



# City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Meeting Date:** 10/18/2011

**Report Type:** Staff/Discussion

**Title:** Entertainment & Sports Complex - Project Schedule

**Report ID:** 2011-00910

**Location:** Districts 1, 3

**Recommendation:** Discussion and direction to staff.

**Contact:** John Dangberg, Assistant City Manager, (916) 808-1222, City Manager's Office

**Presenter:** John Dangberg, Assistant City Manager, (916) 808-1222, City Manager's Office

**Department:** City Manager

**Division:**

**Dept ID:**

**Attachments:**

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- 1-Description/Analysis
  - 2-ESC Background
  - 3-ESC Timeline
  - 4-ESC Key 6-Month Milestones
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**City Attorney Review**

Not Approved as to Form  
Marcos A. Kropf  
10/13/2011 12:54:09 PM

**Approvals/Acknowledgements**

Department Director or Designee: John Dangberg - 10/13/2011 11:00:21 AM



## Description/Analysis

**Issue:** At the September 13, 2011 Council meeting, the City Manager reported that staff would return to advise the Council on key milestones, needed outside professional services and a budget in order to proceed with due diligence over the next six months on the Entertainment and Sports Complex (“ESC”) project.

On September 27, 2011, City Council directed staff to proceed with professional services and approved funding sources for the due diligence work. This report provides a key milestone schedule for the critical period prior to end of 2011 as well as through completion of the ESC project (see Attachments 3 and 4).

**Policy Considerations:** The ESC project schedule presented in this report supports City goals of job creation and economic development. It is consistent with Council direction previously provided to staff.

**Environmental Considerations:** The project schedule is not subject to environmental review. The ESC project will be subject to the California Environmental Quality Act (CEQA) and is accounted for within the attached schedule.

**Sustainability:** Not applicable to the actions of this report.

**Commission/Committee Action:** Not applicable

**Rationale for Recommendation:** The purpose of this report is to provide the Council and public with an update on the schedule.

**Financial Considerations:** Not applicable

**Emerging Small Business Development (ESBD):** Not applicable



## BACKGROUND

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On February 8, 2011, the City Council selected ICON-Taylor to analyze the feasibility of developing an entertainment and sports complex (ESC) in Sacramento. ICON-Taylor is composed of David S. Taylor Interests, Inc., a Sacramento development firm with extensive Sacramento based development experience completing complex projects, and ICON Venue Group, LLC, which has had considerable success developing ESCs around the country, and includes Populous, a well-regarded sports-architectural firm and Turner Construction, a leading builder of arena and stadium projects in North America.

On May 26, 2011, ICON-Taylor presented its ESC analysis to the City Council and concluded that (1) an ESC could be built on either the Railyards or Natomas site; (2) the ESC would meet the needs of the NBA and other event programs; (3) the cost of the ESC is approximately \$387 million; and (4) the ESC could be built by early 2015. Council asked staff to conduct a technical review of the ICON-Taylor analysis and report back in the next 100 days.

On August 23, 2011, the Mayor requested that staff return with a recommendation regarding the selection of ICON-Taylor as the potential developer of the ESC and to enter into an exclusive right to negotiate (ERN) for the purposes of reaching a development agreement.

On September 13, 2011, three reports were presented to the City Council as follows:

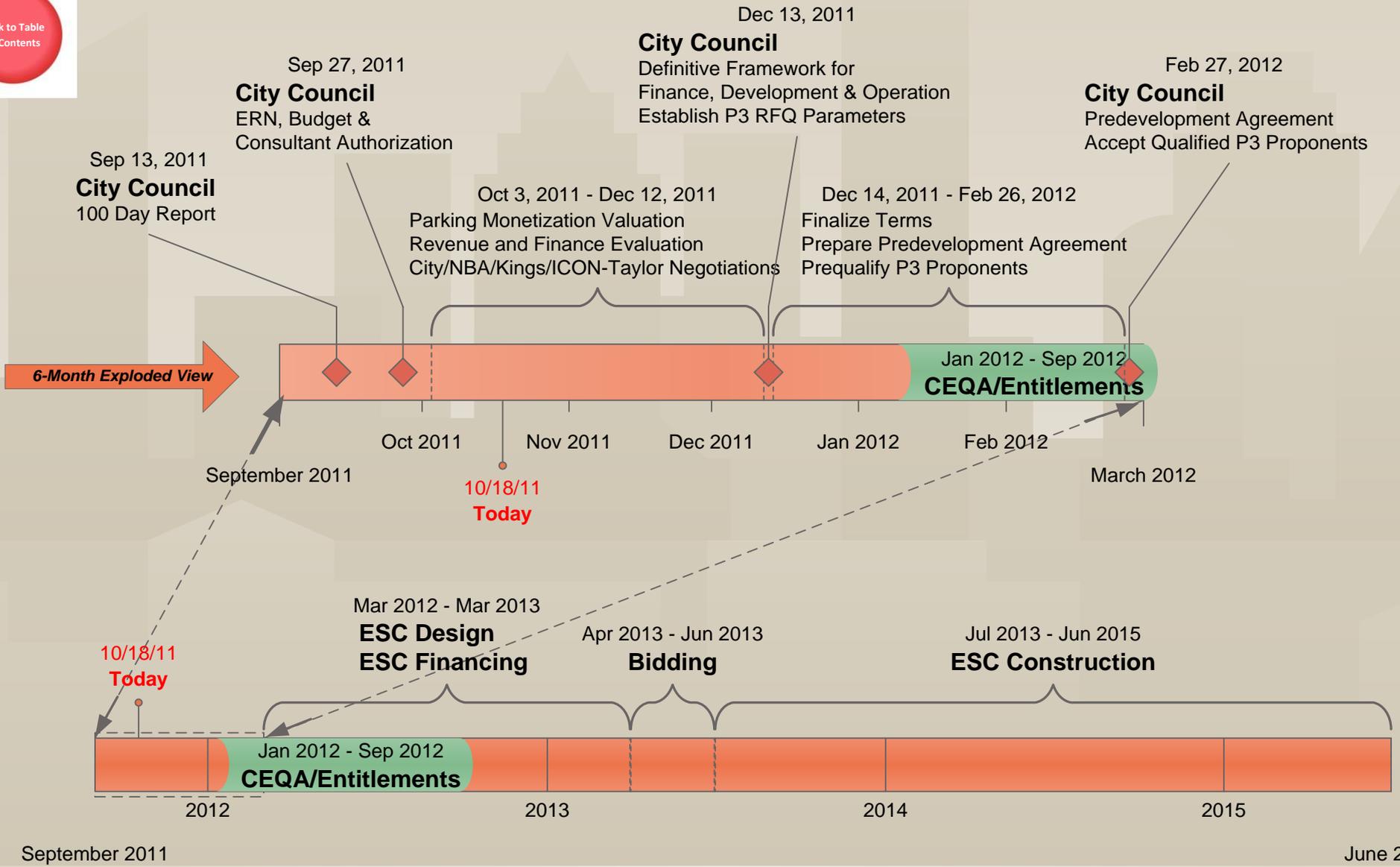
1. Technical review of the ICON-Taylor proposal - This report examined the myriad issues associated with building the ESC in the Railyards, including planning, building, urban design, circulation, parking, roadway, and utility issues along with potential strategies for the reuse of the Natomas arena site. Staff examined the assumptions underlying the ICON-Taylor analysis and identified areas where additional study is needed. Staff also confirmed that the schedule for completion of the project by 2015 was very constrained. In order to complete the project by 2015, predevelopment activities must commence as soon as possible.
2. Outline of revenue and finance options for financing the ESC - Council gave direction to staff to review the revenue streams and report on any policy and legal considerations on the options. Council also directed the review of the capacity of these streams to support debt and any impact on City debt capacity and rating. The same report suggested that there may be substantial value in the City's parking enterprise that could be leveraged and capitalized to make a significant capital contribution to the project. The Council directed staff to further analyze the value of the City's parking assets.
3. Exclusive Right to Negotiate - Staff recommended the City enter into an ERN with ICON-Taylor with the goal of negotiating the general terms for a

predevelopment agreement for the financing, development, ownership and operation of the ESC. The Council approved a resolution directing the City Manager to return to with an ERN for Council consideration.

On September 27, 2011, City Council approved the ERN. It included provisions for the City and ICON-Taylor to identify equity partners, further develop the project proposal, develop terms and initiate limited predevelopment activities and will terminate on March 1, 2012. Staff will return to City Council on December 13, 2011 with suggestions for a negotiated term sheet for consideration. If the City Council approves initial terms, a predevelopment agreement that outlines the terms and obligations of the parties under a public-private partnership would be brought to the City Council for consideration and possible approval in March 2012.

# Sacramento Railyards Entertainment and Sports Complex

City of Sacramento



## Project Milestones

ERN:	Exclusive Right to Negotiate	5 of 7
ESC:	Entertainment and Sports Complex	
CEQA:	California Environmental Quality Act	
P3:	Public Private Partnership	
RFQ:	Request for Qualificatins	



## Sacramento Railyards Entertainment and Sports Complex

October 18, 2011

6-Month ESC Key Milestones*	Target Date	Status
Council Request for Budget and 6-Month Schedule	September 13, 2011	
City Council: Establish 6-Month Budget for Outside Services	September 27, 2011	Done
City Council: Approve Exclusive Right to Negotiate	September 27, 2011	Done
Execute Consultant Contracts:		
Parking Valuation:		
Walker Parking	October 7, 2011	Done
Bank of America/Merrill Lynch	October 7, 2011	Pending
Orrick Herrington Sutcliff	October 7, 2011	Done
Revenue and Finance Review – EPS	September 29, 2011	Done
Facility Finance and Negotiation:		
Barrett Sport Group	September 28, 2011	Done
Husch Blackwell	October 4, 2011	Done
City Council: Project Schedule	October 18, 2011	On Agenda
City Council Meeting	December 13, 2011	
<i>Presentation of Parking Valuation</i>		
<i>Presentation of Revenue and Finance Review</i>		
<i>Framework Finance, Construction, Operation</i>		
<i>Term Sheet(s): City, NBA, Kings, Operator, Developer</i>		
<i>RFQ Parameters - Parking Public Private Partnership(P3)</i>		
CEQA Initiation		
Issue Notice of Preparation	September 27, 2011	Done
Notice of Preparation Scoping Meeting	October 12, 2011	Done
EIR & Traffic Consultant Selection	November 3, 2011	
<b>PENDING COUNCIL DIRECTION</b>		
CEQA-EIR <i>(Assumes developer cost coverage for 3<sup>rd</sup> party expenses prior to predevelopment agreement)</i>		
Execute EIR & Traffic Consultant Contract	January 2012	
<i>AB 900 (Pending OPR Guidelines)</i>		
Application Submittal <i>(Council Action Likely Required)</i>	January 2012	
Governor Leadership Project Designation	Jan/Feb 2012	
City Council Meeting	February 27, 2012	
<i>Predevelopment Agreement</i>		
<i>Parking RFQ Submittal Qualifications</i>		
<i>RFP/Bid for Parking P3</i>		
Site and Building Design Early Review and Comment	February/March 2012	
<i>Preservation Board</i>		
<i>Design Review Board</i>		
<i>Planning Commission</i>		
<i>City Council</i>		
*This schedule is for general information on major milestones assuming the project is feasible and receives approval. Schedule does not include all actions including but not limited to: all Council meetings/hearings that may be required, community and Ad Hoc meetings, other projects including drainage, transportation, Natomas reuse or other Railyard activities that may be associated with the project.		

**Sacramento Railyards  
Entertainment and Sports Complex**

October 18, 2011

ESC Key Milestones Beyond 6 –Months*	Target Date
Draft EIR Published for 45-day Review Period	May 2012
City Council Meeting -	September 2012
<i>EIR Public Hearings and Certification</i>	
<i>ESC Development Agreement</i>	
ESC Design Complete	March 2013
ESC Construction Bidding Complete	June 2013
ESC Construction Start	July 2013
ESC Construction Completion	June 2015
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