REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent
February 24, 2009

Honorable Mayor and
Members of the City Council

Title: Performing Arts Facility Study

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) accepting the Performing Arts Facility Study completed by Economics Research Associates; and 2) utilizing the report's recommendations and criteria as necessary for future proposed projects.

Contact: Barbara Bonebrake, CCL Director, 808-7733

Department: Convention, Culture & Leisure

Division: Administration

Organization No: 17000

Description/Analysis

Issue: On May 23, 2006, the City Council approved $60,000 in the FY2006/07 Strategic Budgeting Plan's Culture and Entertainment Focus Area for a Performing Arts Facility Study. The purpose of this study was to determine the current facility needs and requirements for a performing arts facility prior to allocating funding for new facilities.

Policy Considerations: The completion of the report is consistent with the City's strategic planning process to determine citywide priorities, align necessary resources to ensure the growth and livability of our community, and work with other City departments to provide guidelines for potential development opportunities.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: Not Applicable

Other: Not Applicable

Commission/Committee Action: Not Applicable

Rationale for Recommendation: Implementation of this resolution supports the City's goal to deliver high quality cultural services and facilities for the community and the region.

Financial Considerations: There are no financial impacts recommended in this report. The report contains approximate costs to build a typical facility, as well as operational subsidies needed.

Emerging Small Business Development (ESBD): Not Applicable

Respectfully Submitted by: Linda DeLong
Linda DeLong, Administrative Officer
Convention, Culture and Leisure Department

Approved by: Barbara E Bonebrake
Barbara E. Bonebrake, Director
Convention, Culture and Leisure Department

Recommendation Approved:

Cassandra H.B. Jennings
for Ray Kerridge
City Manager

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BACKGROUND:

On May 23, 2006, the City Council allocated $60,000 for a Performing Arts Facility Study as part of the Strategic Budgeting process (Culture and Entertainment Focus Area). The last performing arts facility study was conducted in 1997. Due to the rapid growth of the City in recent years, a new study was recommended to determine current facility needs prior to the allocation of funding for new facilities. A new study was also recommended to provide criteria for potential economic development projects and new development (or renovation) of facilities for the performing arts.

A Request for Proposal (RFP) was issued and the successful consultant was Economics Research Associates (ERA). ERA's stakeholder process included discussions with a multi-disciplinary team of City staff and interviews with major stakeholders to provide a framework for the report. ERA then conducted extensive surveys, focus groups, and interviews with all of the region's performing arts organizations.

ERA completed an inventory of existing venues suitable for theater and performing arts between 25 and 2500 seats – as well as those coming on line in the near future. In addition they reviewed case studies in other cities, analyzing financing of new facilities, operational structures, and challenges and issues faced in developing performing arts facilities.

They also developed a summary of facility needs, identified gaps in service, and assessed the financial feasibility of various size venues. They developed criteria for staff to utilize to evaluate potential development projects that involve spaces/venues for performing arts.

SUMMARY OF STUDY:

The resident market for a performing arts facility in downtown Sacramento is approximately 2.8 million with 1.7 million within the primary market (0 – 25 miles). In addition, there is a large visitor population that indicated "entertainment" was one of the activities they enjoyed while visiting Sacramento.

In terms of performing arts facilities, there are a large number of facilities with fewer than 500 seats, and a more limited number of mid-sized venues with between 500 and 1500 seats. Availability is often an issue, with many facilities having tight schedules. In some of the outlying areas, school facilities which may serve as a relief valve for impacted facilities are often used only for school-related productions and activities.

In terms of performing arts organizations in Sacramento, the median ratio of earned income for smaller and medium sized organizations is between 40% and 50%. This is similar to national trends for performing arts organizations.

ERA completed case studies of: The Gallo Center (Modesto, California); The Holland Center (Omaha, Nebraska); The Long Center (Austin, Texas); and The Overture Center (Madison, Wisconsin). They key challenges and lessons ERA points out from these performing arts centers are:

- An operating endowment fund is essential to: 1) defray the costs of operating the facility, 2) keep ticket prices affordable, and 3) allow local arts groups to rent the facility at a reasonable rental rate.
- It is imperative to have enough start-up capital to support the developing and launching processes of the facility. These costs need to be accurately forecasted and funds need to be raised accordingly.
- A new facility needs to be a functional space that is organic to the community. Such a space fosters resident-ownership and pride for the facility, which contributes positively to fundraising campaigns and ticket sales.
- Location is critical to unifying the community and to building on existing downtown visitation and cultural experiences.
- Establishing an educational outreach program is essential.
- Some facilities generate more revenue from private events such as weddings, nonprofit events and corporate meetings, than performing arts events. During certain periods, the role of a performing arts facility can shift to more of a community and event center.
- Community support is very important. Marketing and investing in an "image campaign" can generate a stronger private funding base compared to a time/ resource-intensive grassroots approach.
- Developing a centralized ticketing strategy among user groups is important.
- Establishing a substantial volunteer base is a smart way to reduce expenses.
- If possible, new facilities should execute a rental and scheduling policy early on to balance the needs of resident organizations with the performing arts facility's bottom line.

In ERA's opinion, a cluster of facilities in one performing arts complex makes the most sense. Based on demand, ERA envisions a hypothetical complex of three venues: a 1,500 seat proscenium theater, a 550 seat theater, and a 250 seat studio or black box venue. The facility would be approximately 105,000 square feet, and have adequate house space, support functions, and amenities. (Location would be downtown Sacramento.)

ERA suggests that the City of Sacramento own the facility and either lease to a nonprofit or manage itself. The facility should be managed by industry professionals who have performing arts facility operating experience. The facility would operate primarily as a rental house, although it could engage in presenting and production over time. ERA has projected potential utilization for 5 years, with stabilization in year three. Utilization is for primarily three types of rentals: 1) performance, rehearsal, and other rental days by non-profit Sacramento area arts organizations; 2) performance, rehearsal, and other rental days by other arts organizations, commercial artists, and/or presenting organizations; and 3) other rentals such as corporate and special event rentals.

The projected annual operational costs (after projected revenue) are $600,000 to $750,000.

Other noted recommendations about the development of this facility or others were:

- Demand for Small Venues – There was significant demand for smaller, 100- to 150-seat venues. The City may want to consider a strategy of providing matching funds for non-profits to renovate existing small spaces that are in need of improvements.
- Special Event Potential – Attention should be paid to the design of the facility, as the City has a strong special events market. When developing a facility in the future, the City should carefully examine demand for special events.
- Two-Theatre Alternative – Depending on funding availability for both capital and operating costs, one alterative scenario may be to develop only two of the theatres, the 250-seat black box theatre and the 1,500-seat theatre. ERA's research indicates that the greatest demand is for these two size venues, with only slightly less demand for the 550-seat theatre. The larger theatre could be designed as an intimate facility that could close off mezzanines or balconies to accommodate smaller audiences.

ERA in consultation with Oppenheim Lewis provided very preliminary estimates for developing a performing arts facility. Two estimates were provided, one based on comparable facilities, the other projected cost based on cost estimations. Both estimates are around $100 million. Of course, these estimates depend on the timeframe in which development would take place, they type of financing, and quality of materials and design.

ERA listed major funding strategies used by other cities for financing performing arts facilities. These include:

- Private donations
- Government funding
- General obligation bonds
- Revenue bonds
- Tax-exempt bonds
- Inter-governmental agreements
- Naming and advertising campaigns
- Rezoning agreements/ development incentives
- Joint development partnerships between public, private and/or non-profit organizations
- State funding

The report lists a summary of specific capital funding for comparable facilities in other cities. Most include public financing of some sort. Two were completely funded privately. ERA also points out that Sacramento is a competitive environment for private fundraising as support for cultural centers is strong in the community even though there are few of corporate headquarters and a limited market size. The current economic downturn could provide an opportunity to plan for a facility.

Finally, ERA provides an evaluation tool in the report, in the form of a matrix that is a starting point to evaluate potential projects that may be received by the City for performing arts facilities/venues.

RESOLUTION NO.

Adopted by the Sacramento City Council

PERFORMING ARTS FACILITY STUDY

BACKGROUND

A. On May 23, 2006, the City Council allocated $60,000 for a Performing Arts Facility Study as part of the Strategic Budgeting process (Culture and Entertainment Focus Area). The purpose of this study was to determine the current facility needs and requirements for a performing arts facility prior to allocating funding for new facilities.

B. A Request for Proposal (RFP) was issued and the successful consultant was Economics Research Associates (ERA). ERA's study included a stakeholder process, an inventory of existing venues suitable for theater and performing arts between 25 and 2500 seats, a review of case studies in other cities, and analysis of financing strategies for new facilities, operational structures, and challenges and issues faced in developing performing arts facilities. The study also included a summary of facility needs, identified gaps in service, and assessed the financial feasibility of various size venues. ERA also developed criteria for staff to utilize to evaluate potential development projects that involve spaces/venues for performing arts.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. Accept the Performing Arts Facility Study completed by Economics Research Associates.

Section 2. Utilize the report's recommendations and criteria as necessary for future proposed projects.

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Exhibit A – Executive Summary

ERA

Economics Research Associates

Final Report

Sacramento Performing Arts Facility Study

Prepared for

City of Sacramento

Sacramento, CA

Submitted by

Economics Research Associates

November 2008

ERA Project No. 17305

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ERA

Executive Summary

Economics Research Associates (ERA), an AECOM company, was retained by the City of Sacramento to study the performing arts community in the Sacramento region and the need for additional facilities downtown. The following analysis seeks to uncover the characteristics of demand for new performing arts facilities in downtown Sacramento, identify the operating economics of new facilities, and, if warranted, recommend a program for developing a new performing arts facility for the City of Sacramento.

National Trends in Performing Arts

Most facilities are able to cover between 40 and 60 percent of their operating expenditures through earned income. However, most facilities are still highly dependent on contributed income, which tends to decrease during periods of economic downturns. Moreover, operating costs appear to be increasing, due to higher prices in utilities, building maintenance, and equipment.

Theatre venues operate as production houses, presentation houses, or rental houses. Most theatres are operating as more than one of the three in order to approach operating profitability. Many of the newer facilities are flexible spaces that include multiple theatres of differing sizes and seating capacities. With regards to performing arts organizations, there has been a proliferation of small groups that produce niche programs and have low operating costs. Small and large groups are relying on "blockbuster" productions to meet financial goals and expect that less-known productions will be less lucrative.

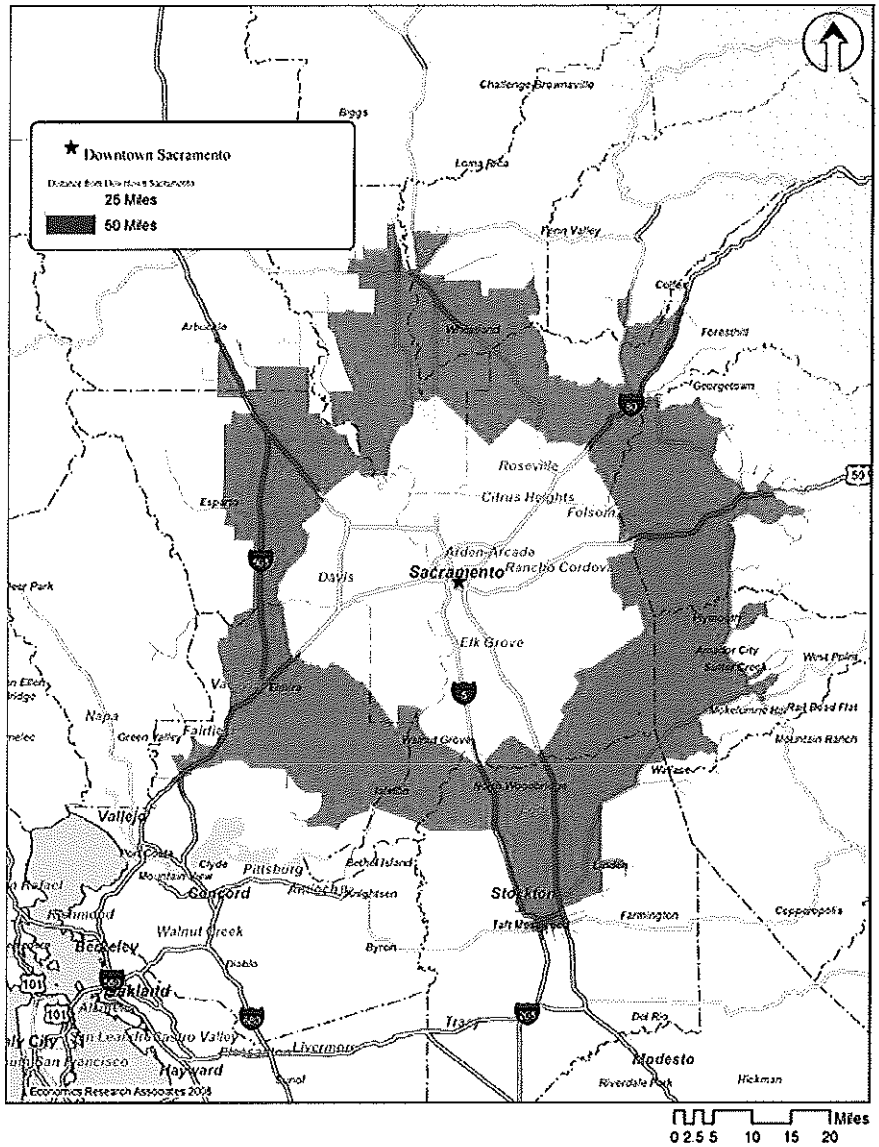
Gross attendance of performing arts has increased nationwide; however this has been largely correlated with population growth and *not* with an increase in capture rates. In fact, capture rates, or the percentage of population attending live performances, have decreased. Attendees are increasingly over the age of 45, and higher incomes and higher levels of education continue to be correlated with higher participation rates.

Support of performing arts organizations and groups have decreased largely due to a dramatic decrease, 50 percent, in federal funding of the arts since the early 1990s. Private support is strong and increasingly important. Solicitations for contributions from private donors will need to focus on the educational and cultural benefits that performing arts bring to communities in order to stay competitive with other campaigns that target problems such as global warming and poverty.

Sacramento Resident and Visitor Market Demographic Analysis

ERA divided the resident market into two segments: the primary market is identified by a drive time of approximately 30 minutes (or 25 miles) and includes much of Sacramento County, and the secondary market is within an hour's drive time (about 50 miles).

Map of Primary and Secondary Market (from Downtown Sacramento)



Source: ESRI, ERA

The resident market for a performing arts facility in downtown Sacramento is approximately 2.8 million, with over 1.7 million, or two-thirds, within the primary market, where the audience penetration is likely to be the highest. The resident market is expected to grow at a rate of 2.97 percent annually, resulting in a market size of nearly 3.3 million in 2014.

The population in the Sacramento region is largely comprised of families with a significant population of school children. This is a positive factor for the numerous educational programs run by the Sacramento performing arts organizations. Both the primary and secondary markets have household income levels significantly below the California average. However, Sacramento residents do exhibit higher than state-average education levels, which is a positive factor for attendance at performing arts events. Given the size and growth of Hispanic residents, it will be important to pay attention to attracting this community through both programming and marketing.

Visitors to Sacramento are mostly California residents and have household incomes of nearly $75,000, similar to Sacramento residents and below the California State average. The average length of stay for visitors to the area is fairly long at nearly four days, allowing for time to see multiple attractions. In a recent study, it was reported that nearly 30 percent of visitors indicated "entertainment" as one of their top 10 activities while in Sacramento.

ERA has quantified the size of each market segment currently as well as in the future. Our results are shown below.

Summary of Available Markets, 2007-2014

Market Segment	2007	2014
Resident		
Primary Market (0 - 25 miles)	1,772,100	2,084,000
Secondary Market (25-50 miles)	978,400	1,166,500
Subtotal Resident Market	2,750,500	3,250,500
Overnight Leisure Visitor Market	4,290,800	4,623,400
GRAND TOTAL	7,041,300	7,873,900

Source: ESRI, Smith Travel Research, Economics Research Associates

Existing Performing Arts Facilities in the Sacramento Region

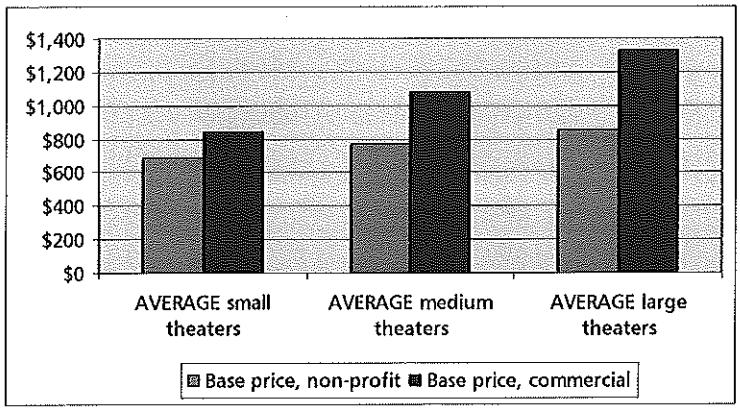
Generally speaking, there are a large number of facilities with fewer than 500 seats, and a more limited number of mid-sized venues with between 500 and 1500 seats. The issue of availability is a

problem facing many of the performing arts organizations in Sacramento. Many of the venues surveyed have extremely tight schedules and have more than 100 performance nights per year.

There are a few facilities currently being planned or developed in the suburban communities around Sacramento that will start to fill the gap in mid-sized facilities. It is ERA's opinion that these facilities will not replace the need for centrally located facilities in Sacramento. School facilities cannot be counted on to meet community user-group demand because booking priority typically goes to school productions, events, and other uses. However, school facilities can provide "filler" space for the community.

Base rental-rates range from about $600 to $1,300, depending on the size of the facility and whether the renter is a commercial or a non-profit organization.

Average Base Rates for Performing Arts Venues in Sacramento by Size

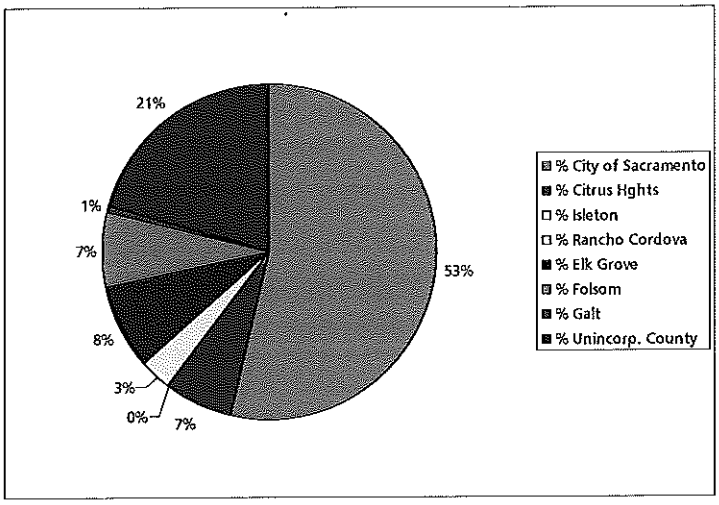


Performing Arts Organizations in Sacramento

In Sacramento, it appears that earned income is not necessarily correlated with size of operating budget. Many of the organizations with small to mid-size operating budgets have fairly high ratios of earned income, although there is clearly a wide variation in earned income ratio for smaller scale organizations. The median ratio for smaller and medium sized organizations is between 40 percent and 50 percent, which mirrors national trends for performing arts organizations.

It is estimated that between 75 to 80 percent of audience members among SMAC grantees are residents within Sacramento County, of which, approximately half of these are residents of the city of Sacramento, with the rest from other parts of the County, shown below.

Audience Origin within Sacramento County by Geographic Area



Source: ERA Analysis of SMAC data, 2008.

Many performing arts groups have grown tremendously over the past decade and have enjoyed notable success in increasing subscription numbers and ticket sales, which is the opposite of the national average. Sacramento's performing arts community was described by a few of the interviewees as being at a "tipping point."

ERA conducted an in-depth community input process to uncover the opinions of a variety of members in the performing arts community. A summary of this input is detailed below:

Main Points on Existing Facilities from Community Input Process

- Demographics are changing, including more Hispanic residents and younger audience members interested in cutting-edge productions.
- Educational programming is popular and increasingly important for funding purposes.
- The performing arts community is diverse and lively, though slightly fragmented.
- There is a tendency to perform outside of Sacramento.
- There is a need for more performing arts spaces of varying sizes. In addition to performing space, there is a need of storage and rehearsal space.
- Many of the existing facilities are constraining to user-groups due to their seating capacity, proximity to outdoor noise, lack of heating or air-conditioners, lack of adequate performing space, inadequate technical support, inaccessibility, and location.
- Many of the smaller groups indicated that there is a lack of affordability among current performing arts facilities in Sacramento.
- Many groups expressed a variety of frustrations with the Community Center Theater.

Main Points on Future Facilities from Community Input Process

- A downtown location is important.
- A new facility could serve to bring together members of the performing arts community and create more coherence and unity in the community.
- Leadership from a City official is imperative.
- Any new space needs to be flexible.
- It is believed that if enough small and medium sized performing arts groups were to collaborate together and create their own ticketing website or box office, then the problem of forgone revenue in the ticketing process would be mitigated.

Case Study of Selected Performing Arts Centers

The following multi-venue facilities were used in our case-study analysis:

- The Gallo Center, Modesto California;
- The Holland Center, Omaha, Nebraska;
- The Long Center, Austin Texas;
- The Overture Center, Madison Wisconsin.

Challenges and Lessons Learned

The following points highlight some of the key challenges and lessons learned from ERA's case-study analysis and interviews.

- An operating endowment fund is essential to 1) defray the costs of operating the facility, 2) keep ticket prices affordable, and 3) allow local arts groups to rent the facility at a reasonable rental rate.
- It is imperative to have enough start-up capital to support the developing and launching processes of the facility. These costs need to be accurately forecasted and funds need to be raised accordingly.
- A new facility needs to be a functional space that is organic to the community. Such a space fosters resident-ownership and pride for the facility, which contributes positively to fundraising campaigns and ticket sales.
- Location is critical to unifying the community and to building on existing downtown visitation and cultural experiences.
- Establishing an educational outreach program is essential.

- Some facilities generate more revenue from private events such as weddings, nonprofit events and corporate meeting, than performing arts events. During certain periods, the role of a performing arts facility can shift to more of a community and event center.
- Community support is very important. Marketing and investing in an "image campaign" can generate a stronger private funding base compared to a time/ resource-intensive grassroots approach.
- Developing a centralized ticketing strategy among user groups is important.
- Establishing a substantial volunteer base is a smart way to reduce expenses.
- If possible, new facilities should execute a rental and scheduling policy early on to balance the needs of resident organizations with the performing arts facility's bottom line.

Demand and Financial Projections

It is ERA's opinion that it makes most sense to analyze a cluster of a few facilities, similar to most performing arts complexes that are built today. We recommend a hypothetical complex of three venues: one 1,500 seat proscenium theatre, one 550-seat theatre, and one 250-seat studio or black box space. We assume that the new facility will have adequate back of house space, support functions, and amenities, for a total of approximately 105,000 square feet. We assume that the facilities will be located in downtown Sacramento.

We assume that the facility will be owned by the City of Sacramento and either leased to a non-profit to manage or managed by the City itself. In either case, we assume that the facility will be managed by industry professionals who have experience with operating performing arts facilities.

We have assumed for purpose of analysis that the facility will function primarily as a rental house, although we do recognize that it is likely that a facility, once developed, may engage in presenting and even production over time. This still allows for resident organizations who would receive preference in scheduling and possibly preferred rates.

This analysis assumes that the capital cost of building the facility has fully paid off, and that the facility will operate debt-free. A budget for ongoing capital improvements has been included. All estimates are for a stabilized year (typically the third year of operations) and are in constant 2008 dollars.

Estimate of Utilization

We projected potential utilization for the years one through three, when utilization stabilizes. The estimates of utilization and average rental rates are based on a number of factors, including:

- Interviews and surveys with Sacramento performing arts organizations related to how many times per year they would use facilities of various sizes and how much they would be willing to pay;
- Existing and likely future growth patterns for local Sacramento performing arts organizations;
- Utilization and rental rates at other performing arts facilities in the Sacramento region; and
- Estimated mix of performance, rehearsal, and other use days.

We have projected utilization for the three theatre facilities for three types of rentals:

- Performance, rehearsal, and other rental days by non-profit Sacramento area arts organizations;
- Performance, rehearsal, and other rental days by other arts organizations, commercial artists, and/or presenting organizations; and
- Other rentals such as corporate and special event rentals.

ERA

Summary of Potential Utilization for Hypothetical Arts Center Project, Years 3 through 5

	250 Seat Black Box			550 Seat Theatre			1,500 Seat Theatre		
Type of Renter	# Use Days	Avg. $ / Rental	Rental Income	# Use Days	Avg. $ / Rental	Rental Income	# Use Days	Avg. $ / Rental	Rental Income
Sacramento Region Non-Profit Arts Groups	200	$215	$43,000	150	$500	$75,000	175	$1,350	$236,000
Commerical / Private / Presenting Groups	0	$350	$0	15	$750	$11,250	25	$2,000	$50,000
Other Rentals / Events	20	$350	$7,000	10	$750	$7,500	10	$2,000	$20,000
Total / Average	220	$227	$50,000	175	$536	$94,000	210	$1,458	$306,000

Source: Economics Research Associates

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Preliminary Financial Analysis

Operating Revenue	Amount				
	Year 1	Year 2	Year 3	Year 4	Year 5
Theatre Rental Income					
250 Seat Black Box	$35,750	$42,875	$50,000	$50,000	$50,000
550 Seat Theatre	$76,000	$86,000	$94,000	$94,000	$94,000
1,500 Seat Theatre	$216,000	$273,000	$306,000	$306,000	$306,000
Rental of Other Venues (e.g. Green Room, Lobby, etc.)	$20,000	$30,000	$40,000	$40,000	$40,000
Subtotal Theatre Rental Income	$348,000	$432,000	$490,000	$490,000	$490,000
Food and Beverage (net)	$49,000	$59,000	$65,000	$65,000	$65,000
Reimbursables for Labor	$45,000	$54,000	$60,000	$60,000	$60,000
Box Office	$41,000	$50,000	$55,000	$55,000	$55,000
Facility Surcharge	$188,000	$225,000	$250,000	$250,000	$250,000
Total Revenue	**$671,000**	**$820,000**	**$920,000**	**$920,000**	**$920,000**

Financial Analysis (cont'd)

Operating Expenses Category	Amount				
Personnel / Salary / Contract Labor	$488,000	$585,000	$650,000	$650,000	$650,000
Administrative / Overhead	$63,000	$76,000	$84,000	$84,000	$84,000
Building Operations and Facility Maintenance	$355,000	$426,000	$473,000	$473,000	$473,000
Utilities	$197,000	$237,000	$263,000	$263,000	$263,000
Box Office	$26,000	$32,000	$35,000	$35,000	$35,000
Other (supplies, travel, etc.)	$60,000	$72,000	$80,000	$80,000	$80,000
Replacement Reserve / Contingency	$60,000	$72,000	$80,000	$80,000	$80,000
Total Operating Expense	$1,249,000	$1,500,000	$1,665,000	$1,665,000	$1,665,000
Contributed Income Required	$578,000	$680,000	$745,000	$745,000	$745,000
Earned Income	54%	55%	55%	55%	55%

Source: Economics Research Associates.

A few recommendations which we would also note related to the development of this facility are as follows:

- Demand for Small Venues - There was significant demand for smaller, 100- to 150-seat venues. The City may want to consider a strategy of providing matching funds for non-profits to renovate existing small spaces that are in need of improvements.
- Special Event Potential - Attention should be paid to the design of the facility, as Sacramento has a strong special events market. When developing a facility in the future, the City should carefully examine demand for special events in Sacramento.
- Two-Theatre Alternative - Depending on funding availability for both capital and operating costs, one alterative scenario may be to develop only two of the theatres, the 250-seat black box theatre and the 1,500-seat theatre. Our research indicates that the greatest demand is for these two size venues, with only slightly less demand for the 550-seat theatre. The larger theatre could be designed as an intimate facility that could close off mezzanines or balconies to accommodate smaller audiences.

Development Costs and Implementation Issues

Development Costs

ERA contracted with Oppenheim Lewis to provide preliminary estimates for the development costs of a new performing arts facility in downtown Sacramento. The details of this estimate are provided in Appendix A. Both of the models estimated a total development cost that approached $100 million. Oppenheim Lewis notes that other factors that could greatly change these cost estimates include: the time-frame in which development takes place, the type of financing, and the quality of materials and design chosen.

Options for Financing Performing Arts Theatres

Capital funding for performing arts centers is raised from a variety of sources. ERA reviewed the major funding strategies that are used by cities for performing arts theatres. These strategies include:

- Private donations
- Government funding
- General obligation bonds
- Revenue bonds
- Tax-exempt bonds
- Inter-governmental agreements
- Naming and advertising campaigns

- Rezoning agreements/ development incentives
- Joint development partnerships between public, private and/or non-profit organizations
- State funding

The following table provides a summary of strategies used by other Performing Arts Facilities to raise capital.

Summary of Capital Funding for Comparable Facilities

Facility	Location	Seating Capacity	Capital Funding
Benaroya Hall	Seattle, Washington	2,500; 540	Combination of public ($35 million) and private funding ($45 million); public funding was provided through city, county and state appropriations
Tampa Bay Performing Arts Center	Tampa, Florida	2,557;1,034; 300; 150	City bond issue ($36 million) and private capital fund drive ($20 million)
Tweeter Center at the Waterfront	Camden, New Jersey	7,000	Sony-Blockbuster ($31 million), State of New Jersey and Camden County ($15 million) and Casino Redevelopment Authority ($11.5 million)
Denver Center for the Performing Arts	Denver, Colorado	2,065; 2,880; 2,634	City and county of Denver, a nine- county regional funding district, and the Bonfils Foundation
Bass Performance Hall	Fort Worth, Texas	2,050	Private funds ($65 million) including major private/corporate donations and over 4,000 private individuals
Gallo Center	Modesto, California	1,200; 400	County ($2.5 million), Gallo Family ($10 million), Mary Stuart Rogers Foundation ($5 million), other private community contributions ($15 million)
Holland Center	Omaha, Nebraska	2,600	Private contributions ($85 million), City of Omaha for land acquisition ($15 million), and revenue bonds through Douglas County against private pledges ($15 million)
Long Center	Austin, Texas	2,442; 229	Private funds ($100 million)
Overture Center	Madison, Wisconsin	2,250	Private gift ($205 million) half used in up-front capital costs and half leveraged for debt-service payment and ongoing operating expenses

Source: Individual Facilities, David C. Petersen, ULI, *Developing Sports, Convention, and Performing Arts Centers*

Sacramento is a competitive environment for private fundraising without a large number of corporate headquarters in the surrounding area and a limited market size; however, support for cultural centers is strong in the community. The current economic downturn provides an opportunity to plan for the facility, which should include a comprehensive fundraising feasibility study to determine whether or not a capital campaign could be successful for a given amount.

Evaluation Methods

ERA has developed a simple matrix that offers suggestions and serves as a foundation for evaluating potential projects. We listed some elements of a proposal that we consider to be important, and

assigned a weight that corresponds with the level of importance for each line item. The total score of the proposal can be calculated by dividing the number of points attained by the maximum number of points attainable. We expect that the City of Sacramento will add additional line-items to this matrix and that our model will serve as merely a model for evaluating future proposals.

Evaluation Matrix for Future Proposals

Criteria	Maximium Number of Points	Points Attained
Proposed Developer and Development Plan		
Credibility and financial background of developer	5	
Viability of development plan and schedule	4	
Site control	5	
Quality of management plan	3	
Viability of operating finances	5	
Feasibility of capital cost funding strategy	5	
Inclusion of performing arts groups in planning and development process and understanding of performing arts demand reflected in proposal	4	
Location		
Location allows for synergies with existing downtown assets and investments	5	
Location is likely to induce additional spending in downtown. (.ie is withing walking distance to nearby restaurant, retail, entertainment districts)	4	
Available Parking	4	
Location is secure and attractive	3	
Consistent with city development goals	3	
Design, Size, and Function		
Design corresponds to zoning and design principles of the City of Sacramento.	4	
Size is appropriate for Sacramento market	5	
Amenities offered are state-of-the-art and will be competitive with modern facilties outside of Sacramento.	3	
Total Points	**62**	

Source: Economics Research Associates