommending to Council a strategy for pursuing arena funding;
 2. Completing an alternative site and cost analysis, including comparison of the economic revitalization benefits and funding opportunities associated with each alternative site, and recommending to Council preferred sites for further pursuit; and
 3. Negotiating and recommending to Council the broad terms of a public-private partnership between the City and Maloof Sports and Entertainment (MSE) for a new Sacramento Sports Arena.
- Due to differences of opinion related to the financing terms of a new arena, negotiations between the City and MSE never commenced. However, in the fall a private effort commenced to secure financing for a new arena.
- Recognizing that a more detailed and thoughtful site analysis would be needed before any financing proposal could move forward, City staff hired a team of consultants to provide an objective analysis of potential arena sites. Assumptions made prior to commencing the site analysis include the following:
 1. Retaining the Kings NBA team in Sacramento is of community benefit for the City and is worth a certain amount of City investment. The value of the Kings presence in Sacramento has yet to be defined, but the City's contribution can in no case be greater than the City's ability to contribute in a fiscally responsible manner; and
 2. If the City is to invest in a new sports arena, it should locate the facility, if possible, such that it has positive revitalizing effects on areas in proximity to it.

Site Analysis

A team of consultants led by 360 Architecture, which has extensive experience in sports arena design and development and has performed significant work in the past on various arena projects (including the America West Arena in Phoenix, the American Airlines Arena in Miami, and the First Union Center Arena in Philadelphia, to name a few), in addition to working directly with the Kings, was hired to assist City staff in analyzing several alternate locations within the City for a new proposed multi-purpose arena. The analysis was conceptual and comparative in nature in an effort to understand the relative advantages and disadvantages as well as order of magnitude of costs for each potential site. More specifically, the analysis included the following:

- Development of site analysis criteria;
- Analysis of existing context and adjacent land uses;
- Site planning of the new arena to meet MSE's operational and functional program;

- Analysis of pedestrian plazas and circulation issues;
- Analysis of other miscellaneous site forces and grade issues;
- Analysis of arena visibility and ability to depress seating bowl;
- Conceptual analysis of adjacent development opportunities; and
- Coordination of the following consultants:
 1. Nolte and Associates – Civil Engineering: Nolte was responsible for the analysis of existing utilities and the impact on future infrastructure needs, a cursory analysis of existing topography and grade conditions, and analysis of any site-related cost impact issues
 2. Fehr and Peers – Traffic: Fehr and Peers was responsible for data collection/field observations, identification of preliminary transportation infrastructure improvements, and evaluation of arena sites for selected transportation criteria, including:
 - All forms of public transportation;
 - Regional roads and local streets;
 - Walkability/distance;
 - Lots, garages and on-street parking; and
 - Potential to develop parking.
 3. Turner Construction – Cost Estimating: Turner was responsible for the conceptual cost estimating for required site improvements on each site, site impacts to the Arena, and new infrastructure required on each site, as well as an analysis of site-driven constructability issues for each site.

Methodology/Criteria

The consultant team interviewed representatives from the City, County, State and West Sacramento to more fully understand the short- and long-term objectives of the various constituent groups and potential partnerships. Additionally, the consultant team independently toured all potential sites, collected information for each site and generated development diagrams to help identify potential strengths and weaknesses of each site. A full day charette was held to discuss the potential sites in detail and evaluate each site based on a large number of factors with input from each of the participants. The consultant team then worked with City staff to develop 38 separate criteria, which are grouped into six categories as follows:

- Site characteristics;
- Neighborhood impacts;
- Access and parking;
- Infrastructure issues; and
- Implementation and financial considerations.

Each of the criteria in these six categories is described on Pages 2-4 in Attachment A. It should be noted that MSE did not participate in establishing the criteria for this analysis so there may need to be additional criteria reviewed as part of any subsequent analysis.

Sites Considered

The minimum land requirement for a sports arena is approximately ten acres. The consultant team explored a variety of sites within the City that were a minimum of ten acres, had good accessibility and the potential for triggering additional development. Based on initial criteria screening and an expressed willingness to participate from property owners, the following sites were determined appropriate for including in the analysis:

- North Natomas;
- Cal Expo;
- Front Street at R (“Docks”);
- Richards Boulevard (State Printing Plant and City Incinerator sites);
- R Street at 16th;
- UP Railyards; and
- K Street at 7th (Downtown Plaza).

Program Requirements and Assumptions

Each site included in the analysis is unique. Some sites are in urban locations that can utilize existing infrastructure, public transportation, and have the potential for shared parking but may offer less development flexibility. Other sites may offer more development flexibility but have limited accessibility and/or visibility. In order to conduct an analysis that was both objective but consistent, the following program requirements and development assumptions were made:

- **Arena Seating:** 17,600 seats (this is similar to the current number of seats in Arco Arena. Market studies conducted in 2002 consistently indicate that the Sacramento marketplace is not a candidate for a larger seating capacity. The difference would not be found in the number of seats, but in the outer concourse areas, premium seating opportunities, fan amenities and operational enhancements).
- **Arena Size:** 650,000 sf, which includes all spectator seating, team entertainment and press, public facilities, administrative offices, food and merchandising, back of house facilities and mechanical, electrical and plumbing areas. Not included in this square footage is what is considered “Non-Essential” program space (additional restaurants, sports- related entertainment venues, retail stores, etc.), which is highly desirable for new arena facilities, but varies based on site location and size.
- **Land Acquisition:** The cost varies depending on site, ownership, and whether there would be displacement of businesses.
- **Demolition and Site Clearing:** It is assumed that a site would require either Low (\$1 million), Medium (\$3 million), or High (\$5 million) demolition and site clearing costs.

- **Infrastructure:** Varies, depending on site. It is assumed that the North Natomas location would require the least amount of infrastructure improvements given the current Arco Arena location. However, locations such as the Waterfront, UP Railyards and Richards Boulevard have minimal infrastructure in place to support new development of any kind. Therefore, the arena project would bear the costs of providing infrastructure to these predominantly undeveloped areas.
- **Arena Construction:** It is assumed that two types of arena facilities would be constructed, based on their location. The Base Arena price (\$292 million) includes a facility similar to the existing Arco Arena facility, which has an elevated concourse level. The Premium Arena price adds 10% (\$321.2 million) to accommodate the infill sites where recessing the facility is critical to accessing the concourse level at grade and providing more compatibility with adjacent development.
- **Sitework:** It has been assumed that once all of the land acquisition, demolition and site clearing has been completed, sitework for all sites will be relatively similar at a standard rate of 5% of the arena costs
- **Parking:** Costs are estimated to be \$2,000 per space for surface parking and \$15,000 per space for structured parking. The sites included in this analysis may include all of one kind or, in the case of the Docks Area and 7th/K, may include a combination of both.
- **Arco Demolition:** It is assumed that all of the sites analyzed will require the current Arco Arena to be demolished at a price of \$5 million to accommodate future development on the site.

A conceptual analysis including existing observations and concept evaluations and a cost comparison matrix are included in Attachment A on pages 7 and 25 respectively. The following provides a summary of the analysis and cost estimates:

Site	Preliminary Cost Estimates	Analysis Summary
North Natomas (Arco Arena Site)	\$316 million	This site represents the easiest site to develop but provides limited opportunities for high-quality arena/entertainment development and provides minimal benefit to a quickly developing retail/residential district.
Cal Expo	\$329 million	This site offers moderate development opportunities with one major issue to resolve, vehicular access on Business 80. Over 2 million people visit the site annually, excluding the State Fair in August. This provides opportunities for additional development and shared arena use for smaller events and exhibitions. Additionally, a partnership with the State may provide unique financing opportunities and/or land with little or no acquisition costs. Regional access is provided primarily by Business 80, which currently experiences traffic congestion. Additional access routes and operational strategies would need to be studied.

Front Street at R (Waterfront)	\$376.8 million	This site is difficult to develop due to multiple utilities and access issues, yet it provides an opportunity for a highly visible downtown, riverfront arena with strong pedestrian connections and shared parking with Old Sacramento. It also provides an opportunity to leverage public funds to develop an otherwise under-utilized site while extending and connecting the public riverfront open space system.
R Street at 16 th	\$411.6 million	This location on the edge of downtown, on under-utilized public land, provides attractive opportunities for a neighborhood-integrated sports facility. Similar in concept to the successful Wrigley Field in Chicago's Near North Side, the R Street site is served by mass transit, a well-distributed roadway system and provides a pedestrian friendly experience with multiple entertainment opportunities within walking distance. However, the emerging revitalization of the adjacent, low-density residential neighborhood and the likely negative impacts of undesirable parking and traffic within those neighborhoods, precludes this site from further study. In addition, this is the smallest of all the evaluated sites, which increases development costs and results in the potential for additional negative impacts on the neighborhood.
Richards Boulevard/ UP Railyards	\$384.7 million/ \$437 million	The two sites at Richards Boulevard as well as the UP Railyards site represent Brownfield sites on the edge of downtown. These typically represent attractive opportunities to leverage public investment while providing new infrastructure that creates an incentive for additional private development. The sites in Richards Boulevard, however, were recommended to be eliminated from further study due to the extraordinary investment required in infrastructure, the lack of existing connections to downtown, the perceived industrial character of the area and the lack of existing parking. Were the arena fully integrated into the planning and phasing for the UP Railyards site, it might offer opportunities for cost efficiency and compatible development. As incremental development occurs in the area over the next ten years, the Richards sites may ripen as potential arena sites, but until then these sites have significant development constraints.
K Street at 7 th	\$586.6 million	This site has been previously studied and evaluated. Similar to the Front Street site, it offers exciting opportunities within a downtown setting yet has significant development issues. Due to its existing use as an urban shopping mall, this site is expensive to purchase and prepare for construction. Demolition and construction are difficult to complete without disruption to existing businesses. In addition, there are issues associated with historic structures. Staff believes that the costs associated with this site, as estimated by the consultant team, make it infeasible. Westfield has expressed that it prefers to pursue the 7 th and K theater project and other Downtown Plaza renovation opportunities rather than an arena project at that location.
West Sacramento	N/a	The property adjacent to Raley Field in West Sacramento was appealing due to its riverfront location, proximity to the Old Sacramento Entertainment District and the apparent availability of large, under-utilized downtown parcels. However, it was determined that the property ownership has no desire to participate in the development of an arena and related facilities. The property owners want to proceed with current plans for the property to be developed as mixed-use offices and residential. In addition, since the site is located in West Sacramento, more complex inter-government agreements would be required for joint funding, operations and revenue sharing.

Next Steps

This analysis was completed in a relatively short time frame and was conceptual and comparative in nature in an effort to understand the relative advantages and disadvantages as well as order of magnitude costs of each potential site. Additional, more detailed analysis would be required prior to staff making a formal recommendation on site location preferences. Additionally, due to the time and costs associated with a more detailed analysis, both the consultant team and City staff concur that the number of sites to be studied in more detail should be reduced to two or three at a maximum.

FINANCIAL CONSIDERATIONS:

There are no financial considerations associated with this report.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable. The proposed analysis is not a project for purposes of CEQA (15 California Code of Regulations 15378).

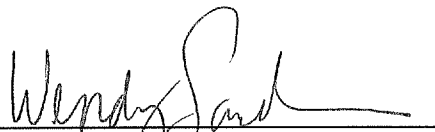
POLICY CONSIDERATIONS:

- There are no actions associated with this staff report. However, the site analysis completed incorporated previously approved policy and goals from the City's adopted 2001-2004 Strategic Plan.

ESBD CONSIDERATIONS:

No goods or services are being purchased under this report

Respectfully Submitted:



Wendy Saunders
Economic Development Director

APPROVED FOR COUNCIL INFORMATION:



ROBERT P. THOMAS
City Manager

ATTACHMENTS:

Attachment A – Final Draft Sacramento Sports Arena Site Analysis