

AMENDED

RESOLUTION NO. 2004-641

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF **AUG 05 2004**

RESOLUTION DIRECTING THE CITY MANAGER TO NEGOTIATE THE TERMS OF A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT TO CONSTRUCT AND OPERATE A NEW ARENA EITHER NEXT TO ARCO ARENA IN NORTH NATOMAS OR IN DOWNTOWN SACRAMENTO

WHEREAS, according to a City-authorized study, confirmed by the Sacramento Chamber of Commerce, Arco Arena, which was constructed in 1988, will be at the end of its useful life within five years and any new facility will take approximately five years to construct; and

WHEREAS, the cost of remodeling Arco Arena to meet today's codes and design standards could exceed the cost of demolishing the old arena and building a new one next to it, and it would be difficult to stage basketball games and other events during remodeling; and

WHEREAS, the City currently owns 100 acres and the Sacramento Kings NBA Basketball Team owners (Kings) own 85 acres at the site, including the existing arena, and reciprocal ownership rights prevent either party from developing its own portion of the 185-acre site ("185-Acre Site") without the consent of the other party; and

WHEREAS, 185-acre Arco Arena site could be jointly developed by the City and the Kings to:

- a. Demolish the current arena; build a new, more compact arena closer to the planned light rail station at the site; and develop the remaining site with a mix of -office and housing uses, and retail and entertainment ancillary to such uses that would share parking with the arena, and generate revenue to help pay the cost of the new arena; or

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- b. Be developed with a mix of -office and housing uses, and retail and entertainment ancillary to such uses that would generate revenue to help pay the cost of the new arena;

WHEREAS, the experience of many cities is that locating arenas in urban core areas supports existing businesses, attracts new businesses, increases hotel and convention bookings, promotes use of transit infrastructure, and promotes residential development;

WHEREAS, it may be of greater community benefit to locate an arena in downtown Sacramento; however, it may not be financially feasible;

WHEREAS, the City Council has previously adopted a policy regarding public financing of a new arena, the most important elements of which are: the financing must not adversely affect the City's General Fund, which pays for City police, fire, library, streets, parks, recreation, code enforcement, and other essential municipal services; public funding should focus on public infrastructure; there should be no new taxes without a vote; and the financing must not adversely affect the payoff of the existing \$83 million loan to the Kings; and

WHEREAS, it would be consistent with the City's policy to pay for the cost of constructing a new multipurpose arena with private sources, as well as user fees, surcharges, assessments, and other revenues generated exclusively at the 185-acre Arco Arena site; and to require repayment by the private sector of the existing loan for the Arco Arena.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO that:

The City Manager shall negotiate with the Kings and other stakeholders the terms and conditions of a partnership agreement to construct a new arena, provided that:

1. Private financial support would be, at a minimum, at a level consistent with the private financial support provided in similar situations in other municipalities, and would likely include lease payments to the city for a period not less than the period necessary to pay the total cost of the arena, and could include revenues

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from naming rights, parking charges, surcharges on ticket and concession sales, media revenues and other identifiable sources of income.

2.- Public funding measures would involve no taxes unless such taxes are approved by voters.

3. The City may also seek regional financial support from those cities and counties that would benefit from a multi-purpose arena, and to that end, invite Sacramento County representatives to the negotiations.

4. In addition to the private and public funding measures outlined above, the City would consider partnering with the private sector to jointly develop the 185-acre Arco Arena site, or portion thereof, and use the taxes and revenues generated from the joint development to help fund the new arena. The development may not involve a shopping center that would compete with Downtown Plaza.

5. The following guidelines shall govern the City Manager's negotiations: These guidelines are intended to be flexible and allow for negotiations to occur with stakeholders regarding alternative sites, project costs, and funding sources and amounts.

a. The total cost of the arena shall not exceed \$350,000,000, unless the non-City contributions are available to cover costs above \$350,000,000.

b. The City shall commit funds generated by the sale and reuse of the 185-Acre Site to the project, not to exceed \$50,000,000 without further direction from City Council.

c. Total city investment is capped at \$175 million. City's negotiating team shall maximize public benefits, maximize private investment and provide as much protection of the city's investment as possible.

d. The ballot measure must specify maximum amounts and specify the City's contribution.

e. The existing City loan to the Kings shall be repaid from private sources.

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6. The staff shall report back to the Council on September 21, 2004, with a recommendation regarding a preferred site or sites for further consideration as well as a recommended financing strategy including the broad terms of an agreement regarding the arena.

7. The staff shall report back no later than October 26 with a recommendation regarding the preferred site and CEQA alternatives, an arena financing plan, refined terms of an agreement regarding the arena and recommended language for the March 08, 2005 ballot.

The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.



MAYOR

ATTEST:



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