

City of Elk Grove

# Elk Grove Multi-Sport Park Complex

**Sphere of Influence Amendment Application**



Submitted  
July 17, 2015





8401 LAGUNA PALMS WAY • ELK GROVE, CALIFORNIA 95758  
TEL: 916.683.7111 • FAX: 916.691.3175 • [www.elkgrovecity.org](http://www.elkgrovecity.org)

July 17, 2015

Peter Brundage, Executive Officer  
**Sacramento Local Agency Formation Commission**  
1112 I Street, Suite 100  
Sacramento, CA 95814

**RE: Elk Grove Multi-Sport Park Complex**

Dear Mr. Brundage,

On behalf of the City Council, please find enclosed an application to amend the City's Sphere of Influence (SOI) for the Elk Grove Multi-Sport Park Complex. This proposed Project will provide needed practice and tournament space for soccer and other field sports. Elk Grove has the largest youth soccer league within the California Youth Soccer Association, numbering over 6,000 players. Teams currently play at fields operated by Cosumnes Community Services District and the Elk Grove Unified School District.

The City recognizes that a number of actions are needed to bring this Project forward for construction and operation. First, a Sphere of Influence Amendment is needed to bring the property into the City's Sphere. Second, the City must approve a General Plan Amendment and corresponding rezoning, along with approval of the necessary project entitlement. From there, LAFCo may consider annexation of the site to the City. Additionally, several corresponding reorganizations are necessary as described in this application. The City is not requesting concurrent processing of the SOI Amendment application and annexation and is comfortable with sequential processing.

The application reflects the SOI amendment boundaries based upon the guidance of the Commission at their February 2015 meeting. The City has met with the surrounding property owners and has included them as applicable to provide a more complete proposal for the Commission's consideration.

We appreciate your consideration of this application and look forward to working with LAFCo. Please contact Darren Wilson, PE, the City's Planning Director, regarding the details of the application or if you require any additional information.

Sincerely,

Laura Gill, City Manager  
**City of Elk Grove**



# Overview

---

The enclosed materials provide the City of Elk Grove's (City's) application for Sphere of Influence Amendment to the Sacramento Local Agency Formation Commission (LAFCo) for the Elk Grove Multi-Sport Park Complex. This application contains the following materials as required by LAFCo:

**Application Information**..... 2

**Supplemental Questionnaire for Amending a Sphere of Influence** ..... 13

## Attachments

- A. Project Description
- B. Project Need and Justification
- C. Project-General Plan Consistency
- D. City Response to LAFCo Policies
- E. City Council Resolution of Application
- F. Evidence of County Consultation
- G. Relevant City Council staff report(s)
  - 1. March 10, 2010 – Report on Civic Center Project with ERA/AECOM study showing need for tournament facilities
  - 2. March 13, 2013 – Report on feasibility on Professional Soccer
  - 3. August 27, 2014 – Report on property acquisition
  - 4. January 28, 2014 – Report on Project design and SOI process
  - 5. February 11, 2015 – Report on MOU with Sacramento LAFCo
  - 6. April 8, 2015 – Report on resolution for application of SOI Amendment
- H. Letters of Support
  - 1. Cosumnes Community Services District
  - 2. Elk Grove Youth Soccer
- I. Maps
  - 1. Project Location
  - 2. Assessor's Parcel Map
  - 3. Map of Proposed Sphere of Influence Amendment
  - 4. Project Site Plans and Exhibits
  - 5. Map of Agricultural Land On and Surrounding the Project Site
  - 6. Map of the 100-year Floodplain On and Surrounding the Project Site
  - 7. Map of Existing City and County General Plan Designations
  - 8. Map of Potential Jurisdictional Features on City-owned Property
  - 9. Map of the Sacramento Area Sewer District Master Plan for the LA Elk Grove Trunk Shed
  - 10. Map of Area Potable Water Districts
  - 11. General Plan Policy SA-3 (Event Probability from Hazardous Facilities) Compliance
  - 12. Proposed General Plan and Zoning
- J. Draft Municipal Service Review

# Application Information

The following information is as required by LAFCo on the standard Application Form.

## 1. Project Information

A. *Name of Project:* **Elk Grove Multi-Sport Park Complex**

B. *General Project Location:* Located south of Grant Line Road, east of the Union Pacific Railroad tracks, and north of the 100-year floodplain/Sacramento County Urban Services Boundary

C. *Location of Project and Applicable Assessor's Parcel Numbers:*

Situs	Owner	Assessor's Parcel Number (APN)	Total Parcel Area (in acres)	Total Area in SOI Amendment (in acres)
10251 Grant Line Road	City of Elk Grove	134-0190-009	96.23±	96.23±
10313 Grant Line Road	Leonard Kendrick and Son, Inc.	134-0190-010	92.96±	92.96±
No address on file	Cypress Abbey Company	134-0190-032	16.27±	16.27±
		134-0190-029	8.39±	8.39±
		134-0190-030	9.67±	9.67±
		134-0190-013	157.04±	143.2±
10171 Grant Line Road	Mahon Family Partnership	134-0190-003	489.82±	75.86±
10161 Grant Line Road	Mosher	134-0190-002	295.26±	118.29±
<b>Total Area:</b>			<b>1,165.64±</b>	<b>560.87±</b>

*Note: Acreage information is based upon County Assessor data and City GIS mapping.*

D. *Major Streets and Highways near the Project:*

Grant Line Road, Waterman/New Waterman Road, Mosher Road

E. *Affected Agencies and Related Reorganizations*

The following is a list of possible changes that may be required for the proposed SOI and subsequent annexation of this property. The City supports these actions and any other annexations and detachments as may be required.

**Table 2: Affected Agencies and Related Reorganizations**

	Affected Agencies (e.g., Districts)	Related Reorganization
1	CSA No. 1 (Street Lighting)	Detachment
2	CSA No. 11 (Supplemental Police)	Detachment
3	Sacramento Area Sewer District (SASD)	Annexation (already within the District's SOI)
4	Sacramento County Regional Sanitation District (SRCSD)	Annexation (already within the District's SOI)

	Affected Agencies (e.g., Districts)	Related Reorganization
5	Sacramento County Water Agency/Zone 40	None
6	Omochumne-Hartnell Water District	None

F. *Proposal Initiated By:*  X  Resolution (# 2015-078)                       X  Landowner or Voter Petition

## 2. Applicant Information

### A. Chief Petitioner

City of Elk Grove  
Representative: Laura Gill, City Manager  
8401 Laguna Palms Way, Elk Grove, CA 95758  
Phone: 916.683.7111

### B. Applicant's Representative or Agent

City of Elk Grove  
Representative: Darren Wilson, PE, Planning Director  
8401 Laguna Palms Way, Elk Grove, CA 95758  
Phone: 916.683.7111

### C. Authority to File:

x  Ownership                      \_\_\_\_\_ Letter of Agency                      \_\_\_\_\_ Petition                       x  Resolution

## 3. General Description of the Project Territory

### A. Proposal Area – Give a detailed description of the proposal area and what it consists of (e.g. existing commercial corridors, residential communities, public utility right-of- way, relevant structures, etc.).

The proposed Project site is located along Grant Line Road near the intersection of New Waterman Road directly abutting the exiting City limits. The site is roughly rectangular in shape, following the existing City limits on two sides, property line on a third, and the County's Urban Services Boundary on the south. There are limited structures on the site, including multiple barns/sheds and two home sites.

There are several oak and other trees located throughout the site.

### B. Topography – Describe the topography, physical features (rivers, creeks, drainage basins, etc.) and natural boundaries of the subject territory.

The Project site is generally flat and has historically been used for farming and grazing; many of the properties are currently in agricultural production. A drainage ditch runs transverses the site along the City's southwesterly property line, carrying urban runoff from property north of Grant Line Road and agricultural runoff from this and adjacent property to the southwest towards Deer Creek (to the south). The Project site is generally outside of the 100-year floodplain of both the Cosumnes River and Deer Creek except in to small locations (see attached exhibits).

## 4. The Project

- A. *Explain in detail the reasons for this proposal and why it is necessary.*

Please see the attached *Project Purpose and Need*. The City intends to develop its site and an adjacent property (the Mahon lands) with a Multi-Sport Park Complex. The balance of the land is proposed for inclusion in the SOI Amendment application to address concerns of a peninsula-shaped sphere and ultimate annexation, along with property owner concerns about compatible land planning.

- B. *What are the alternate courses of action to the proposed change of organization, if any? (Include the names of other local agencies having the authority to provide the same or similar services as those requested.)*

The City has not identified any alternative courses of action to the proposed Project. The core activity of the proposed Project (the Multi-Sport Park Complex) is a unique activity that cannot be provided by any other local agencies in Elk Grove. The most similar service provider is Cosumnes Community Services District (CCSD); however, they are focused on providing day-to-day recreational and park services to area residents. The proposed Project is intended to serve as a training facility and tournament venue for soccer and other organized team sports.

- C. *What will be the effect of the proposal on the adjacent areas, on mutual social and economic interests, and on the local governmental structure of the County?*

Development of the Project may have potential impacts on surrounding residential and agricultural uses. These potential impacts would be identified through the required environmental review and mitigated to the extent feasible.

The site has historically been used for agricultural purposes. There are two residential uses within the boundaries of the proposed SOI Amendment. Therefore, the lost property tax revenue will be minimal. The primary roads leading to/from the facility, including Grant Line Road and Waterman Road, are maintained by the City.

- D. *If the service level(s) to be provided exceeds the existing service capacity, describe the service provider's ability to increase its capacity (i.e., new facilities, additional personnel, etc.):*

Increases in urban services are anticipated as part of this Project, primarily in the way of water and sewer. No new treatment facilities are anticipated as necessary to serve the Project.

- E. *List any assessments, fees or other charges to be levied as a part of this proposal:*

The proposed Project will be required to pay any applicable City, County, and Special District impact fees, including but not limited to water and sewer connections, school fees, fire fees, and building permit fees.

- F. *List any terms or conditions requested for inclusion in LAFCo Resolution of Approval as part of this proposal.*

None at this time.



## 5. Population and Housing Information

**A. What is the current population of the subject territory?**

There are two (2) residents within the proposed Project area. The City estimates that the total population from these homes is three (3) people.

**B. Number and type of dwelling units existing/proposed on-site.**

There are two (2) residents within the proposed Project area. No new dwelling units are proposed as part of the Project.

**C. What is the estimated population of the proposed area at build-out?**

The Project does not include any residential development.

**D. What is the proximity of the subject territory to other population areas?**

There are several existing and planned residential developments directly northeast of the Project site.

**E. What is the projected/estimated growth in the area and in adjacent incorporated and unincorporated areas, within the next five years?**

The Sacramento Area Council of Governments, in their May 2012 SACOG Travel Model Projections report, identifies the following as the estimated growth for the City:

**Table 3: Projected/Estimated Growth for Elk Grove**

<b>Elk Grove City</b>				
	<b>2008</b>	<b>2020</b>	<b>2035</b>	<b>2008-2035 change</b>
<i>Residences</i>				
Households	45,662	55,069	61,302	15,640
Dwelling Units	49,003	57,349	65,994	16,992
Household Population	150,041	175,615	207,663	57,622
<i>Jobs</i>				
Education	3,493	4,004	4,104	612
Food	2,369	2,804	4,005	1,635
Government	895	1,259	1,533	638
Office	3,423	3,485	7,053	3,630
Other	0	0	0	0
Retail	7,383	8,342	10,183	2,800
Service	7,474	7,866	10,103	2,628
Medical	804	2,806	5,311	4,507
Industrial	2,529	3,111	5,157	2,628
<b>Total Employment</b>	<b>28,370</b>	<b>33,677</b>	<b>47,449</b>	<b>19,079</b>

Source: SACOG Travel Model Projections; May 2012

**SPECIAL NOTE REGARDING THIS DATASET August 2014** -- This projection series was constructed prior to the release of results from the 2010 Census, the population and housing estimates for the 2008 base year were not reconciled to the 2010 Census and as such are not directly comparable. This projection series was also constructed at the beginning of the Great Recession, and while it does take into consideration some of the expected downturn experienced during the Recession it did not build in the extent of the downturn the Sacramento region actually experienced in either employment or in new housing growth. Because we are already into 2014/2015, SACOG strongly discourage data users from using the 2020 forecast numbers if at all possible and instead use the 2035 figures.

## 6. Land Use and Zoning

### A. County General Plan Designation

The current County General Plan designations for the Project site are the following as illustrated in Figure H.5:

- General Agricultural, 20-acre minimum (GA-20)
- Agricultural Cropland (AC)
- Intensive Industrial (II)

### B. Current County Zoning

The current County Zoning designations for the site are the following:

- Agricultural, 80-acre minimum (AG-80)
- Heavy Industrial (M-2)
- Agricultural-Residential, 2-acre minimum (AR-2)

### C. Proposed City General Plan and Zoning

As described in the Project Description and illustrated in Figure 12, the City proposes to designate the site as follows:

Site	Proposed General Plan Designation	Proposed Zoning
Multi-Sport Park Complex and Lands of Mahon	Public Open Space/Recreation	Commercial Open Space (C-O)
Lands of Kendrick	Commercial/Office Light Industrial	General Commercial (GC) Light Industrial (LI)
Lands of Cypress Abbey	Light Industrial Heavy Industrial	Light Industrial (LI) Heavy Industrial (HI)
Lands of Mosher	<i>unknown</i>	<i>unknown</i>

### D. Describe the predominate uses of adjacent land (e.g., vacant, residential, commercial, agricultural)

North: Industrial and Residential/Vacant      South: Agricultural  
 East: Agricultural      West: Agricultural/Vacant/Industrial

*E. Indicate if any portion of the territory contains the following:*

- |   |                         |   |                                |
|---|-------------------------|---|--------------------------------|
| x | Agricultural Land Uses  | - | Agricultural Preserve          |
| - | Open Space              | x | Habitat Conservation Plan Area |
| - | Designated Infill Area  | x | Wetlands                       |
| - | Unusual Features: _____ |   |                                |

The site is within the area of the proposed South Sacramento County Habitat Conservation Plan (SSHCP); however, the SSHCP has not been adopted. A map of potential jurisdictional features is included as Attachment H.8 but this has not been verified with the Army Corps of Engineers.

*i. If YES for agriculture or open-space, what is the effect of this proposal on these lands?*

The proposed Project would convert the site from agriculture to urban uses.

*F. Indicate below all permits or approvals that will be needed or have been granted by the County or any city to complete the project. If already granted, please note the date of approval and attach a copy of each resolution of approval. If approval is pending, please note the anticipated approval date.*

The following table identifies the approvals or permits needed for the City’s Multi-Sport Park Complex. Additional permit or approvals would be required for future development of the Kendrick, Cypress Abbey, and Mosher lands. These may include, but may not be limited to, use permits, design reviews, and tentative/final subdivision maps.

**Table 4: Project Permits and Approvals for the City’s Multi-Sport Park Complex**

Type of Approval or Permit	File Number	Approval Date	Is Resolution Attached?
Tentative Subdivision Map		n/a	
Tentative Parcel Map		n/a	
Conditional Use Permit		n/a	
City/County General Plan Amendment	EG-13-039	Pending	n/a
City Rezoning	EG-13-039	Pending	n/a
County Rezone		n/a	
Development Agreement		n/a	
Other: Design Review	EG-13-039	Pending	n/a

*G. What is/are the proposed planned land use(s) of the subject area? Is there any change in land use and zoning being proposed as part of this proposal (including, if applicable, pre-zoning by an affected city)? Please be specific.*

Please see the *Project Description*.

*H. Is the proposal consistent with city or county general plans, specific plans, and other adopted land use policies? If not, please state why.*

The proposed Project is consistent with the City’s General Plan. Specifically, the Project would implement the General Plan goals and policies identified in the attached matrix (see *Project-General Plan Consistency*).

I. *What effect, if any, would denial of the proposed change of organization have on the related development?*

If the proposed SOI amendment and subsequent annexation were not approved, the City would likely seek approvals for the Multi-Sport Park Complex from Sacramento County. The other land owners would likely seek development approvals from Sacramento County, too.

J. *Is the proposal area within the sphere of influence of the annexing agency or any other agency?*

No, the City's Sphere of Influence is currently coterminous with the City's corporate boundary.

## 7. Municipal Services

A. *What services and/or costs to residents or landowners in the proposal area would be increased, reduced, or eliminated as a result of this proposal?*

There would be added costs associated with water and sewer services, as these are currently provided by well and septic (respectively). The costs for these services would be included in the operation budget for any new development.

B. *Describe the adequacy and availability of water supply to the proposal area. Include information on the source of service and when it will be available:*

Potable water for the Project would be provided by Sacramento County Water Agency (SCWA, Zone 40). SCWA gets its water from its network of wells. SCWA water is available from an existing trunk line located in Grant Line Road just west of the Project site.

The table below describes the anticipated water demand for the City's Multi-Sport Park Complex and surrounding areas included in the SOIA application.

**Table 5: Projected Project Water Demand**

	Land Use	Corresponding Land Use Classification in WSMP <sup>1</sup>	Area (Acres)	Unit Water Demand Factor <sup>1</sup>	Water Demand (AF/Year)
Multi-Sport Park Complex <sup>2</sup>	Sports Complex – Phase 1 (tournament fields)	-	-	-	165.00
	Sports Complex – Phase 1 (Indoor Facility)	-	-	-	3.00
	Sports Complex – Phase 2 (Stadium)	-	-	-	10.00
	Fairgrounds	-	-	-	-
	Agrizone Park	-	-	-	-
	<b>Commercial</b>	Commercial	65	2.75	178.75
	<b>Industrial</b>	Industrial	220	2.71	596.20
	<b>Mosher Mixed Use<sup>4</sup></b>	unknown	118	3.1	365.80
	<b>Subtotal</b>				1,318.75
	System Losses 7.5%				98.90
	<b>Total Demand</b>				<b>1,417.65</b>

Notes:

1. *WSMP is the Zone 40 Water Supply Master Plan. Unit Demand Factors provided by Sacramento County Water Agency from the Water Supply Assessment prepared for the Southeast Policy Area.*
2. *Water demands for the Sports Complex prepared by the City based upon programing assumptions described in the Project Description.*
3. *The Agrizone is assumed to be irrigated from existing well sources, therefore, water demand calculations are not required.*
4. *For modeling purposes, the City has elected to model this use with a higher water demand factor than required under the WSMP to ensure a more conservative approach.*

C. *Annexation Plan for Providing Services*

A plan for service will be provided with the future Annexation applications.

D. *Indicate which agencies currently provide affected public services within the proposal territory and which agencies would provide services after the proposed change of organization.*

The City anticipates that the following agencies will provide services after any applicable annexations.

**Table 6: Anticipated Service Providers**

<b>Service</b>	<b>Current Agency</b>	<b>Proposed Agency</b>
<b>General Government</b>	County of Sacramento	City of Elk Grove
<b>Building and Safety</b>	County of Sacramento	City of Elk Grove
<b>Engineering/Public Works/Construction and Maintenance</b>	County of Sacramento	City of Elk Grove
<b>Planning and Land Use</b>	County of Sacramento	City of Elk Grove
<b>Animal Control</b>	County of Sacramento	City of Elk Grove
<b>Police/Law Enforcement</b>	County of Sacramento	City of Elk Grove
<b>Fire Protection</b>	Cosumnes Community Services District	<i>No change</i>
<b>Parks and Recreation</b>	Cosumnes Community Services District	<i>No change</i>
<b>Schools</b>	Elk Grove Unified School District	<i>No change</i>
<b>Water</b>	Various	Sacramento County Water Agency
<b>Sewer</b>	None	Sacramento Area Sewer District
<b>Public Transit</b>	Regional Transit	City of Elk Grove
<b>Garbage/Solid Waste</b>	County of Sacramento	City of Elk Grove
<b>Flood Control</b>	County of Sacramento	City of Elk Grove
<b>Electrical Service</b>	SMUD	<i>No change</i>
<b>Natural Gas</b>	PG&E	<i>No change</i>
<b>Telephone (Land Line/Local Exchange Carrier)</b>	Frontier Communications	<i>No change</i>
<b>Telephone (Cellular)</b>	Various	<i>No change</i>
<b>Television and Cable</b>	Various	<i>No change</i>
<b>Library</b>	Sacramento Public Library Authority	<i>No change</i>

- E. *If a change in service provider is proposed, has each service provider provided a statement indicating the desire and capability to furnish services?*

Letters of support from Sacramento County Water Agency and Sacramento Area Sewer District are provided as Attachments I.3 and I.4, respectively. The evidence of City-County consultation (Attachment F) is also provided.

- F. *If YES, a Letter of Agreement from each agency assuming service responsibilities must be included with this application. The letter must identify each agency's role and responsibility as the new service provider and the method for funding additional services.*

Please see the attached correspondence.

- G. *If a change in service provider is proposed, are alternative providers available for any of the proposed services? If YES, list providers and explain why they are not proposed to provide service.*

For water service, the area could also be served by Elk Grove Water Service; however, it would require a higher level of infrastructure to serve the area.

## 8. Sphere of Influence

Pursuant to Government Code Section 56425, provide the following information IF the proposal requires a Sphere of Influence (SOI) Amendment.

- A. *Describe any social or economic interests, current or future, within the proposal area that create a logical identification of the proposal area with the proposed change of organization:*

The City has purchased its 100± acre property and is interested in seeing it developed under the City's local authority.

- B. *Describe the present and probable need for public facilities and services in the proposal area:*

As the area is currently agricultural/open space/vacant, so no public facilities and services are necessary. Under the proposed Project, urban water, sewer, and other services would be necessary.

- C. *Describe in detail the present capacity of public facilities and adequacy of public services the affected agency provides or is authorized to provide:*

All proposed agencies and service providers have capacity to provide service to the Project. Specifically:

- **Sewer:** Sacramento Area Sewer District has a trunk line near the Project site. This line can be extended to the site with modest work. See Attachment H.9.
- **Water:** Sacramento County Water Agency provides services directly to the north. These services can easily be extended to the Project site.

- D. *Attach to this application all documentation regarding consultation that has occurred between the City and the County, with regards to an agreement on boundaries, development standards, and zoning requirements within the proposed sphere (G. C. 56425(b)).*

Please see Attachment F.

## 9. Other Information

- A. *List names and addresses of any persons, organization, or agencies known to you who may be opposed to this proposal:*

The City is not aware of any at this time. Some individual residents have voiced concerns about the Project.

- B. *Any other comments you may wish to make (may be attached as necessary):*

The City has no other comments at this time.

- C. *Names and addresses of up to three persons who are to receive notice of hearing and staff report:*

Please send notices to the following individuals:

Laura Gill, City Manager  
8401 Laguna Palms Way  
Elk Grove, CA 95758

Darren Wilson, Planning Director  
8401 Laguna Palms Way  
Elk Grove, CA 95758

Jonathan Hobbs, City Attorney  
8401 Laguna Palms Way  
Elk Grove, CA 95758

- D. *Complete and attach FPPC Party Disclosure Form (Not required for public agencies.)*

The City is a public agency, so this form is not required.

## 10. Certification

I hereby certify that the above information and accompanying documents are true and accurate to the best of my knowledge and agree to pay any fees and expenses required to prepare necessary environmental documentation and planning studies and fees to process this application. In addition, I hereby petition the Sacramento Local Agency Formation Commission (LAFCo) for approval of a proposed change of organization or reorganization, as described herein.

The undersigned hereby petition(s) the Sacramento Local Agency Formation Commission for approval of a proposed change of organization or reorganization, and stipulate(s) as follows:

- A. The boundaries of the territory included in the proposal is as attached.
- B. The territory included in the proposed change of organization is uninhabited.
- C. This proposal is for a Sphere of influence Amendment.
- D. The persons signing this petition have signed as Agent for the Land Owner.
- E. This is not an application for a new special district.

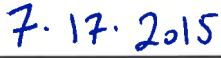
F. This is not a proposal for incorporation.

Wherefore, owner(s) request(s) that proceedings be taken in accordance with the provisions of Section 56000, et seq., of the Government Code and herewith affix signature(s) as follows:

**City of Elk Grove**  
**8401 Laguna Palms Way**  
**Elk Grove, CA 95758**

Applicants Representative or Agent as listed above:

  
\_\_\_\_\_  
Laura Gill, City Manager

  
\_\_\_\_\_  
Date



# Supplemental Questionnaire for Amending a Sphere of Influence

---

## Purpose of the proposal

1. *Why is this proposal being filed? List all actions for LAFCo approval. Identify other actions that are part of the overall project, i.e., tentative map or related entitlements.*

The City is proposing this Sphere of Influence Amendment in order to eventually annex the area and develop the City's property with a Multi-Sport Park Complex as described in the *Project Description*.

In addition to the proposed Sphere of Influence Amendment, the City anticipates the following as the necessary approvals for the Project:

<b>Anticipated LAFCo Actions</b>	<b>Anticipated City Actions</b>
<ul style="list-style-type: none"><li>• Sphere of Influence Amendment for City</li><li>• Detachment from CSA No. 1 (Street Lighting)</li><li>• Detachment from CSA No. 11 (Supplemental Police)</li><li>• Annexation to Sacramento Area Sewer District (SASD)</li><li>• Annexation to Sacramento County Regional Sanitation District (SRCSD)</li></ul>	<ul style="list-style-type: none"><li>• Approval of a General Plan Amendment</li><li>• Approval of Rezoning</li><li>• Approval of a Major Design Review for Capital Improvement Program (CIP) Project</li><li>• Issuance of subsequent Improvement Plans and Building Permits for construction of the Project</li></ul>

## Consultation with the County (City sphere changes only)

2. *Provide documentation regarding the meet and confer process between the City and the County regarding boundaries, development standards and zoning requirements for land in the proposed sphere as required by Government Code §56425.*

Please see Attachment F.

## Description of area to be included in the sphere

3. *What area is proposed to be included in the sphere? Attach a map identifying the current sphere and the proposed addition. What is the acreage of the affected territory?*

The area proposed for the SOI amendment is located south of Grant Line Road, east of the Union Pacific Railroad tracks, and north of the 100-year floodplain/Sacramento County Urban Services Boundary (see Attachment H.3). The total area of the proposed SOI amendment is 579± acres.

4. *Why was it decided to use these particular boundaries?*

The City selected its property for the Multi-Sport Park Complex after an extensive investigative period. Initial criteria for a site included the following:

- A minimum of 100 gross acres
- Proximity to urban services

- Proximity to major transportation corridor(s)
- A reasonable land value
- Willing buyer-willing seller arrangement

Based upon this criteria, the City looked at a number of sites in and proximate to the City. These included sites in the City's Southeast Policy Area, sites along Waterman Road in the East Elk Grove Specific Plan, sites along Franklin Boulevard at either end of the City, and sites in Rural Elk Grove. This was the only site that met all of the criteria.

While the City initially intended to only secure its property within the Sphere of Influence (and ultimately annex the property), after discussion with LAFCo staff and the full Commission, the City understands that the Commission would like to consider the adjoining lands as part of the application. Doing so creates a more meaningful SOI amendment and does not create issues with a peninsula configuration.

5. *What are the existing land uses for the proposal area?*

The site has historically been used for agricultural purposes.

6. *Are there proposed land uses for the proposal area?*

Please see the Project Description for more details on the City's proposed Project.

Relationship to Existing Plans

7. *Describe current County general plan and zoning designations for the proposal area.*

The County designations for the Project site are as follows:

General Plan: General Agricultural, 20-acre minimum (GA-20), Agricultural Cropland (AC), and Intensive Industrial (II)

Zoning: Agricultural, 80-acre minimum (AG-80), Heavy Industrial (M-2), and Agricultural-Residential, 2-acre minimum (AR-2)

8. *Describe any City general plan and rezoning designations for the proposal area.*

The City anticipates designating the Project site as follows:

Site	Proposed General Plan Designation	Proposed Zoning
Multi-Sport Park Complex and Lands of Mahon	Public Open Space/Recreation	Commercial Open Space (C-O)
Lands of Kendrick	Commercial/Office Light Industrial	General Commercial (GC) Light Industrial (LI)
Lands of Cypress Abbey	Light Industrial Heavy Industrial	Light Industrial (LI) Heavy Industrial (HI)
Lands of Mosher	unknown	unknown

Environmental Assessment

9. *Fully describe the underlying project? Has any type of environmental document been prepared for the proposed project?*

Please see the *Project Description* for more details on the Project. LAFCo's Memorandum of Understanding (MOU) with the City to jointly prepare the required California Environmental Quality Act (CEQA) document governs this matter.

Justification

10. *To assist LAFCO in making determinations pursuant to Government Code §56425, please provide information relevant to each of the following:*

A. *Present and planned uses in the area, including prime agricultural and open-space lands.*

The Project site has been used for agricultural purposes. As shown in Attachment H.6 the site is designated as follows in the California State Farmland Mapping and Monitoring Program:

- Farmland of Statewide Importance
- Farmland of Local Importance
- Grazing Land

Please see the Project Description for a description of the proposed land use.

B. *Present and probable needs for public facilities and services in the area, including the means of financing any service expansions/extensions, and the timing thereof.*

Development of the Project will require the extension of water, sewer, and other urban infrastructure to the site. These facilities are reasonably close to the site (within a mile).

The City intends to finance construction of the Multi-Sport Park Complex, including the extension of services, through municipal bonds or other financing mechanism. First phase costs are estimated to be less than \$40 million. The City intends to start construction on the Project in the middle of 2016.

C. *Present capacity of public facilities and adequacy of public services the affected agency provides or is authorized to provide.*

The City has capacity to service the Project site with the services it provides, including police, operations, transit, and land use/planning.

Water, sewer, and other urban infrastructure to serve the Project will need to be extended to the site.

D. *Existence of any social or economic communities of interest in the area.*

There are no communities within the proposed Project area. The nearest community of interest is Wilton, which is located east of the Project site across the Cosumnes River. **No part of the Wilton community is a part of this application.**

Additional Comments

11. *Provide any other comments or justifications regarding the proposal.*

Please see the attached Project Need and Justification.

12. *Enclose any pertinent staff reports and supporting documentation related to this proposal.*

Please see Attachment G.



# Attachments

---

- A. Project Description
- B. Project Need and Justification
- C. Project-General Plan Consistency
- D. City Response to LAFCo Policies
- E. City Council Resolution of Application
- F. Evidence of County Consultation
- G. Relevant City Council staff report(s)
  - 1. March 10, 2010 – Report on Civic Center Project with ERA/AECOM study showing need for tournament facilities
  - 2. March 13, 2013 – Report on feasibility on Professional Soccer
  - 3. August 27, 2014 – Report on property acquisition
  - 4. January 28, 2014 – Report on Project design and SOI process
  - 5. February 11, 2015 – Report on MOU with Sacramento LAFCo
  - 6. April 8, 2015 – Report on resolution for application of SOI Amendment
- H. Letters of Support
  - 1. Cosumnes Community Services District
  - 2. Elk Grove Youth Soccer
- I. Maps
  - 1. Project Location
  - 2. Assessor's Parcel Map
  - 3. Map of Proposed Sphere of Influence Amendment
  - 4. Project Site Plans and Exhibits
  - 5. Map of Agricultural Land On and Surrounding the Project Site
  - 6. Map of the 100-year Floodplain On and Surrounding the Project Site
  - 7. Map of Existing City and County General Plan Designations
  - 8. Map of Potential Jurisdictional Features on City-owned Property
  - 9. Map of the Sacramento Area Sewer District Master Plan for the LA Elk Grove Trunk Shed
  - 10. Map of Area Potable Water Districts
  - 11. General Plan Policy SA-3 (Event Probability from Hazardous Facilities) Compliance
  - 12. Proposed General Plan and Zoning
- J. Draft Municipal Service Review



# Attachment A: Project Description

---





**City of Elk Grove  
Multi-Sport Park Complex**

**Project Description  
Dated 7/17/2015**

**Overview**

The proposed Project involves the proposed Sphere of Influence Amendment (SOIA) and subsequent annexation and development of 579± acres of land that is currently outside, but directly adjacent to, the corporate limits of the City of Elk Grove (City). The Project is centered on 100± acres owned by the City and intended for development as a Multi-Sport Park Complex as described below. The balance of the land (479± acres) is included as part of the Sphere of Influence Amendment application consistent with the policies of the Sacramento Local Agency Formation Commission (LAFCo), which discourages peninsula spheres/annexation areas.

The following are key components of the Project and are described in more detail below:

- Elk Grove Multi-Sport Complex and Lands of Mahon
- Lands of Kendrick
- Lands of Cypress Abbey
- Lands of Mosher

**Anticipated Project Requirements**

The Project, at a minimum, requires the following approvals and required actions. This listing is organized by approving agency and is not listed in chronological order.

- City Actions:
  - Approval of an Amendment to the City's General Plan to provide site-specific designation(s) for the Project site
  - Adoption of Rezoning for the Project site
  - Approval of a Design Review entitlement for the Multi-Sports Complex
- LAFCo Actions:
  - Amendment to include the Project area in the City's Sphere of Influence
  - Annexation of the site to the City of Elk Grove and affected special districts
- Other Possible Actions:
  - Approval of a Section 404 permit by the Army Corps of Engineers

**Anticipated City General Plan and Zoning Designations**

Figure 1 illustrates the proposed land uses for the Project area, which are detailed as follows:

- **Multi-Sport Park Complex and Lands of Mahon (APNs 134-0190-009 [City] and 134-0190-003 [Mahon] )** - This area would be designated under the City's General Plan as *Public Open Space/Recreation* and would be zoned *Commercial Open Space (C-O)*. Pursuant to Title 23 of the Elk Grove Municipal Code, the Multi-Sport Park Complex would be classified as Fitness and

Sports Facility (for the tournament and practice fields) and Outdoor Commercial Recreation (for the stadium). Both classifications are allowed by right in the C-O zone.

- **Lands of Kendrick (APN 134-0190-010)** – The Kendrick lands would be designed under the City's General Plan as *Commercial/Office* and *Light Industrial* and would be zoned *General Commercial (GC)* and *Light Industrial (LI)*, respectively.
- **Lands of Cypress Abbey (APNs 134-0190-013, 029, 030, & 032)** – The Cypress Abbey lands would be designed under the City's General Plan as *Light Industrial* and *Heavy Industrial* and would be zoned *Light Industrial (LI)* and *Heavy Industrial (HI)*, respectively.
- **Lands of Mosher (APNs 134-0190-002)** – Land uses for the Mosher lands are conceptual at this time. Further analysis and environmental review may be required prior to approval of an annexation request by LAFCo.

### **Multi-Sports Park Complex and Lands of Mahon**

#### *Overview*

The proposed Multi-Sport Park Complex is comprised of two properties. The first is 100± acres owned by the City. The second is 65± acres owned by the Mahon Family Partnership.

The intent of the Multi-Sports Complex facility is to provide training and competition venue space for residents of Elk Grove and surrounding areas. The facility will not conflict with local park amenities or facilities and will not supplant youth league games in local, neighborhood, and community parks in Elk Grove operated by Cosumnes Community Services District (CCSD).

Elk Grove currently lacks the types of training and competition venues proposed by the Project. Local sports leagues use CCSD park facilities; most of these facilities have one or two ball fields and are significantly programed. The CCSD works to provide additional facilities as resources become available. For instance, CCSD recently completed the Bartholomew Sports Complex on Whitelock Parkway. That facility includes four soccer fields, four "ball and stick" fields, four tennis courts, a play structure and water feature, along with on-site parking. The Bartholomew Sports Complex is primarily a community park for the surrounding East Franklin Specific Plan. Therefore, given its size, adjacency to single family residential uses, and location within the community, it should not host intensive tournament events.

There are no large land areas within the City, either owned by the City, CCSD, or available for purchase at a reasonable value that could be delivered for the intended use. Therefore, the City has secured this property in order to deliver the Multi-Sport Park Complex.

Additionally, there is a desire to provide space for the Sacramento County Fair. The County Fair currently operates at the California Exposition (Cal Expo) facility near the American River. The majority of County Fair participants are from the South County area and the County Fair used to be held in Galt. There is a desire to relocate the County Fair "back home" to the South County and provide better facilities for the operation.

The planned Multi-Sport Park Complex would include the key components described below and illustrated on the Project site plan (Figure 2):

- Tournament and practice fields
- Indoor sports facility
- Stadium Park

- Fairgrounds/Agrizone Park (Agritourism)
- Support services and ancillary facilities

It is anticipated that the construction of the Multi-Sport Park Complex will be completed in multiple phases. The first phase to be constructed will be the tournament and practice fields and associated parking (Figure 3).

#### *Tournament and Practice Fields*

Approximately two-thirds of the City property would be developed with up to 16 multi-purpose sports fields, with 12 being full-sized soccer fields (80x120 yards) and 4 being training fields (80x50 yards). The fields would be designed primarily for soccer use, but could accommodate a variety of other field sports, including, but not limited to, rugby, lacrosse, football, and marching band.

The space between the fields would be landscaped (including trees) and could be developed with small shade structures. No bleachers would be provided; limited spectator viewing from the sidelines could be accommodated. Pathways from the parking areas to and between the fields would be paved a minimum of 40 feet wide to support both pedestrian mobility and emergency vehicle access. Fencing and netting will be used for ball containment and separation between parking areas and fields.

All full-sized fields will be illuminated. Field lighting would consist of a sports field lighting system installed on poles between the fields and would be designed and placed to avoid glare onto adjacent roadways and properties and Project drive aisles. A lighting control system will be included so that only fields being used would be lit.

The Tournament Area also includes the development of amenity concourses, which would include restrooms and concessions for players and spectators. These would likely be constructed near the parking fields.

Parking for the Tournament and Practice Fields will be constructed primarily along the southwest property line of the City site. The parking area will accommodate a minimum of 1,160 spaces and will include landscaping and lighting consistent with the City's development standards for parking areas. A second parking field would be constructed along the northeast property line. This area would be constructed with the first phase as a gravel overflow lot for use during tournaments. Upon construction of a later phase improvements, this area would be upgraded to the same standards as the primary lot on the southwest side.

Initial access to the Tournament and Practice Fields will be provided from the existing signal at Grant Line Road and New Waterman Road with a new driveway. The driveway will run along the southwestern property line, circle around the 12 full-sized fields, then along the northeast property line to a new driveway at Grant Line Road (Figure 3). Access at this new driveway will be limited to right in/right out movements.

As later phases of the Project are constructed, the access at Grant Line Road/New Waterman Road will be upgraded to a public street that will provide access to the other properties in the Project area as illustrated in Figure 2.

### *Indoor Sports Facility*

The Project includes the construction of an Indoor Sports Facility, which would include an assortment of components, including but not limited to basketball and other indoor ball courts, training and meeting rooms, facility offices, medical center, and similar indoor sports facilities that complement and support the overall Multi-Sport Park Complex. The indoor facility would be no more than 100,000 square feet in size.

### *Stadium Park*

A Stadium would be developed at the southern end of the City property and northern end of the Mosher property. The intent of the Stadium is to provide space for high school sports (to augment the needs of Elk Grove Unified School District for those campuses that do not have stadiums), championship games at tournaments hosted at the Multi-Sport Complex, and support other special events as may be appropriate (e.g., concerts). The venue would have a maximum capacity of 9,000 seats; 7,500 seats being fixed and an additional 1,500 movable seats for placement on the field for special events. It is likely that the buildout of the stadium will be phased; a specific phasing plan has not been identified at this time.

The Stadium would include multiple locker rooms with movable partitions to become flexible auxiliary spaces, a player's lounge, medical/training facilities, box office, security office, general operations office, food services concessions, restrooms, and storage space. One end of the field would be developed with a concert stage for performance events.

This facility would be illuminated with a combination of light configurations, supporting both sporting events and concerts. Accessory lighting of the pedestrian-accessible areas, as well as decorative building lighting, will also be constructed.

Parking for the Stadium Park area will be developed around the stadium, as well as available on the City property. A total of 3,700 spaces will be required for this use at maximum occupancy.

Access to the Stadium Park will be provided from the driveway at Grant Line Road, constructed with the first phase of the tournament and practice fields. The driveway would be upgraded to City street standards as part of the stadium construction so that it can support full operational ingress and egress from the facility.

### *Fairgrounds and Agrizone Park*

The southeast corner of the City property and the eastern area of the Mahon property would be developed with a Fairgrounds and Agrizone Park. The Fairgrounds would be 15± acres and at buildout would provide the necessary facilities to support the County Fair and regular agricultural showcase events. Specific features of the Fairgrounds include, but are not limited to, the following:

- A 75,000± square foot Pavilion Building
- A 60,000± square foot Arena Building
- A 20,000± square foot Exposition Building
- A 20,000± square foot Barn
- A 5± acre carnival area

The Agrizone Park would serve as a working farm and educational center. As a working farm, it would feature a variety of crops, cattle/ranching operations, and equestrian operations that seek to:

1. Inform area residents on farming and farming practices and the interaction of ranching and the occurrence of wildlife;
2. Educate area residents on opportunities and practices to grow their own food; and
3. Serve as a venue for unique events such as Western BBQs, holiday gatherings, and other seasonal events.

Additional parking facilities would be developed as part of the Fairgrounds and Agrizone Park (100± spaces); however, the bulk of the parking needs for the facility would be served by adjoining parking areas elsewhere in the Multi-Sport Park facility (e.g., Stadium Park).

#### *Support Services and Facilities*

Multiple support components would be developed as part of the Project. These include, but are not limited to, the following:

- **Sod Farm** – A 2± acre sod farm for production of replacement turf for the various sports fields.
- **Facilities Shop** – The facilities shop will support operations of the Tournament and Practice Fields and Stadium venue by housing various maintenance equipment, “river-friendly” fertilizer, and other chemicals, and other operational activities for the Park.
- **Parcourse/Trail** – The overall Multi-Sport Park Complex will be lined with a hiking/running trail that includes a parcourse (outdoor exercise equipment). The parcourse will be open to both facility users and the general public.
- **Other Supporting Facilities** – Other supporting facilities to be developed on-site included storm water detention facilities and public utilities (e.g., water, sanitary sewer) for user-intensive operations such as the Stadium and Indoor Sports Facility.

#### *Operations*

##### Tournament and Practice Fields

The field complex is designed as a high quality facility to be used primarily for elite-to-professional level training and for tourism-generating tournaments in approved long-field sports. For training purposes the hours of operation will be from 8:00 a.m. until 10:00 p.m. For tournaments the hours of operation will be from 7:00 a.m. until 10:00 p.m.

Maximum occupancy will occur during tournament play. Twenty-two people is a high range average of players and coaches per team, for a total of 44 competitive participants engages in play at one point in time. With parents, siblings, and other spectators, they average 1.5 spectators per participant, for a total of 110 participants and spectators per field per game. Multiplied by sixteen fields, that results in 1,760 participants and spectators at any one point in time.

In tournament conditions there will be additional teams on-site that will not be playing; they will be in reserve awaiting the start of their next game. This additional group of people is assumed to be 50% of

the total participants and spectators engaged in play described above (1,760). Therefore, the total number of participants and spectators on site at any one time may be 2,640. Under an assumed average 2.5 riders per vehicle this amounts to the need for 1,056 parking spaces.

In addition, people working, including game officials, facility operations and food and beverage personnel will total approximately 100 people on site. This could necessitate an additional 100 parking spaces. This calls for a total number of parking spots at 1,156.

#### Indoor Sports Facility

The Indoor Sports Facility will provide spaces to support the primary activities of the field complex, such as food and beverage facilities, merchandising space, tournament headquarters space, rest rooms, locker rooms, office space, an indoor strength and conditioning area, and conference and class rooms.

By utilizing moveable walls for conference and class rooms, the facility will provide public meeting space for a variety of community and cultural events. These support spaces are rarely found in field complexes and will provide an advantage when competing with other facilities.

The Indoor Sports Facility will not be operated in a capacity beyond the maximum use of the tournament fields, meaning that the fields represent maximum anticipated occupancy for the site at highest operation.

#### Stadium Park

The Stadium will be designed for a maximum capacity of 9,000 attendees, and used for a variety of athletic, cultural and community uses. The facility's hours of operation will be from 12:00 p.m. until 11:00 p.m. Depending upon the mix of scheduled events, the attendees will average approximately 2.75 people per vehicle, which calls for 3,273 parking spaces.

The largest number of participants would be approximately 120, which would represent a high school football game. The impact on parking would not be significant, because most of the participants will arrive by bus. For other activities, up to 120 additional spaces could be allocated for participants.

In the case of a sold out event, there could be as many as 300 workers on site. This will necessitate an additional 300 parking spaces, bringing the estimated maximum number of total spaces required at a fully sold out event to 3,693.

#### Fairgrounds and Agrizone Park

Anticipated highest-operating event (a County Fair) at this space will likely operate on five days prior to and during Memorial Weekend each year. The hours of operation Thursday through Sunday would likely be from 10:00 a.m. to 10:00 p.m. each day. On Monday (Memorial Day), the hours would likely be from 10:00 a.m. to 7:00 p.m. A Fair is anticipated to average 70,000 to 75,000 spectators per year. In addition to the Fair, the space could also support special events such as concerts and rodeos that may bring an additional 15,000 attendees. Between all of these events, the largest attendance for any single day would likely be 22,000 people; however they are not all be present at the same times. There

may be times when 75% of the day's spectators (up to 16,500) are on site simultaneously. Fairgoers average at least three people per vehicle, necessitating a need for 5,500 parking spaces.

In addition, participants and workers may require as many as 800 additional parking spaces, for a total of 6,300.

### Lands of Kendrick

The Kendrick lands are situated directly southwest of the City property and are 100± acres. The Project anticipates the ultimate development of these lands with commercial (approximately 60-75%) and industrial uses (approximately 35-40%). Access to the property will be from the improvement of the driveway constructed for the Tournament and Practice Fields to City standards as a new public street (shown as Mahon Ranch Road on Figure 1). An internal circulation system, conceptually shown in Figure 1, would be developed to support the property.

For purposes of this Project, this site is assumed to have the following development potential:

Land Use	Approximate Gross Acreage	Assumed Employees per Acre	Assumed Floor Area Ratio	Total Employees	Total Building Square Footage
Commercial	65	30	0.30	1,950	849,420
Industrial	35	38	0.30	1,330	457,380
<b>TOTAL</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>3,280</b>	<b>1,306,800</b>

### Lands of Cypress Abbey

The Cypress Abbey lands are located just east of the Union Pacific Railroad tracks and adjacent to the Kendrick and Mahon properties. These lands are intended for development with industrial uses. Access to the site would be provided from an extension of the public street system developed for the Multi-Sport Park Complex and Kendrick lands.

For purposes of this Project, this site is assumed to have the following development potential:

Land Use	Approximate Gross Acreage	Assumed Employees per Acre	Assumed Floor Area Ratio	Total Employees	Total Building Square Footage
Industrial	185	38	0.30	7,030	2,417,580
<b>TOTAL</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>7,030</b>	<b>2,417,580</b>

### Lands of Mosher

The Mosher lands have been included in this application to ensure advanced planning of compatible uses occurs between these lands and the balance of the Project. The Mosher lands have not identified any preferred or targeted land uses for the property and the City's General Plan only identifies the site as an "Urban Study Area." Therefore, a "mixed use" designation is proposed that allows for a wide range of land uses after further study.

In order to accommodate this property in the necessary analysis and review to support Project action, development potential capacity is being assumed based upon common planning assumptions. The

Sacramento Area Sewer District, when completing master planning analysis for new growth areas with undefined development plans, utilizes a standard of six equivalent units per gross acre. Applying this assumption to the 118± acres that make up the Mosher property yields a potential capacity of 708 equivalent units.



# Attachment B: Project Need and Justification

---



**City of Elk Grove  
Multi-Sport Park Complex**

**Project Need and Justification**

Dated 7/17/2015

**Overview**

The proposed Multi-Sport Park Complex will be the first professional and elite amateur level soccer training and field complex in northern California. The Complex will provide high quality sports fields and will include the features necessary to attract and host international, national, and regional tournament competitions, camps, clinics, and showcase events. The stadium will be sized to support women's professional soccer, as well as second and third division men's teams (e.g., United Soccer League), as well as stage events such as concerts and high school and community college commencement exercises.

**Community Need**

Elk Grove has the largest youth soccer league within the California Youth Soccer Association, numbering over 6,000 players. Teams currently play at fields operated by Cosumnes Community Services District and the Elk Grove Unified School District. While league play and practice can be accommodated, coordination of tournament events can be outside of the primary focus of each agency. Specifically:

- Cosumnes Community Services District focuses on providing services to the Elk Grove community. They operate over 450 acres of local, neighborhood, community, and regional and special parks. Facilities include tot lots, diamond fields, basketball and tennis courts, open fields, community pools, and similar community-serving facilities. To focus solely on soccer amenities could take away from other community needs.
- Elk Grove Unified School District's mission is the education of students in their service area, including District-run athletic programs. The District may rent facilities to outside groups, provided the District's needs are accommodated first.

**Compatibility and Comparison with Other Venues**

*Existing Facilities in the Sacramento Region*

The table below summarizes the larger venues around the Sacramento region and compares them to the proposed Project. The majority of these facilities have fewer than five soccer fields and, therefore, cannot support tournament play. None of the facilities have training and medical facilities open for none-collegiate use. The larger of the two facilities (Davis and Cherry Island) are booked on a regular basis and neither includes a stadium component. As such, there is a deficiency in field space in the Sacramento region for larger tournaments and inter-league play. These sites are mapped in Exhibit A.

**Table 1 – Existing Facilities in the Sacramento Region**

Facility Name	General Location	Number of Fields	Stadium Component	Training and Medical Facilities
<i>Proposed Project</i>	<i>Elk Grove</i>	<i>16</i>	<i>Yes</i>	<i>Yes</i>
<b>Cherry Island</b>	Northern Sacramento County	10	None	None
<b>Davis Legacy Fields</b>	Davis	7	None	None
<b>Cosumnes River College</b>	South Sacramento County	5	Yes	Not Open to Public
<b>Mather Sports Complex</b>	Rancho Cordova	2 (formal) + 3 (shared)	None	None
<b>Bartholomew Sports Complex</b>	Elk Grove	4	None	None
<b>Phoenix Park</b>	Fair Oaks	4	None	None
<b>Sac State</b>	Sacramento	4	Yes	Not Open to Public
<b>Foskett Regional Park</b>	Lincoln	4	None	None
<b>Granite Regional Park</b>	US-50 Corridor	3	None	None
<b>American River College</b>	Northern Sacramento County	2	Yes	Not Open to Public
<b>Woodland Sports Park</b>	Woodland	1 (formal) + 7 (shared)	None	None

*Facilities Beyond but Near Sacramento*

Outside of the Sacramento region there are a number of similar sports complexes. These include, but are not limited to, the facilities shown in Table 2.

**Table 2 – Other Facilities in Northern California**

Facility Name	General Location	Number of Fields	Stadium Component	Training and Medical Facilities
<b>Stockton Soccer Complex</b>	Stockton	11 (8 full, 3 half)	None	None
<b>Ken Mercer Sports Park</b>	Pleasanton	11 (over ball diamonds)	None	None
<b>Morgan Hill Outdoor Sports Center</b>	Morgan Hill	11	Yes	None
<b>Tracy Sports Complex</b>	Tracy	4	None	None
<b>Mistlin Sports Park</b>	Ripon	12 (at buildout)	None	None
<b>Turlock Regional Sports Complex</b>	Turlock	10	None	None

*Closest Similar Facilities*

The nearest similar facilities to the Elk Grove Project that include all the same features and amenities are the following:

- **Stub Hub Center in Carson, California** (home of the Los Angeles Galaxy Major League Soccer team) - Six fields and a stadium; part of the CSU Dominguez Hills Campus
- **Dick's Sporting Goods Center in Commerce City, Colorado** (home of the Colorado Rapids Major League Soccer team) – 24 fields and a stadium.

*Planned Facilities in the Sacramento Region*

Two other new soccer tournament complexes in the region are in planning and design phases. These facilities are both in Placer County and will focus on the youth leagues in their area. One complex is an eight-field complex and the other is 12 fields. Neither is planned to include a stadium component. The City does not see its Project as competing with these planned facilities. Rather, they will complement each other and collectively work towards satisfying the needs of the community.

If both of these planned facilities, along with the proposed Project, were constructed, the total number of fields in the Sacramento region at dedicated soccer facilities (non-academic locations) with 5 or more fields would be **53 fields**.

**Comparison with Other Regions**

In designing the proposed Project, the City has looked at other regions and their facilities. These included:

- Denver
- San Diego
- Riverside/San Bernardino/Inland Empire
- Phoenix
- San Antonio
- Dallas

The following table identifies the major facilities in each region and the ratio of fields available to the region's population.

**Table 3 – Regional Comparison**

<b>Region</b>	<b># Fields Available</b>	<b>Region Population</b>	<b>Ratio of Fields to 1 Million Population</b>
<b><i>Sacramento<sup>1</sup> (with all proposed projects)</i></b>	<i>53</i>	<i>2.5 million</i>	<i>21.2</i>
<b>Denver</b>	72	2.6 million	27.7
<b>San Diego</b>	42	3.2 million	13.1

<sup>1</sup> Includes Sacramento, Placer, El Dorado, Yolo, Yuba, and Sutter Counties.

<b>Region</b>	<b># Fields Available</b>	<b>Region Population</b>	<b>Ratio of Fields to 1 Million Population</b>
<b>Riverside/San Bernardino/Inland Empire</b>	110	4.4 million	25
<b>Phoenix</b>	42	4.4 million	9.5
<b>San Antonio</b>	91	2.3 million	39.6
<b>Dallas</b>	50	6.8 million	7.4

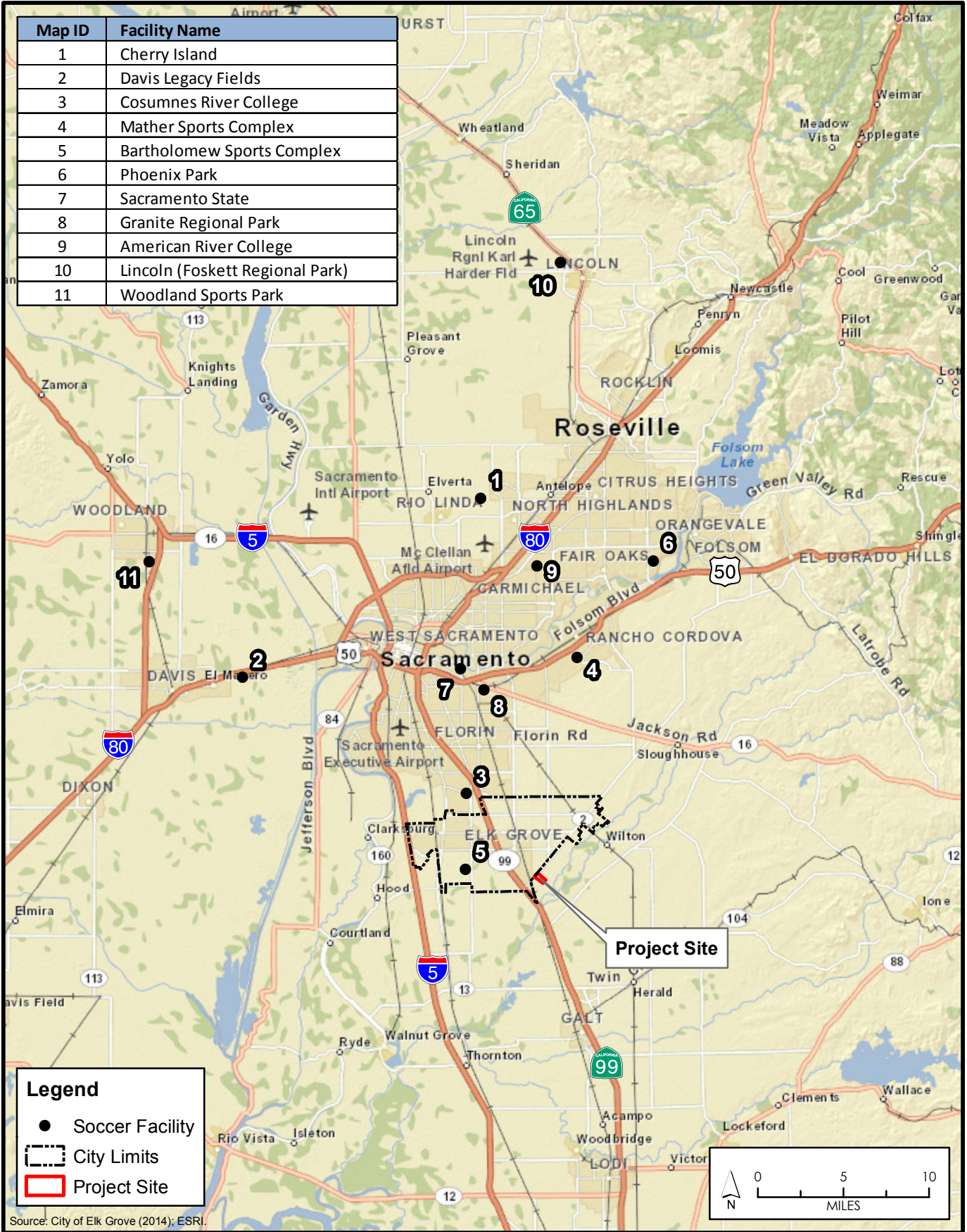
As shown in the table, the City's proposed Project would provide a comparable number of practice and tournament fields to those found in other regions of the country.

#### **Complementary Services to Professional Soccer**

The Sacramento region now hosts a professional soccer team. This team (or another group) may begin play in the Major League Soccer (MLS) league in the future. MLS programs call for facilities above and beyond the competition stadium, such as training, clinics, camps, and showcase events. If the Sacramento region is successful in securing a MLS franchise the proposed Elk Grove facility could support the team by providing these types of ancillary facilities. The Project includes the following components that could support a MLS team in the region:

- Training fields for the MLS, other minor league(s), women's and academy teams
- Locker rooms for all teams
- High performance weight and training facilities
- Full physical conditioning and therapy, including hydro-therapy
- Classrooms convertible to community meeting spaces

T:\GIS\EN\_GovernMXDSport\_Complexes\COL\_Amendment\Figure A Soccer Facilities.mxd (1/13/2015)



City of Elk Grove  
Development Services

**Figure A**  
Location of Soccer Facilities  
In the Sacramento Region





# Attachment C: Project-General Plan Consistency

---



### Project-General Plan Consistency

The following is the City's analysis of the proposed Project relative to the City's General Plan.

Goal/Policy #	Policy Text	Consistency Analysis
<b>Guiding Goal 1</b>	A High Quality of Life for All Residents	The proposed Project increases the quality of life for residents by providing additional recreational opportunities.
<b>Focused Goal 1-2</b>	Outdoor recreation opportunities for all residents	The proposed Project includes an outdoor recreational venue that includes sports fields, a stadium, fairgrounds, open spaces, and agricultural preserve. These components will be open to all residents.
<b>Focused Goal 1-4</b>	High quality public facilities and services	The proposed Project includes a high quality public facility that will provide recreational amenities for residents.
<b>Focused Goal 1-7</b>	Active and passive park facilities and recreation programs that satisfy the leisure time and recreation needs of all residents	The proposed Project includes an active park facility that contributes to the satisfaction of recreational needs for residents by providing open space areas, sports fields, and agricultural preserve.
<b>CI-5</b>	The City shall encourage the use of transportation alternatives that reduce the use of personal motor vehicles.	The proposed Project will accommodate public transportation, bicycle, and other modes of transportation to and from the facility in the form of new roads, bicycle facilities, and expanded transit service.
<b>CAQ-2</b>	The loss of agricultural productivity on lands designated for urban uses within the City limits as of January 2004 is accepted as a consequence of the development of Elk Grove. As discussed in the Land Use Element, the City's land use concept for the Planning Area outside the 2004 city limits anticipates the retention of significant areas of agricultural production outside the current city limits.	The Project site is designated as Farmland of Statewide Importance, Local Importance, and Grazing Land. Mitigation for the loss of agricultural land will be required.
<b>CAQ-20</b>	Fill may not be placed in any 100-year floodplain as delineated by currently effective FEMA Flood Insurance Rate Maps or subsequent comprehensive drainage plans unless specifically approved by the City. No fill shall be permitted in wetland areas unless approved by the City and appropriate state and federal agencies.	The majority of the proposed Project is located outside the 100-year floodplain. Areas within the floodplain are proposed as a nature preserve.
<b>CAQ-28</b>	The City shall emphasize "demand management" strategies which seek to reduce single-occupant vehicle use in order to achieve state and federal air quality plan objectives.	The City anticipates utilizing a demand-managed parking program that will incentivize carpooling and ride-sharing to and from the Project.

Goal/Policy #	Policy Text	Consistency Analysis
<b>CAQ-29</b>	The City shall seek to ensure that public transit is a viable and attractive alternative to the use of private motor vehicles.	The proposed Project will accommodate public transportation, bicycle, and other modes of transportation to and from the facility.
<b>LU-2</b>	<p>The City's Land Use Policy Map (figure LU-1) illustrates the planned land uses for lands within Elk Grove and the Planning Area outside the city limits. The following land use categories and definitions shall be used in the assignment of zoning categories and in the review of proposed projects.</p> <p><i>Public Open Space/Recreation - Includes lands owned by <b>public</b> entities which have been reserved for open space uses such as habitat mitigation, lakes, trails, golf courses, and similar uses</i></p>	The Project includes the designation of the site as Public Open Space/Recreation. Since the Project will be owned by the City (a public entity) and will be used for recreational purposes, the Project is consistent with the proposed General Plan Land Use Designation.
<b>LU-3</b>	<p>The following table illustrates the Zoning Districts, which implement the land use categories shown on the Land Use Policy Map of this General Plan.</p> <p><i>Public and Private Open Space/Recreation: O zoning district; any agricultural and residential zoning district; C-O zoning district</i></p>	The proposed zoning of C-O (Commercial Open Space) is listed as consistent with the proposed General Plan Land Use Designation of Public Open Space/Recreation.
<b>LU-12</b>	The Land Use Policy Map for the Planning Area (Figure LU-2) provides conceptual land use policy for the area outside the current incorporated boundaries of Elk Grove. This policy is intended as a statement of the City's long-term vision for this area; these lands remain under the jurisdiction of Sacramento County. Except where specifically indicated, the City's land use policy for areas outside the city limits reflects the County of Sacramento's land use policy as it existed on December 31, 2002.	The Project includes an amendment to this figure to designate the site as Public Open Space/Recreation. This would remove it from the area identified as Study Area. Until an annexation is approved, County land use policies would remain in effect.
<b>LU-13</b>	The City will work with the Sacramento Local Agency Formation Commission to establish and update a Sphere of Influence, which reflects the City's near term goals for potential additions to the corporate boundaries.	The proposed Project includes an application to LAFCo to amend the City's Sphere of Influence to accomplish this near-term Project.

Goal/Policy #	Policy Text	Consistency Analysis
<p><b>LU-14</b></p>	<p>The City shall apply the following policies to potential annexations:</p> <ul style="list-style-type: none"> <li>• Annexations should conform to an orderly expansion of city boundaries within planned urban growth areas and provide for a contiguous development pattern.</li> <li>• Annexations should include a comprehensive land use plan for the affected territory, including Pre-zoning and a plan for infrastructure financing and phasing;</li> <li>• Annexations should:               <ul style="list-style-type: none"> <li>○ Constitute fiscally sound additions to the existing City.</li> <li>○ Be consistent with State law and Local Agency Formation Commission policies, standards and criteria.</li> <li>○ Preserve neighborhood identities.</li> <li>○ Ensure the provision of adequate municipal services.</li> <li>○ Be consistent with General Plan and Community Plan land use policies.</li> <li>○ Incorporate Smart Growth criteria for sustainable economic growth while maintaining environmental integrity, and providing for social equity.</li> <li>○ Promote fiscally sound, efficient service boundaries.</li> </ul> </li> </ul>	<p>The proposed Project is an orderly expansion of the City boundaries as it continues the development of urban uses established directly north of the Project site.</p> <p>The proposed Project includes the designation of both General Plan land use designations and Zoning for the site, as well as the approval of a specific project. The Project also includes specific infrastructure improvements necessary to construct and operate the facility.</p>
<p><b>LU-15</b></p>	<p>The City shall encourage annexations initiated by landowner/residents, which are consistent with the City's policies.</p>	<p>The City is the landowner for the proposed Project. The Project is consistent with the City's policies.</p>

Goal/Policy #	Policy Text	Consistency Analysis
<b>LU-16</b>	<p>The areas designated in the Planning Area as “Urban Study Areas” are envisioned as areas in which urbanization to some extent could occur, generally in compliance with the following criteria:</p> <ul style="list-style-type: none"> <li>• Development should be limited to areas outside of the 100-year floodplain.</li> <li>• Development should take place in compliance with the goals and policies of this General Plan.</li> <li>• Any study of potential land uses in these areas should be accomplished in cooperation with the County of Sacramento, the Sacramento Local Agency Formation Commission, and other agencies and parties with ownership or jurisdiction of lands in and near the study area.</li> <li>• Any study of land uses in these areas should be accompanied by an environmental evaluation of the potential impacts of development.</li> <li>• Prior to the completion of land use studies, the City’s policy is that County of Sacramento land use designations in effect as of December 31, 2002, are retained.</li> </ul>	<p>The proposed Project is outside the 100-year floodplain and is compliant with the goals and polices of the General Plan.</p> <p>The City is coordinating its Project with the County and LAFCo.</p> <p>A CEQA analysis for the proposed Project is being prepared, as required by law.</p> <p>County land use designations will remain in effect until annexation is completed.</p>
<b>NO-3</b>	<p>Noise created by new proposed non-transportation noise sources shall be mitigated so as not to exceed the noise level standards of Table NO-A as measured immediately within the property line of lands designated for noise-sensitive uses.</p>	<p>A noise analysis will be prepared for the Project to understand the potential impacts to near-by land uses, including residential. The Project is being designed such that noise is directed away from sensitive receptors.</p>
<b>PF-3</b>	<p>Water supply and delivery systems shall be available in time to meet the demand created by new development, or shall be assured through the use of bonds or other sureties to the City’s satisfaction.</p>	<p>The City has calculated the potential water demand of the facility and is coordinating with the proposed water provider.</p>
<b>PF-8</b>	<p>Sewage conveyance and treatment capacity shall be available in time to meet the demand created by new development, or shall be assured through the use of bonds or other sureties to the City’s satisfaction.</p>	<p>The City is working with Sacramento Area Sewer District to review conveyance and treatment capacity and the necessary improvements to support this Project.</p>

<b>Goal/Policy #</b>	<b>Policy Text</b>	<b>Consistency Analysis</b>
<b>PF-21</b>	New development shall fund its fair share portion of its impacts to all public facilities and infrastructure as provided for in state law.	The Project will be required to pay all applicable development impact fees.

Goal/Policy #	Policy Text	Consistency Analysis
SA-2 through 4	<p>SA-2: In considering the potential impact of hazardous facilities on the public and/or adjacent or nearby properties, the City shall consider the hazards posed by reasonably foreseeable events.1 Evaluation of such hazards shall address the potential for events at facilities to create hazardous physical effects at offsite locations that could result in death, significant injury, or significant property damage. The potential hazardous physical effects of an event need not be considered if the occurrence of an event is not reasonably foreseeable as defined in Policy SA-3. Absent substantial evidence to the contrary, a “hazardous physical effect” from an event shall be a level of exposure to a hazardous physical effect in excess of the levels identified in Policy SA-4.</p> <p>SA-3: For the purpose of implementing Policy SA-2, the City considers an event to be “reasonably foreseeable” when the probability of the event occurring is as indicated in the table below.</p> <p><i>“Residential” All other land uses without restriction including institutional uses, residential areas, etc.: 1 in one million and less (10<sup>-6</sup>)</i></p> <p>SA-4: The Maximum Acceptable Exposure standards shown in Table SA-A shall be used in determining the appropriateness of either:</p> <ul style="list-style-type: none"> <li>(1) Placing a use near an existing hazardous facility which could expose the new use to hazardous physical effects, or</li> <li>(2) Siting a hazardous facility that could expose other nearby uses to hazardous physical effects.</li> </ul> <p>Absent substantial evidence to the contrary, the placement of land uses that do not meet the Maximum Acceptable Exposure standards shall be considered to result in a significant, adverse impact for the purposes of CEQA analysis.</p>	<p>The City has reviewed the proposed Project to the standards identified in these policies. The Project site is located well outside the reasonably foreseeable probability corridors for the most restrictive land use (Residential), which includes institutional uses such as the Project. Therefore, the City considers the Project consistent with these policies.</p>



<b>Goal/Policy #</b>	<b>Policy Text</b>	<b>Consistency Analysis</b>
<b>SA-13</b>	The City shall require that all new projects not result in new or increased flooding impacts on adjoining parcels on upstream and downstream areas.	The Project includes the development of various on-site detention facilities and bioswales, which will provide for water quality treatment and aquifer recharge, and detention of storm water runoff to pre-project levels before discharging towards the Cosumnes River.
<b>SA-15</b>	Development shall not be permitted on land subject to flooding during a 100-year event, based on the most recent floodplain mapping prepared by the Federal Emergency Management Agency (FEMA) or updated mapping acceptable to the City of Elk Grove. Potential development in areas subject to flooding may be clustered onto portions of a site which are not subject to flooding, consistent with other policies of this General Plan.	The proposed Project is located outside the 100-year floodplain.

##



# Attachment D: City Response to LAFCo Policies

---



## City Response to LAFCo Policies

The following are the City's response to LAFCo's adopted policies with regard to the proposed Project.

LAFCo Policy #	Policy Text	City Response
<b>A. Spheres of Influence</b>		
1.	LAFCo will approve an application for a change of organization or reorganization only if the proposal is consistent with an approved Sphere of Influence plan for the affected agency or agencies. Spheres of Influence will not generally be amended concurrently with an action of an application. Spheres of Influence amendments will ordinarily take longer to process than applications for a change of organization or reorganization. Agencies are encouraged to keep their Spheres of Influence plans up to date so that individual applications for changes of organization or reorganization are not burdened with Spheres of Influence amendment requirements. Amendments to Spheres of Influence occasioned by individual applications for changes organization or reorganization which would render the Spheres of Influence internally inconsistent or inconsistent with the other policies or standards herein will not be approved.	The requested action is a Sphere of Influence amendment. The City is not seeking a concurrent annexation to this request.
2.	Spheres of Influence are the primary planning tool for LAFCo. The LAFCo has developed standards related to the Master Service Element of any agency's Spheres of Influence. Agencies must have an updated Master Services Element which meets the following standards:	
a.	Is consistent with the Master Services Element of the Spheres of Influence of any overlapping jurisdiction	The proposed Sphere of Influence Amendment includes an accompanying Municipal Service Review.
b.	Demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the area included within the proposed boundary	While no residential uses are proposed with the Project, services will be provided to the Project as part of its development. This includes the construction of water and sewer lines, roads, and electrical transmission facilities.
c.	Identifies existing land use and a reasonable projection of land uses which would occur if services were provided consistent with the updated Element	The site has historically been used for agricultural purposes. Retention of some agricultural operations, as well as a nature preserve site, are included in the Project.

LAFCo Policy #	Policy Text	City Response
d.	Presents a map that clearly indicates the location of existing and proposed facilities, including plan for timing and location of facilities	Please see the attached exhibit of the proposed Sphere of Influence Amendment.
e.	Describes the nature of each service to be provided	Please see the application.
f.	Describes the service level capacity of the service provider's facilities	Please see the Municipal Service Review.
g.	Identifies the anticipated service level to be provided	Services will be limited to the Project area.
h.	Describes any actions, improvements, or construction necessary to reach required service levels, including costs and financing methods	The City anticipates construction of various roads, water, sewer, and storm drain facilities, and electrical and natural gas services. Phase 1 construction costs for the Multi-Sport Park Complex are estimated to be under \$40 million. Financing may be through municipal bonds or other mechanism.
i.	Provides copies of district enabling legislation pertinent to the provision of service levels, including costs and financing methods	Please see the Municipal Service Review.
j.	Identifies projected revenue and identifies savings occurring as a result of the action	The proposed Multi-Sport Park Complex is a City facility. Financing information will be provided with the annexation application.
k.	Provides existing and five year population projections within agency boundaries	Please see the Municipal Service Review.
3.	The LAFCo will require that any agency making a proposal for action through LAFCo must have an updated Master Service Element of its Spheres of Influence Plan. The LAFCo will approve a proposal only if the proposed service provider is the most efficient provider of services with an acceptable cost, as demonstrated in the provider's Master Service Element	A Municipal Service Review has been drafted for this application.
<b>B. Conformance with Applicable General and Specific Plans</b>		
1.	LAFCo will approve changes of organization or reorganization only if the proposal is consistent with the General Plan and applicable Specific Plans of the applicable planning jurisdiction	The proposed Project includes a General Plan amendment and rezoning to accommodate the Project.
2.	For purposes of the above policy, the applicable planning jurisdiction is as follows:	
a.	For annexations to a city, the applicable jurisdiction is the city to which annexation is proposed.	The City will undertake these actions.

LAFCo Policy #	Policy Text	City Response
	<p><b>b.</b> For applications for annexation to or detachment from a district all of whose territory lies within an adopted Sphere of Influence of a city, the General Plans of the city</p>	<p>The requested action is a Sphere of Influence amendment. The City is not seeking a concurrent annexation to this request.</p>
	<p><b>c.</b> For an application for annexation to a special district for lands outside an adopted city Sphere of Influence, the Sacramento County General Plan</p>	<p>The requested action is a Sphere of Influence amendment. The City is not seeking a concurrent annexation to this request.</p>
	<p><b>d.</b> For an application for annexation or detachment from a district whose territory lies in both the city and the unincorporated area of the county, the General Plan of the city unless the project lies outside of the city's Sphere of Influence; and</p>	<p>The requested action is a Sphere of Influence amendment. The City is not seeking a concurrent annexation to this request.</p>
	<p><b>e.</b> For applications for incorporations, this standard is inapplicable</p>	<p>This is not an application for incorporation.</p>
<p><b>3.</b></p>	<p>For purposes of this standard, the proposal shall be deemed consistent if the proposed use is consistent with the applicable General Plan designation and text, the applicable General Plan is legally adequate and internally consistent and the anticipated types of services to be provided are appropriate to the land use designated for the area</p>	<p>The proposed Project is consistent with the proposed General Plan land use designation. See accompanying General Plan consistency discussion.</p>
<p><b>4.</b></p>	<p>The governing body of the applicable planning jurisdiction shall recommend by resolution whether the proposal meets all applicable consistency requirements of state law, including internal consistency. LAFCo shall retain jurisdiction to determine consistency pursuant to its jurisdiction to approve, disapprove or condition changes of organization or reorganization and may require additional information if necessary.</p>	<p>The proposed Project is consistent with the proposed General Plan land use designation. See accompanying General Plan consistency discussion.</p>
<p><b>C. Boundaries</b></p>		
<p><b>1.</b></p>	<p>LAFCo will not accept as complete any application for a proposal unless it includes boundaries that are definite, certain, and fully described.</p>	<p>The proposed boundaries for the Sphere of Influence Amendment have been identified based upon LAFCo policies and direction from the Commission.</p>
<p><b>2.</b></p>	<p>The LAFCo will approve only applications with boundaries that do the following:</p>	
	<p><b>a.</b> Seek to correct where relevant illogical boundaries within the affected agency's Sphere of Influence</p>	<p>This situation is not applicable.</p>
	<p><b>b.</b> Provide for a mixture of revenue producing and non- or limited-revenue producing properties; and</p>	<p>The proposed boundary includes various properties that, under the Project, will be zoned for commercial, industrial, and civic uses.</p>

LAFCo Policy #	Policy Text	City Response
	<p>c. Follow where relevant natural or man-made features and include logical service areas</p>	<p>The proposed boundaries for the Sphere of Influence Amendment are the existing City limits and the County's Urban Services Boundary.</p>
<p>3.</p>	<p>The LAFCo will not approve applications with boundaries which:</p>	
	<p>a. Split neighborhoods or divide an existing identifiable community, commercial district, or other areas having a social or economic identity;</p>	<p>The proposed Project does not divide a neighborhood. The nearest unincorporated neighborhood/community is Wilton, which is east of the site across the Cosumnes River.</p>
	<p>b. Result in islands, corridors or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries;</p>	<p>The proposed Sphere of Influence Amendment boundary, as requested by LAFCo, does not result in any islands, corridors, or peninsulas of incorporated or unincorporated territory.</p>
	<p>c. Are drawn for the exclusive purpose of encompassing revenue-producing territories;</p>	<p>The proposed Sphere of Influence Amendment boundary is drawn specifically for the Project as requested by LAFCo.</p>
	<p>d. Create areas for which it is difficult to provide services; or</p>	<p>The proposed boundary will not be difficult to serve as urban services are available along the Project's frontage at Grant Line Road.</p>
	<p>e. Split parcels.</p>	<p>The proposed boundary does split parcels based upon the boundary of the County's Urban Services Boundary. An exception to this requirement is necessary.</p>
<p>4.</p>	<p>LAFCo will make exceptions to the requirements of this standard only if the exception:</p>	
	<p>a. Is rendered necessary due to unique circumstances;</p>	<p>The exemption to the split parcel policy is necessary based upon the configuration of the County's Urban Services Boundary. The City does not desire to include any area beyond the Urban Services Boundary.</p>
	<p>b. Results in improved quality or lower cost of service available to the affected parties; or</p>	<p>The proposed Project will improve recreational services for area residents. Land uses for adjoining lands within the Project area include commercial and industrial, which provide employment opportunities.</p>
	<p>c. There exists no feasible and logical alternative.</p>	<p>There are no feasible or logical alternatives to the requested boundary without exceeding the limits of the County's Urban Services Boundary.</p>
<p><b>D. Revenue Neutrality</b></p>		<p>This is an application for a Sphere of Influence Amendment; therefore, these policies are not applicable.</p>



LAFCo Policy #	Policy Text	City Response
<b>E. Agricultural Land Conversion</b>		
1.	LAFCo will approve a change of organization or reorganization which will result in the conversion of prime agricultural land in open space use to other uses only if the Commission finds that the proposal will lead to the planned, orderly and efficient development of an area.	The Project site includes land designated Farmland of Statewide Importance, Farmland of Local Importance, and Grazing Land. However, the proposed Sphere of Influence boundaries are logical and orderly as the expansion is adjacent to existing urban development and the area is within the County's Urban Services Boundary.
2	LAFCo will not make the affirmative findings that the proposed development of the subject lands is consistent with the Spheres of Influence in the absence of an approved Sphere of Influence Plan. LAFCo will not make the affirmative findings that insufficient vacant non- prime land exists within the Spheres of Influence Plan unless the applicable jurisdiction has:	The City's current Sphere of Influence is coterminous with the City limits.
	a. Identified within its Spheres of Influence all "prime agricultural land" as defined herein.	The City has reviewed the State's Important Farmland Map for 2012 and has determined that there are limited areas of the City designated as Farmland of Statewide Importance (mostly in the Sheldon area). The majority of the undeveloped City is designated as Farmland of Local Importance or Other Land.
	b. Enacted measures to preserve prime agricultural land identified within its Sphere of Influence for agricultural use.	The City has adopted policies retaining the rural character of the Sheldon Area and promotion of the area for farming operations.  Within the proposed Project, an area is identified for the retention of agricultural operations.
	c. Adopted as part of its General Plan specific measures to facilitate and encourage in-fill development as an alternative to the development of agricultural lands.	The City has adopted policies for the development of land with the current City limits. The Sphere of Influence amendment is proposed for the Multi-Sport Park Complex. The additional lands were added at the request of LAFCo and adjoining property owners.  As discussed in the application, the City was unable to identify a site for the Multi-Sport Park Complex within the City limits that met all of the search criteria.

LAFCo Policy #	Policy Text	City Response
3.	The LAFCo will comment upon, whenever feasible, Notices of Preparation for Environmental Impact Reports or projects which involve the development of large tracts of open space and agricultural land and that are not scheduled for urbanization within a five-year period. Potential adverse impacts related to the loss of open space or agricultural land also will be commented upon by LAFCo.	This policy is not applicable to the request as LAFCo is a lead agency to the Project.
<b>F. Application of the California Environmental Quality Act to Changes of Organization or Reorganization and Spheres of Influence</b>		The City is requesting that LAFCo enter into a Memorandum of Understanding (MOU) to prepare the CEQA document. Under the draft MOU, the City would prepare the document with review by LAFCo. LAFCo would serve as the Lead Agency for the Sphere of Influence Amendment and the City would serve as the Lead Agency for the General Plan Amendment, rezoning, Project entitlement, and annexation.
<b>G. Efficient Services and Orderly Development</b> The LAFCo has determined that community needs for efficient services and orderly development are generally met most effectively by proposals which:		
1.	Correct a threat to the public health and safety	There are no threats to public health and safety.
2.	Consolidate the activities of public agencies in order to obtain economies from the provision of consolidated services	The proposed Project is supported by Cosumnes Community Services District and does not duplicate services.
3.	Consolidate services and service providers if such consolidations enhance the efficiency and quality of service (see I.5.a below); and	The proposed Project is supported by Cosumnes Community Services District and does not duplicate services.
4.	Restructure agency boundaries and service areas to provide more logical, effective, and efficient local government services.	This is not an application for restructuring of boundaries or services.
<b>H. Need for Services</b> The LAFCo will determine that a need for service exists if either of the following situations is present:		
1.	The growth rate and density pattern indicate that the subject area will be developed for urban use within five years; or	The City plans to begin construction of the Project in 2016.
2.	The subject territory has been pre-zoned, is designated for urban uses in the appropriate land use authority's General Plan and development at the site is not inconsistent with the policies of the General Plan.	The Project site will be the subject of a General Plan Amendment and rezoning after approval of the Sphere of Influence Amendment.
<b>I. Standards for Annexation to and the Detachment from All Agencies</b>		This is an application for a Sphere of Influence Amendment; therefore, these policies are not applicable.

<b>LAFCo Policy #</b>	<b>Policy Text</b>	<b>City Response</b>
<b>J. Determination of Costs</b>		This is an application for a Sphere of Influence Amendment; therefore, these policies are not applicable.



# Attachment E: City Council Resolution



## RESOLUTION NO. 2015-078

### **A REVISED RESOLUTION OF APPLICATION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE REQUESTING THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION PROCESS A SPHERE OF INFLUENCE AMENDMENT TO INCLUDE THE SITE OF THE PROPOSED ELK GROVE MULTI-SPORT PARK COMPLEX AND DIRECTING CITY STAFF TO FILE A SPHERE OF INFLUENCE AMENDMENT APPLICATION WITH THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION (CEQA EXEMPTION)**

**WHEREAS**, on October 31, 2014, the City acquired a property at 10251 Grant Line Road, more particularly described as Assessor's Parcel Number 134-0190-009 (the Project Site); and

**WHEREAS**, subject to environmental review, analysis, and other approvals, the City is considering developing the Project Site as a multi-sport park complex (the Project); and

**WHEREAS**, the Project Site is located in an area identified in the City's General Plan as Urban Study Area, which is an area where urbanization to some extent was envisioned to occur; and

**WHEREAS**, the City of Elk Grove's established Sphere of Influence is coterminous with the City boundary; and

**WHEREAS**, development of the Project Site with the Project under the jurisdiction of the City is in the best interest of the residents of the City of Elk Grove; and

**WHEREAS**, the City of Elk Grove City Council desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for an amendment to the City of Elk Grove's established Sphere of Influence; and

**WHEREAS**, the Sacramento Local Agency Formation Commission (LAFCo) is the approving authority for changes to the City's Sphere of Influence; and

**WHEREAS**, on January 28, 2015, the City Council adopted Resolution No. 2015-020 requesting that LAFCo process a sphere of influence amendment for the Project; and

**WHEREAS**, on February 4, 2015, the City presented the Project to LAFCo and received direction to modify the boundaries of the proposed Sphere of Influence to include additional lands surrounding the Project site in order to be consistent with LAFCo policies regarding peninsula-shaped Spheres; and

**WHEREAS**, the City has received correspondence from surrounding property owners indicating that they request to be included within the proposed Sphere of Influence; and

**WHEREAS**, the adoption of this Resolution of Application does not constitute the approval of a Project under CEQA.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby repeals Resolution No. 2015-020; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove hereby adopts and approves this Resolution of Application for an Amendment to the City's existing Sphere of Influence; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove authorizes City staff to submit a Sphere of Influence Amendment application to LAFCo and hereby requests that LAFCo proceed with processing this Sphere of Influence Amendment for the area shown in "Exhibit A" in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove requests that as part of this application, LAFCo concurrently consider the following reorganizations and any other annexations and detachments as may be required:

- Detachment from CSA No. 1 (Street Lighting)
- Detachment from CSA No. 10 (Extended Transportation Services [AQ])
- Detachment from CSA No. 11 (Supplemental Police - Sheriff and Animal Control Services)
- Annexation into Sacramento Area Sewer District and Sacramento Regional County Sanitation District; and

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 8<sup>th</sup> day of April 2015.




\_\_\_\_\_  
GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:



\_\_\_\_\_  
JASON LINDGREN, CITY CLERK

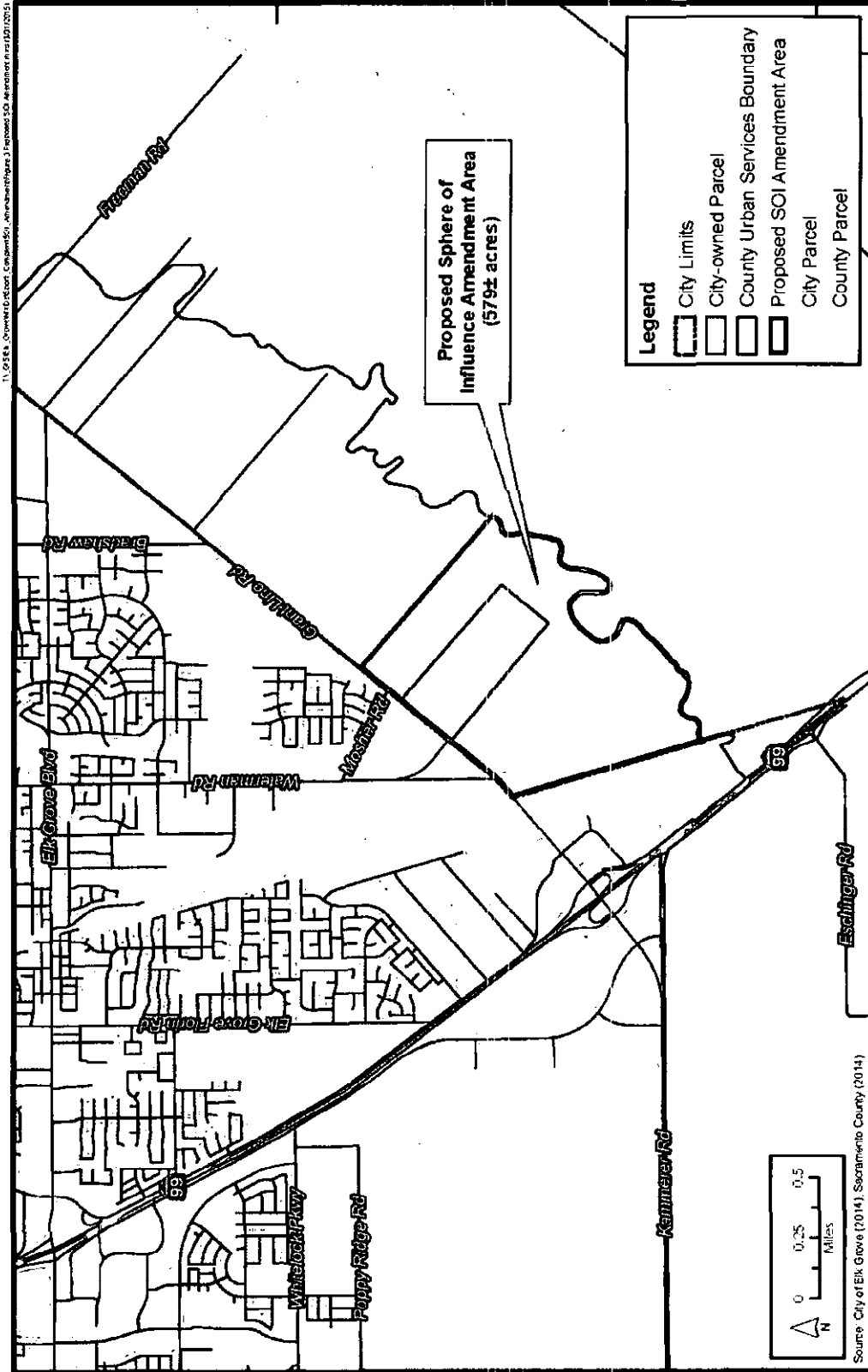
APPROVED AS TO FORM:



\_\_\_\_\_  
JONATHAN P. HOBBS,  
CITY ATTORNEY



Exhibit A



Proposed Sphere of Influence Amendment

**CERTIFICATION**  
**ELK GROVE CITY COUNCIL RESOLUTION NO. 2015-078**

STATE OF CALIFORNIA       )  
COUNTY OF SACRAMENTO    )  
CITY OF ELK GROVE         )

ss

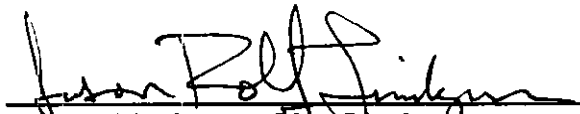
*I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on April 8, 2015 by the following vote:*

**AYES :**       **COUNCILMEMBERS:**       *Davis, Hume, Detrick, Ly, Suen*

**NOES:**       **COUNCILMEMBERS:**       *None*

**ABSTAIN :**   **COUNCILMEMBERS:**       *None*

**ABSENT:**    **COUNCILMEMBERS:**       *None*

  
\_\_\_\_\_  
*Jason Lindgren, City Clerk*  
*City of Elk Grove, California*

# Attachment F: Evidence of County Consultation

---





**County Executive**

Bradley J. Hudson

**Assistant County Executive**

Navdeep S. Gill

**Board of Supervisors**

Phil Serna, District 1  
Patrick Kennedy, District 2  
Susan Peters, District 3  
Roberta MacGlashan, District 4  
Don Nottoli, District 5

**County of Sacramento**

July 7, 2015

Laura Gill, City Manager  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758

RE: Elk Grove Multi-Sport Park Complex: Sphere of Influence Amendment

Dear Ms. Gill:

This letter is to serve as documentation of our meetings in April and May of 2015 regarding the above matter. As you will recall, during our regular City/County meetings, you provided the County with a briefing on the project and the City's forthcoming Sphere of Influence Amendment and (future) annexation applications, including the proposed boundaries for the 579± acre area.

The County understands that the core of this project is the Multi-Sport Park Complex. When completed, the complex will include 12 full-sized soccer fields, four training fields, an indoor sports complex, a 9,000 seat stadium, an area for the Sacramento County Fair, and an agricultural preserve. Additional lands around the City's property have been included at the request of the Local Agency Formation Commission and these land owners. All areas of the proposed Sphere of Influence are within the County's Urban Services Boundary.

Our meetings, in the opinion of the County, satisfies the requirements of Government Code section 56425(b), which requires a meeting between the County and City prior to filing the application for Sphere amendment with the Local Agency Formation Commission. As you will recall, the County did not express any concerns with the proposed boundaries. No agreement on development standards, revenue sharing and planning and zoning was reached. The County does not anticipate development in this area prior to annexation by the City.

We look forward to working with the City on this proposal..

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley J. Hudson", is written over the typed name.

Bradley J. Hudson  
County Executive



# Attachment G: Relevant City Council Staff Report(s)

---







**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE: Civic Center Project Update**

**MEETING DATE: March 10, 2010**

**PREPARED BY: Jessica Shalamunec, Planning Manager**

**DEPARTMENT HEAD: Don Hazen, Planning Director**

---

**RECOMMENDED ACTION:**

Staff recommends the City Council receive a presentation from ERA AECOM regarding the Civic Center Market and Financial Planning, Phase 1 – Market Report and Program Recommendations and provide direction on next steps for the Civic Center project.

**BACKGROUND INFORMATION:**

The City Council established the future location of the Elk Grove Civic Center in June 2004 as part of the approval of the Laguna Ridge Specific Plan. Located on the south side of Elk Grove Boulevard, between Big Horn Boulevard and Laguna Springs Drive, the Civic Center includes a 20.6 acre Civic Center site and an adjacent 56.1 acre Community Park, providing a total of 76.7 acres.

In March 2007, the City Council authorized the City Manager to negotiate a contract with Zaha Hadid Architects and subcontractors to undertake extensive public outreach and planning services for the Elk Grove Civic Center Master Plan. Following this authorization, an internal staff team began laying out the format and scope of work for the Zaha Hadid Architects work efforts. The scope of work was refined over the course of several months. Because state law required that a California licensed architect be the architect of record, the City Council approved a contract with Stantec Consulting Services, in association with Zaha Hadid Architects, for design study work of the Civic Center in June 2008.

In addition to the Stantec contract, the City Council also directed staff to conduct initial outreach, investigate the use of a public/private partnership as a financing option, and to prepare design studies for the future Civic Center project. These initial steps into the project process included substantial public outreach through public workshops, telephone and web-based surveys, and live polling. As a result of this process, the City identified community-desired amenities to be included at the future Civic Center.

In August 2009, the City embarked on further analysis of the proposed Civic Center amenities by releasing a Request for Proposals (RFP) to solicit a consultant to conduct economic feasibility research of the Civic Center project. The selected consultant, Economic Research Associates AECOM, began its work in October 2009 and concluded the first phase of work effort in March 2010. This report provides an overview of the first phase of results of the economic feasibility analysis. Further, it identifies the next few steps for the project to continue moving forward towards construction and eventual occupation of the City's Civic Center.

### **ANALYSIS:**

The Elk Grove Civic Center Market and Financial Planning: Phase I Market Report and Program Recommendations document is included as Attachment 1 of this staff report. In summary, based on market and demographic data specific to Elk Grove, the program recommendations for the Civic Center from the ERA AECOM team includes:

1. Main Library – A well designed facility of 80,000 to 100,000 square feet to likely include a tech center with public access computers, civic art gallery, class rooms, a small children's theater, and some areas for concessions (i.e. coffee shop and café);
2. Community Center – A well designed facility of approximately 25,000 to 35,000 square feet to accommodate 60 to 70 percent of the local events with immediate access to outdoor space that is well landscaped and can accommodate private, outdoor events; a main ballroom/event space totaling 5,500 to 7,000 square feet to accommodate up to 350 people for a dinner/banquet; a full catering kitchen, series of classrooms; large and elegant lobby;

3. Children's Discovery Center – A facility of approximately 22,000 to 24,000 square feet, dedicating approximately ½ of this space to exhibits; the facility should have ample outdoor space;
4. Attractive Outdoor Areas – Lawn areas for outdoor and tented events, controlled garden areas to serve as extensions to indoor events, lake, water features, pedestrian bridges, islands, and gazebos; an informal amphitheater could be included if properly spaced;
5. Commercial Development Complex - Reservation of easternmost 5 acres for future development of:
  - a. A full service hotel of approximately 200 rooms
  - b. A conference center of 14,000 to 16,000 square feet
  - c. A dinner restaurant of approximately 10,000 square feet
  - d. Sufficient adjacent land area for large tents to house occasional larger scale events and exhibits;
6. Other Commercial – A pizza parlor/sports bar of approximately 4,000 square feet, located to serve the sports complex and to provide catering for birthday parties at the children's discovery center; and 6,000 square feet of concession space integrated into the library and/or community center; and
7. Sports Facilities – A large 20 to 40 acre facility to host soccer, lacrosse, football, etc tournaments; a 3 to 5 acre aquatic center and indoor gymnasium with approximately 14,000 to 15,000 square feet of courts could be absorbed into the Civic Center site.

**CIVIC CENTER NEXT STEPS:**

Following City Council discussion of the Market Report and Program Recommendations, the following items should be considered and addressed by the City Council:

**Regarding the Civic Center Program Recommendations from the report:**

1. Does the City Council support moving forward with the program as identified?
2. If not, does the City Council request that any minor alterations be made to the program changes, revisions needed?
3. Or if not, does the City Council have substantive alternative direction regarding alterations to the Civic Center program?

Regarding the discussion of city facilities at the Civic Center:

1. Does the City Council wish there to be governmental facilities included within the program assumptions identified in the ERA AECOM report? If so, further detailed space-needs analysis will be identified in the near future. An initial affirmative or negative response is sufficient at this time.

The second phase of work for which ERA AECOM has been contracted includes initial cost estimates of project construction and further analysis of construction funding possibilities. In order to proceed to this phase of work, some preliminary site planning efforts need to be conducted as a basis for cost estimating and P3 coordination. A "P3" or Public-Private Partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity. The P3 agreement provides an alternate approach to funding and could accelerate construction of the Civic Center project by engaging private partners to assist with financing, planning, design, and construction of some of the uses/features under consideration. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to sharing resources, each party shares in the risks and rewards potential in the delivery of services and/or facilities.

Regarding the initial site planning of the Civic Center project:

1. Does the City Council wish to move forward with the existing contract with Stantec and Zaha Hadid Architects for a preliminary design study of the project? A slight modification to the scope of work will be required to insure the proper end-product is provided for use by ERA AECOM. A summary of the existing scope of work is included in Attachment 2.

In initially researching the possibility of utilizing a Public/Private Partnership or P3 for the Civic Center project, some concerns such as cost of construction and design controls of the project have been expressed as a potential factor in the viability of using the P3 arrangement for the project. Staff recognizes the need to establish the City's design expectations for the project, which could be provided through the Stantec contract. However, if the City Council sees the need to alter direction relative to the initial design studies, it would be more efficient in the long term to receive that alternative

direction now. For example, an RFP for an alternative design study consultant could be released.

**FISCAL IMPACT:**

Staff costs associated with the current work effort are included in the Fiscal Year budget through the CFD 2003-1. A component of the budget is representative of the costs associated with the design study phase, which has not yet begun. All current work tasks for the ERA AECOM efforts are within budget. At this time, no further budget resources are required to complete the current work plan.

**ATTACHMENTS:**

1. Elk Grove Civic Center Market and Financial Planning: Phase I – Market Report and Program Recommendations, ERA AECOM, March 2010
2. Stantec, ZHA Scope of Work



**Project Report  
Elk Grove Civic Center Market and Financial  
Planning: Phase I - Market Report and  
Program Recommendations**

**Prepared for  
The City of Elk Grove  
Elk Grove, CA**

**Submitted by  
ERA AECOM  
AECOM Technical Services  
March 3, 2010  
Project No. 18374**

## Table of Contents

---

<b>I. Introduction.....</b>	<b>1</b>
<b>II. Executive Summary .....</b>	<b>3</b>
High Priority Facilities for Near Term Implementation .....	3
A Commercial Development Complex .....	5
<b>III. Analysis of Regional Demographics.....</b>	<b>10</b>
Population Trends and Projections .....	10
Population Characteristics and Demographics.....	10
Employment Trends .....	17
Summary of Key Findings .....	21
<b>IV. Market Assessment for Cultural Facilities .....</b>	<b>22</b>
Children’s Discovery Center.....	22
Library.....	40
Performing Arts Center.....	55
Other Potential Cultural Uses.....	64
<b>V. Market Assessment for Public Assembly and Community Facilities .....</b>	<b>73</b>
Potential Users .....	73
Local Competitive Environment .....	77
Comparable Public Assembly Facilities .....	79
Shannon Community Center, Dublin .....	85
Comparable Hotel and Conference Center Facilities .....	88
Recommendations for Public Assembly Facilities .....	95
<b>VI. Market Assessment for Public Recreational Facilities .....</b>	<b>96</b>
Recreational Parks- Local .....	96
Fitness Centers .....	108
Aquatic Centers.....	109
Public Recreational Facilities Recommendations.....	110
<b>VII. Commercial Development Opportunities .....</b>	<b>112</b>
Retail and Restaurant Strategy.....	112
Hotel and Conference Center .....	124
Recommendations for the Civic Center .....	129
<b>VIII. Appendix .....</b>	<b>131</b>

## Index of Tables/Figures

Table II-1: Planning Parameters for Civic Center and Park Facilities .....	8
Table II-2: Preliminary General Fund Impact on Facilities Operation .....	9
Table III-1: Population Growth in Elk Grove and Surrounding Areas.....	11
Table III-2: Population Forecast for Elk Grove and Surrounding Areas (2010-2030) .....	12
Table III-3: Summary of Key Population Characteristics.....	13
Table III-4: Sacramento Region Employment.....	19
Table III-5: Sacramento County Employment.....	20
Table III-6: 2009 Employed Population 16+ by Industry .....	21
Table IV-8: Sacramento Region Museum Characteristics .....	23
Table IV-9: Attendance Characteristics for Comparable Museums .....	31
Table IV-10: Size Characteristics for Comparable Museums.....	32
Table IV-11: Penetration Rates for Comparable Museums.....	33
Table IV-12: Operating Characteristics for Comparable Museums .....	34
Table IV-13: Attendance Potential for Children's Discovery Center, 2015.....	36
Table IV-14: Attendance Potential for Children's Discovery Center, 2020.....	36
Table IV-15: Attendance Potential for Children's Discovery Center, 2030.....	37
Table IV-16: Calculation of Required Exhibit Area using Critical Mass Approach.....	37
Table IV-17: Projected Design Day Attendance and Required Exhibit Area.....	38
Table IV-18: Preliminary Financial Analysis for Children's Discovery Center .....	39
Table IV-19: Key Characteristics of Sacramento Public Libraries .....	42
Table IV-20: Five Year Total Customer Trend.....	43
Table IV-21: Customer Penetration Rate .....	44
Table IV-22: Sacramento Public Library Circulation .....	45
Table IV-23: Per Capita Circulation.....	46
Table IV-24: Program Attendance.....	47
Table IV-25: Comparable Library Gross Square Feet to Population Ratio .....	54
Table IV-26: Percent of Adults Participating in 12 month Periods .....	58
Table IV-27: Age Distribution of Adults Attending at Least Once in 12 Months, 2008.....	59
Table IV-28: Roseville Veteran's Memorial Hall Characteristics.....	66
Table IV-29: Auburn Veteran's Memorial Hall Characteristics .....	67
Table IV-30: Loomis Veteran's Memorial Hall Characteristics .....	67



Table IV-31: Lincoln Veteran’s Memorial Hall Characteristics.....	68
Table IV-32: Specialty Garden Attraction Characteristics .....	70
Table V-1: Description of Local Event Facilities.....	75
Table V-2: Popular Event Venues in outside of Elk Grove.....	76
Table V-3: Percentage Utilization at the Cosumnes Community Service District Facilities .....	78
Table V-4: Capacities, Rental Rates and Cleaning Fee at Diamond Bar Center .....	81
Table V-5: Capacities and Rental Rates at the Torrance Cultural Center .....	84
Table V-6: Capacities and Rental Rates at the Shannon Community Center.....	86
Table V-7: Sizes and Capacities at Marriott Austin North Conference Center.....	90
Table V-8: Sizes and Capacities at Hyatt Vineyard Creek Conference Center.....	93
Table V-9: Summary of Key Operating Statistics from Case Studies .....	94
Table VI-1: Selected Local Comparable Recreational Parks .....	97
Table VI-2: Selected Details of Local Recreational Parks.....	98
Table VI-3: Summary of Selected Regional Sports Complexes .....	103
Table VI-4: Development Costs of Selected Comparable Sports Facilities .....	105
Table VI-5: User Patterns of Selected Comparable Sports Facilities .....	106
Table VI-6: Operations of Selected Comparable Sports Facilities.....	107
Table VII-1: County of Sacramento Taxable Retail Store Sales (thousands of dollars) .....	113
Table VII-2: Per Capita Retail Store Sales in Sacramento County.....	114
Table VII-3: City of Elk Grove Taxable Retail Sales (thousands of dollars) .....	115
Table VII-4: Per Capita Retail Store Sales in Elk Grove .....	116
Table VII-5: Trends in Sacramento County Retail Space.....	117
Table VII-6: Trends in Elk Grove Retail Space .....	118
Table VII-7: Elk Grove Resident Generated Retail Demand & Civic Center Potential (2010-2020)..	119
Table VII-8: Elk Grove Resident Generated Retail Demand & Civic Center Potential (2020-2030)..	120
Table VII-9: Elk Grove Civic Center Total Retail Demand in Square Feet by 2030.....	123
Table VII-10: Hotels in Elk Grove.....	125
Table VII-11: City of Sacramento Hotel Room Demand Estimated from Transient Occupancy.....	126
Table VII-12: Elk Grove Hotel Room Demand Estimated from Transient Occupancy Tax Collection .....	127
Table VII-13: Sacramento Region Hotel Market Forecast Summary by PKF.....	128

Figure I-1: Map of Civic Center and Community Park Parcels ..... 2

Figure I-2: Area Map and Civic Center Site..... 2

Figure III-1: 2009 Income Statistics for Elk Grove, Sacramento County, and California..... 14

Figure III-2: 2009 Age Distribution of Population in Elk Grove, Sacramento County, and California ..... 15

Figure III-3: 2009 Educational Attainment in Elk Grove, Sacramento County, and California ..... 16

Figure III-4: Race and Hispanic Origin in Elk Grove in 2009 ..... 17

Figure IV-7: Elk Grove Library Program Distribution..... 47

Figure IV-8: County Libraries Median Program Distribution..... 47

Figure IV-9: Franklin Library Program Distribution ..... 47

Figure IV-8: Percent Participation Rates for Pacific Region 2002, 2008 ..... 59

Figure IV-9: Location and Size of Regional Performing Arts Facilities ..... 61

Figure V-1: Master Plan for the Shannon Community Center, Dublin ..... 87

Figure VI-1: Local Comparable Recreational Parks..... 99

Figure VI-2: Location of Local Comparable Fitness Centers ..... 109

Figure VI-3: Location of Local Comparable Aquatic Centers..... 110

## General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates, an AECOM company (ERA) and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of January, 2009 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

## I. Introduction

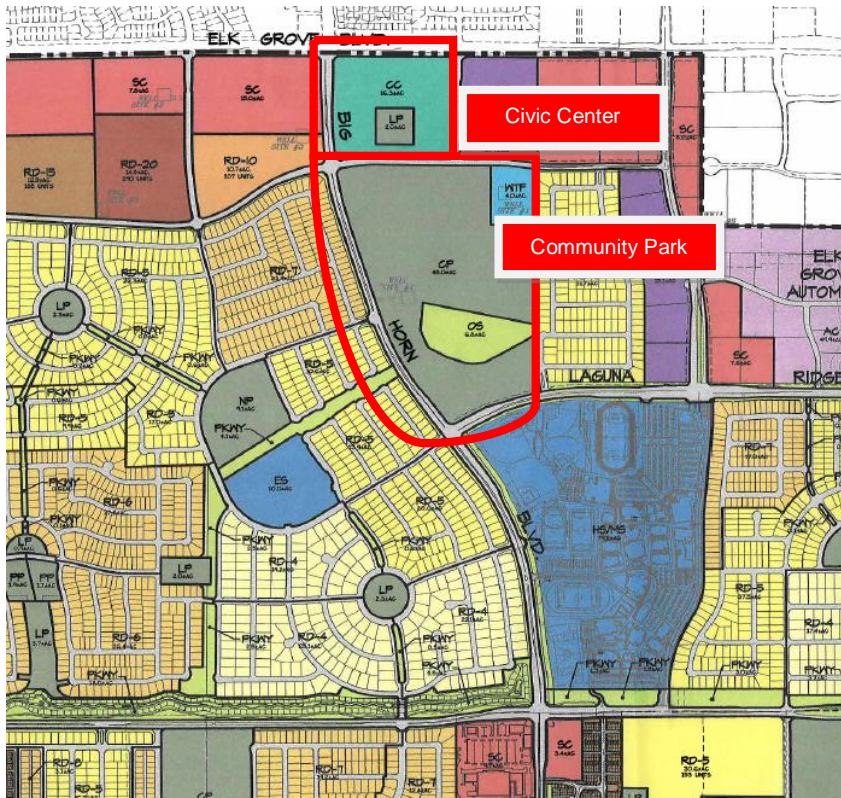
As part of the approval for the Laguna Ridge Specific Plan in June 2004, the Elk Grove City Council established a new Civic Center for the community. This Civic Center is to be constructed on a 21 acre parcel on the south side of Elk Grove Boulevard, between Big Horn Boulevard and Laguna Springs Drive (see **Figure I-1 and Figure I-2**). It would be adjacent to a 56 acre Community Park, providing a total 77-acre Civic Center and Community Park complex. Given this outstanding opportunity, the City Council has indicated the following goals for this Civic Center:

- **Reflect Community Interests** - The components of the Civic Center will be determined in part by the citizens of Elk Grove through an active and engaged public outreach process. The outreach process included public workshops and intercept, telephone and web-based community preference surveys.
- **Create a New Image for the 21<sup>st</sup> Century** - The planning and development of the Civic Center with the adjacent park provide an unparalleled opportunity to create a new city-defining image for Elk Grove.
- **Generate Economic Activity and Tax Revenue** - It is the City's desire to develop facilities, activities, and amenities that promote the Elk Grove Civic Center as a regional cultural, tourist and entertainment destination.
- **Use Municipal Fiscal Resources Efficiently** - Private capital, accessed through public/private partnerships, will be part of implementation strategy to accelerate the funding of the Civic Center construction. Earned income will be an important consideration in sustaining Civic Center operations.

Successful development of the new Elk Grove Civic Center will depend upon the integration of the aspirations of the community with market economics, memorable design and financial planning. Based upon a competitive proposal and interview process, the City of Elk Grove selected ERA AECOM, formerly Economics Research Associates (ERA), to analyze the market economics and financing strategy for this new Civic Center. In this Phase I report, ERA AECOM evaluates the facilities desired by the community and recommends a development program that will achieve the objectives mentioned above.

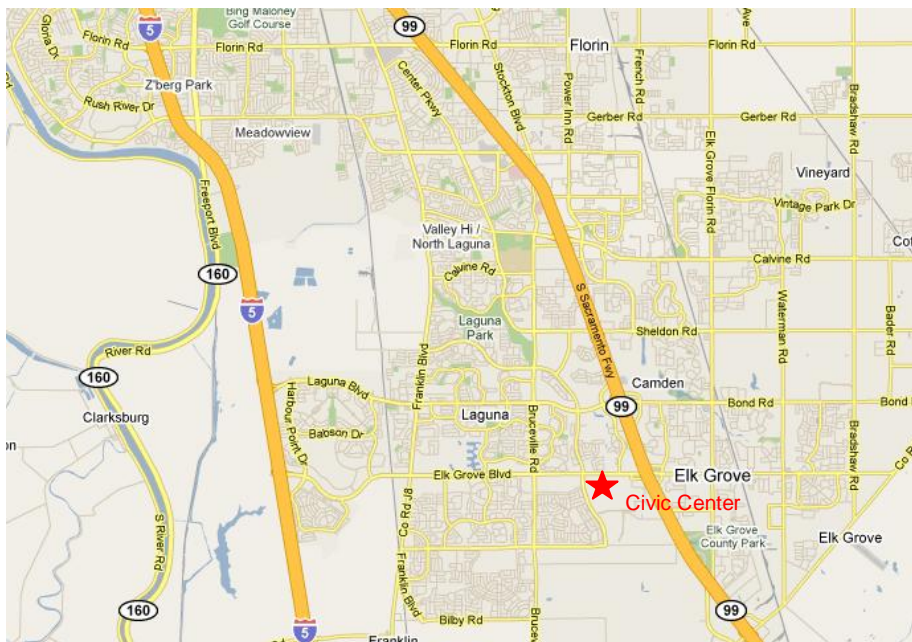
This work was led by the San Francisco office of ERA AECOM, now part of AECOM Technical Services. William "Bill" Lee served as Principal-in-Charge, and Linda Cheu served as Project Manager. Jeff Cohen led the sports facilities analysis, and Sarah Linford and Shayna Ferullo assisted with research, analysis and report preparation.

Figure I-1: Map of Civic Center and Community Park Parcels



Source: City of Elk Grove

Figure I-2: Area Map and Civic Center Site



Source: Google Maps

## II. Executive Summary

The City of Elk Grove has a once in a generation opportunity to create a new Civic Center. This opportunity has been shaped by vision from the City's leadership, rapid growth of the city's population, and the strategic acquisition of 77 acres which will be centrally located to the city's population of 200,000 in 15 to 20 years. When this new Civic Center approaches completion, Elk Grove will clearly be the second largest and most important city in the Sacramento region and one of the larger new cities in California.

In preparing this market analysis, ERA AECOM started with community preferences as indicated in the results of surveys and the City's objectives as gained from discussions with key City staff. In addition to looking at population growth and demographic characteristics such as income, age profile, education and ethnic composition, the consultant team examined comparable facilities in similar cities, interviewed stakeholders and inspected competing facilities in the Sacramento region. We also built upon knowledge gained from a long-standing practice in the economics of cultural, public assembly, commercial and recreation facilities. Our conclusion and recommendations are as follows and are summarized in **Table II-1**.

### High Priority Facilities for Near Term Implementation

The following facilities and improvements will establish the Civic Center location and set the tone in terms of quality of design and construction for future public and private development.

#### Main Library for Elk Grove

The libraries in Sacramento County are operated by the Sacramento Library System. From the perspective of this System, this new library will be a branch library. However, from the City's perspective, this will be a main library and the centerpiece of the new Civic Center. The recommended characteristics include:

- A well designed facility of 80,000 to 100,000 square feet, which will likely cost in the range of \$30 to \$50 million. With iconic design, the cost could be higher.
- This library could include a tech center with public access computers, civic art gallery, some class rooms, a small children's theater and some areas for concessions (e.g. coffee shop and café).
- It would be operated by the Sacramento Library System.

#### A Community Center

The ERA AECOM team is recommending two public assembly facilities for this new Civic Center complex. The first is a community center designed to accommodate 60 to 70 percent local events.

The second is a hotel and conference center complex designed to bring meeting of outsiders into Elk Grove for economic development and revenue generation. The community center is recommended to have the following characteristics:

- A facility with a gross square footage of between 25,000 and 35,000.
- An immediately accessible outdoor space that is well-landscaped and accommodating for private, outdoor events.
- A main ballroom/event space totaling between 5,500 and 7,000 square feet that is able to accommodate up to 350 people for a dinner/banquet. This main room should have floor-to-ceiling windows that offer scenic views, access to the outdoors, and an overall elegant setting for formal events such as weddings.
- A full-catering kitchen that is easily accessible to the main room.
- A series of classrooms that serve as break-out rooms for business events and teaching spaces for educational purposes.
- A large and elegant lobby

In designing the community center, it will be important to separate the main ballroom from some of the other community facilities, such as the classrooms or potential art studios. Separate entrances for the main ballroom and the other rooms are recommended. This will allow the facility to host a large private function, such as a wedding or an annual business dinner, without interference from other, smaller events. This will maximize building efficiency and earned income potential from event rentals, as large events will not preclude smaller, community events occurring simultaneously. This facility is likely to cost \$14 to \$23 million for construction and will require an operating subsidy in the range of \$300,000 to \$500,000 per year.

### **A Children's Discovery Center**

The Sacramento regional market has few museums geared towards interactive experiences for children. The only other children's museum will open in Rancho Cordova this summer. Elk Grove has a strong family demographic that is likely to support a high quality and education oriented children's museum. We recommend a facility of 22,000 to 24,000 gross square feet with about half for exhibitions. This museum will be a fee facility that is able to earn revenue from children's birthday parties, and it should have ample outdoor space. The ongoing operating budget for a museum of this scale is estimated between \$1.9 million and \$2.6 million. The required operating gap after earned income is likely to be between \$620,000 and \$840,000.

### **Attractive Outdoor Areas**

The quality and design of the outdoor spaces of this Civic Center are extremely important. We envision lawn areas for outdoor events or for tented events, controlled garden areas that can serve as extensions of indoor events, lake, water features, pedestrian bridges, islands, and gazebos providing a picturesque background for wedding and other events. Portions of the park area can be designed to serve as an informal amphitheater; however, the community center and the amphitheater need to be sufficiently separated as to be able accommodate a wedding and a concert simultaneously. The outdoor spaces will be one of the defining features of this new Civic Center.

### **A Commercial Development Complex**

The civic facilities recommended above will require not only capital funds for construction but will also require ongoing operating support. However, they will also create the setting for private development and real estate values capable of offsetting much of the operating support required. The ERA AECOM team strongly recommends that the eastern most five acres of this Civic Center site be reserved for the development of a commercial complex that complements the civic facilities in terms of both function and finances. The key components of this commercial complex include:

#### **A Hotel and Conference Center**

ERA AECOM strongly recommends that the City reserve the eastern most five acres of the Civic Center site for the future development of a hotel, conference center and restaurant complex. Development interest for this complex should start to solidify by the 2012 to 2014 time frame. Our specific program recommendations include:

- A full service hotel of approximately 200 rooms.
- A conference center of 12,000 to 16,000 square feet.
- A dinner restaurant of approximately 10,000 square feet.
- Sufficient adjacent land area for large tents to house occasional larger scale events and exhibits or future hotel or conference center expansion.

This complex should be designed to be highly visible to the corner of Elk Grove Boulevard and Big Horn Boulevard but also to have views of the planned park, lake, gardens or other amenities. In addition to generating sales tax and land lease revenue, the transient occupancy tax (TOT) from this hotel is like to be \$900,000 to \$1.0 million per year. A full service hotel in Elk Grove will be distinct from any existing hotels in Elk Grove which all limited service. The conference center would be able to house business, medical, educational and community events. The restaurant, in addition to being its own destination, should have sufficient capability to cater events in the conference center and the balance of the Civic Center complex.



With one or more potential hotel development sites in the Lent Ranch Special Planning Area and likely elsewhere, the City may need to be fairly aggressive in attracting a full service hotel of the desired quality to the Civic Center complex. The attraction strategy should include some combination of the following:

- A well planned and well designed Civic Center complex that is substantially underway.
- A highly visible hotel site with views onto amenities.
- Below market land lease for the first five or ten years.
- City construction of the conference center, which would be conveyed to the hotel for integrated hotel/conference center operations in exchange for guaranteed dates for key community events. (A municipally operated conference center is likely to require annual General Fund subsidy in the range of \$500,000 per year.)

A hotel, conference center and restaurant complex would be highly compatible with a Civic Center and would enhance its overall appeal to locals and visitors. In addition, it would generate transient occupancy tax, some sales tax and relieve the City of the operating cost of a conference center.

### **Other Commercial**

Our recommended retail program is about 20,000 square feet of space consisting of a 10,000 square foot destination restaurant with added catering capacity to be able to cater events at the Civic Center such as weddings and community banquets. Ideally this restaurant would be affiliated with a nearby conference hotel. The additional square footage would consist of a pizza parlor/sports bar of 4,000 square feet, located to serve the sports complex and to provide catering for birthday parties at the children's discovery museum, and 6,000 square feet of concession space integrated with the library, performing arts center and/or community center – coffee shop, snack bar, card shop and the like.

The land lease revenue from this five acre commercial parcel plus the transient occupancy tax and a modest amount of sales tax generated by the commercial components is likely to be in the \$1.5 million per year range. This annual revenue flow will go considerable distance to offset the annual operating support required for the community center, the children's discovery museum and the maintenance of the grounds and landscaping of the Civic Center (**Table II-2**).

### **Sports Facilities**

With the 46-acre Bartholomew Sports Park under construction by the CSD, Elk Grove has sufficient outdoor park and recreation inventory for the near and intermediate term future to satisfy the local demand. As the population of Elk Grove is expected to increase by about 50 percent over the next 20 years, other parks will need to be added to the CSD inventory to meet local demand.

However, with all of the parks located throughout the area, there is not a facility to host high-end sports tournaments. A large 20 to 40 acre facility to host soccer, lacrosse, football, etc. tournaments at one complex would not generate a profit but could have a positive economic impact to Elk Grove in terms of support for lower price-point hotels and restaurants.

Within the near term time frame, an aquatic center and an indoor gymnasium could be justified for the Civic Center or park area based on conversations with the CSD and an analysis of the current utilization. The aquatic center would require three to five acres, and the indoor gymnasium should be planned for approximately 25,000 square feet with 14,000 to 15,000 square feet of courts. Finally, through the analysis of fitness centers, ERA AECOM does not recommend adding additional fitness center facilities to the market given the current supply.

**Table II-1: Planning Parameters for Civic Center and Park Facilities**

	Size Range (GSF)	Typical Building Cost per SF	Content or Exhibit Cost per Program SF	Development Cost (\$mil)	Operating Budget (\$mil)	Typical Percent Earned Income
<b>High Priority and Near Term Implementation for Civic Center</b>						
Main Library for Elk Grove	80,000-100,000	\$350 to \$500	\$1,000	\$30 to \$50	\$2 to \$3	Minor
Community Center	25,000 to 35,000	\$550 to \$650	NA	\$14 to \$23	\$0.8 to \$1.1	50% to 60%
Children's Discovery Center	22,000 to 24,000	\$250 to \$350	\$200 to \$300	\$8 to \$12	\$2.0 to \$2.6	60% to 70%
Landscape Gardens, Water Features, etc. This portion requires completion of the Civic Center Master Plan						
<b>High Priority and Medium Term Implementation for Civic Center</b>						
Conference Center	12,000 to 16,000	\$500 to \$1,000	NA	\$8 to \$12	Integrated w Hotel	Operates at Loss but Generates
Hotel	200 rooms	\$200,000 per room	\$30,000/room for FF&E	\$45 to \$50	Private Operation	100%
Restaurant	9,000 to 10,000	\$250 to \$350	Tenant Improvements	\$3 to \$4	Private Operation	100%
Other Food Service & Retail	10,000 to 11,000	NA	Integrated into Civic Bldgds	NA	Private Operations	100%
<b>Reserve Land for Future Development</b>						
Performing Arts Center	35,000 to 50,000	\$800 to \$1,000	NA	\$30 to \$50	\$6 to \$8	50%
<b>Sports Facilities Suggested for Park Area</b>						
Tournament Complex	40 acres	NA	NA	\$10 to \$25	\$2 to \$3	10% to 15%
Gymnasium	25,000	\$200 to \$350	\$1,000	\$6 to \$10	\$1 to \$1.5	10% to 15%
Aquatic Center	3 acres	\$300 to \$400	\$1,000	\$4 to \$6	\$ .8 to \$2	10% to 15%

Source: ERA/AECOM

Table II-2: Preliminary General Fund Impact on Facilities Operation

	Size Range (GSF)	Likely City Gen Fund Annual Support <sup>1</sup>	Potential Revenue For General Fund	Comments
<b>High Priority and Near Term Implementation for Civic Center</b>				
Main Library for Elk Grove	80,000-100,000	NA	NA	Will be operated by the Sacramento County Library System
Community Center	25,000 to 35,000	\$300,000 to \$500,000	None	Should be well designed for weddings and banquets
Children's Discovery Center	22,000 to 24,000	\$600,000 to \$800,000	None	Should be very popular in Elk Grove
Landscape Gardens, Water Features, etc. This portion requires completion of the Civic Center Master Plan				
<b>High Priority and Medium Term Implementation for Civic Center</b>				
Conference Center	12,000 to 16,000	None	Part of Hotel	Should be operated by hotel
Hotel	200 rooms	Lease of Property	\$1.5 m	City to collect TOT in the \$1mil range plus land lease
Restaurant	9,000 to 10,000	Lease of Property	\$150,000	City to collect sales tax plus land lease
Other Food Service & Retail	10,000 to 11,000	Lease of Space	\$35,000	Cost of producing concession space offset by lease revenue
<b>Reserve Land for Future Development</b>				
Performing Arts Center	35,000 to 50,000	\$3 to \$4 m	None	Market demand not strong in the near term
<b>Sports Facilities Suggested for Park Area</b>				
Tournament Complex	40 acres	NA	None	
Gymnasium	25,000	\$500,000 to \$900,000	None	Could include rooms for aerobic exercise, dance, yoga, etc.
Aquatic Center	3 acres	\$500,000 to \$1.5 m	None	

Source: ERA AECOM

<sup>1</sup> Does not include debt financing payments; any debt financing for facility capital costs will further impact the General Fund

### III. Analysis of Regional Demographics

Population and demographic trends and characteristics are important factors in analyzing the market potential and demand for facilities at the proposed Elk Grove Civic Center. In the following section, ERA analyzes historic and projected demographic and economic data for Elk Grove, surrounding communities, and Sacramento County to understand the context for the proposed development.

#### Population Trends and Projections

Whereas Sacramento County has seen its population grow at a moderate rate, the population of Elk Grove has grown significantly, more than doubling between 2000 and 2008 and growing at an average annual rate of 11.1 percent (**Table III-1**). At present, Elk Grove accounts for approximately 10 percent of the population in Sacramento County. Relative to the average annual growth rate of the remainder of the county between 2000 and 2008, 1.6 percent, the rate of growth of the population of Elk Grove during this time period was significant.

Population growth is expected to remain strong between 2010 and 2020 and grow at an average annual rate of 2.3 percent to reach approximately 185,000 people. However, the rate of growth will level off to an estimated 1.3 percent between 2020 and 2030, when total population will reach approximately 210,000, according to estimates from the California State Department of Finance, the City of Elk Grove, and ERA (**Table III-2**). During this period, population growth rates in Elk Grove will be higher than the balance of Sacramento County.

#### Population Characteristics and Demographics

The demographics and characteristics of a community's population have implications for the demand of public facilities and the utilization of new development products. ERA reviewed a number of demographic characteristics including household size, race, age, income, and education level, and this data is summarized in **Table III-3**.

Table III-1: Population Growth in Elk Grove and Surrounding Areas

Sacramento County	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	Rate of Growth 00-'08
Sacramento	369,365	383,700	409,244	421,185	433,268	440,716	447,097	449,926	451,483	458,113	463,794	1.6%
<b>Elk Grove<sup>1</sup></b>	-	-	<b>59,984</b>	<b>75,641</b>	<b>81,384</b>	<b>86,487</b>	<b>110,067</b>	<b>121,611</b>	<b>131,064</b>	<b>136,055</b>	<b>139,119</b>	<b>11.1%</b>
Other County	671,854	734,900	821,003	844,763	866,844	885,922	899,580	907,990	916,254	922,119	930,360	1.6%
<b>Total Sacramento County</b>	<b>1,041,219</b>	<b>1,118,600</b>	<b>1,230,247</b>	<b>1,265,948</b>	<b>1,300,112</b>	<b>1,326,638</b>	<b>1,346,677</b>	<b>1,357,916</b>	<b>1,367,737</b>	<b>1,380,232</b>	<b>1,394,154</b>	<b>1.6%</b>
Elk Grove Share of County	-	-	4.9%	6.0%	6.3%	6.5%	8.2%	9.0%	9.6%	9.9%	10.0%	

<sup>1</sup>Incorporated in 2000. Population estimates are end-year estimates

Source: Bureau of Census, City of Elk Grove, and California Dept. of Finance and ERA

Table III-2: Population Forecast for Elk Grove and Surrounding Areas (2010-2030)

	2005	2009	2010	2015	2020	2025	2030	Growth Rate		
								2005-10	2010-20	2020-30
Sacramento County	1,357,916	1,432,760	1,451,816	1,547,691	1,636,015	1,729,380	1,828,073	1.3%	1.2%	1.1%
Sacramento	449,926	468,849	473,960	500,489	529,052	559,244	591,159	1.0%	1.1%	1.1%
<b>Elk Grove</b>	<b>121,611</b>	<b>143,002</b>	<b>146,935</b>	<b>168,280</b>	<b>184,433</b>	<b>202,136</b>	<b>210,874</b>	<b>3.9%</b>	<b>2.3%</b>	<b>1.3%</b>
Other	760,359	820,909	830,921	878,921	922,531	968,001	1,026,041	1.8%	1.1%	1.1%
Elk Grove's Share	9.2%	10.0%	10.1%	10.9%	11.3%	11.7%	11.5%			

Source: ESRI, SACOG, City of Elk Grove, California State Department of Finance and ERA|AECOM

**Table III-3: Summary of Key Population Characteristics**

	Sacramento		
	Elk Grove	County	California
<u>2009 Household Size</u>	3.03	2.68	2.93
<u>2009 Age Distribution</u>			
0- 14	25.8%	21.6%	21.5%
15-34	24.4%	28.8%	29.4%
35-54	33.6%	28.1%	27.9%
55-74	13.4%	16.1%	15.9%
75+	2.7%	5.4%	5.3%
<u>2009 Household Income</u>			
Less than \$50,000	19.2%	43.5%	40.6%
\$50,000-\$99,999	42.3%	37.7%	33.9%
\$100,000-\$149,999	23.7%	12.0%	14.0%
Over \$150,000	14.8%	6.9%	11.5%
Median Household Income	\$84,365	\$57,000	\$61,614
Average Household Income	\$101,012	\$70,516	\$83,047
Per Capita Income	\$33,240	\$26,170	\$28,199
<u>2009 Race and Ethnicity</u>			
White	54.9%	57.9%	54.5%
Black or African American	8.6%	9.8%	6.2%
Native American	0.7%	1.0%	0.9%
Asian and Pacific Islander	18.7%	13.9%	12.5%
Other Race	7.7%	9.3%	19.8%
Two or More Races	9.4%	8.0%	6.1%
Hispanic Origin <sup>1</sup>	17.8%	20.0%	38.3%
<u>Educational Attainment of Population 25+</u>			
Less Than 9th Grade	3.6%	7.0%	10.5%
9th to 12th Grade, No Diploma	5.4%	8.3%	9.7%
High School Graduate	19.6%	23.2%	22.2%
Some College, No Degree	25.6%	25.0%	21.0%
Associate Degree	9.8%	8.8%	7.5%
Bachelor's Degree	25.4%	19.0%	18.7%
Graduate/Professional Degree	10.5%	8.7%	10.4%

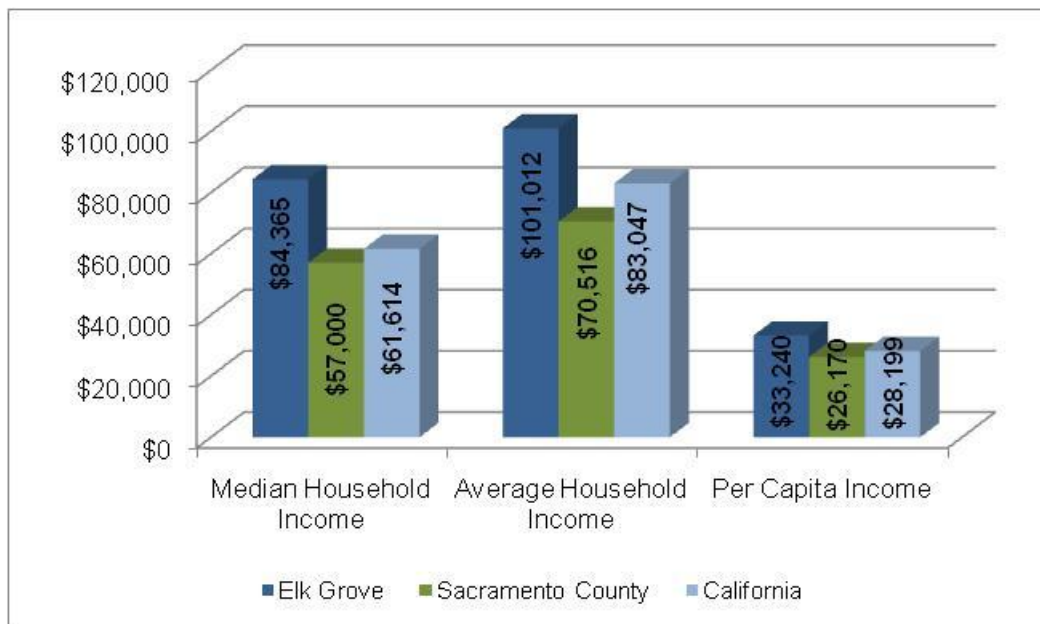
Source: ESRI



### Household Income

Relative to Sacramento County and the State of California, Elk Grove residents earn high incomes. Approximately 60 percent of households earn more than \$75,000 per year, compared to 34 percent in Sacramento County and 40 percent in the State of California respectively, and about 15 percent of all households earn more than \$150,000 per year, compared to 7 percent in Sacramento County and 12 percent in California respectively. Furthermore, the average household income in Elk Grove is over \$100,000, which is significantly higher than average household incomes in Sacramento County and in California.

**Figure III-1: 2009 Income Statistics for Elk Grove, Sacramento County, and California**

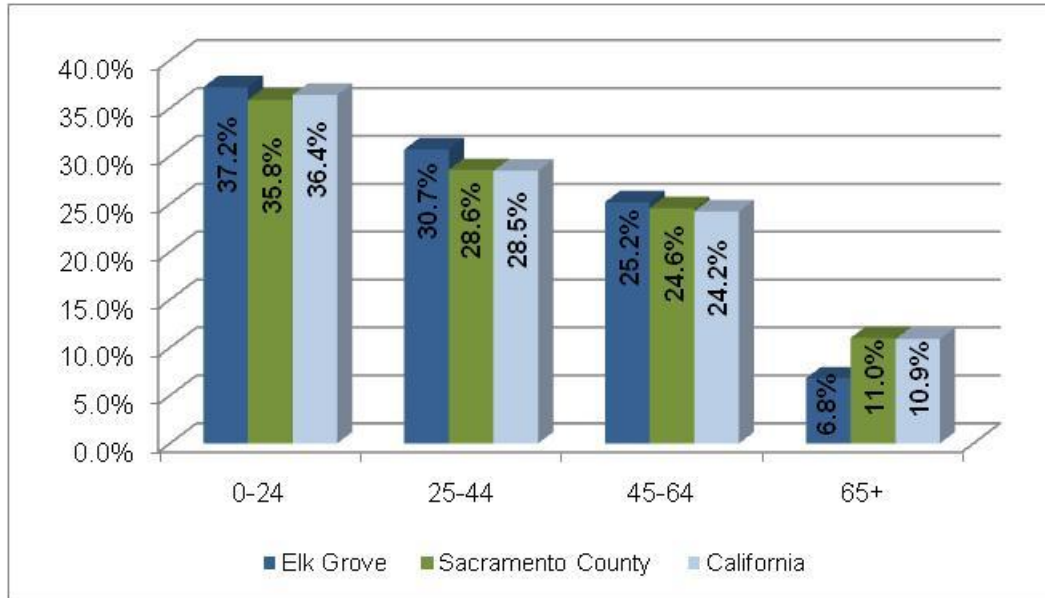


Source: ESRI

### Age

Elk Grove’s population is younger, relative to Sacramento County and California, with 37 percent of its population under the age of 24, and 31 percent of its population between the ages of 25 and 44 (**Figure III-2**). Moreover, less than 7 percent of the population is over the age of 65, compared to 11 percent in both Sacramento County and California. With approximately 53 percent of the population between the ages of 25 and 65, there is a large share of residents that are of working-age, which can be beneficial for the economic growth of the local community. This data indicates that the current and future labor force is robust, which has positive implications for economic development in Elk Grove.

**Figure III-2: 2009 Age Distribution of Population in Elk Grove, Sacramento County, and California**

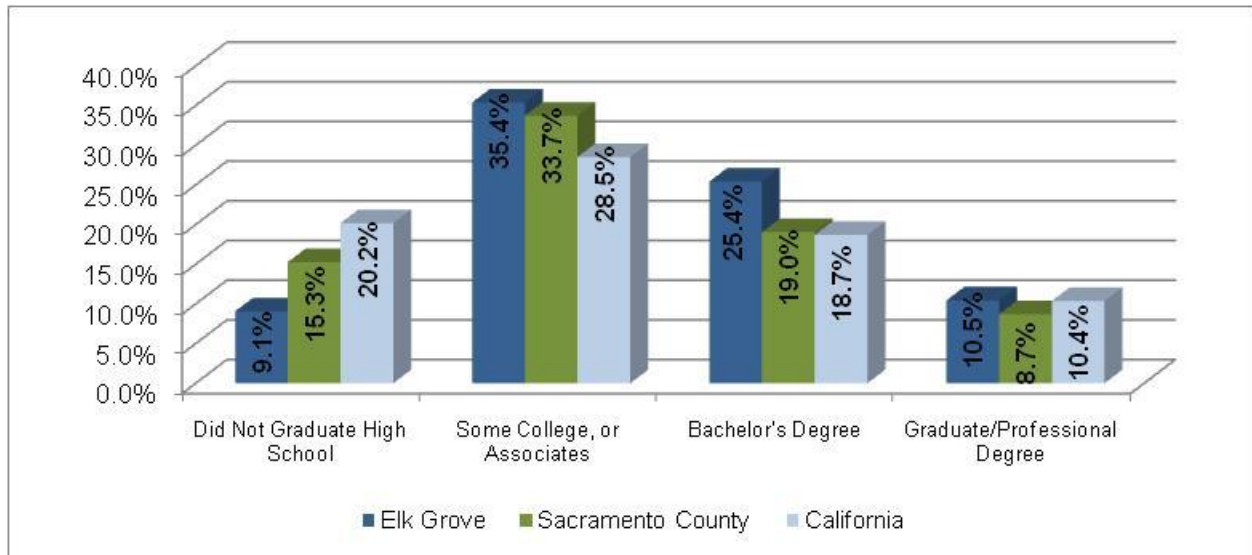


Source: ESRI

**Educational Attainment**

The Elk Grove population is very well educated relative to Sacramento County as a whole and California. Seventy-one percent of the population has completed some college, an Associate’s degree, a Bachelor’s degree, or a graduate degree (**Figure III-3**). This percentage is lower for the county (62 percent) and still lower for the state (58 percent).

**Figure III-3: 2009 Educational Attainment in Elk Grove, Sacramento County, and California**



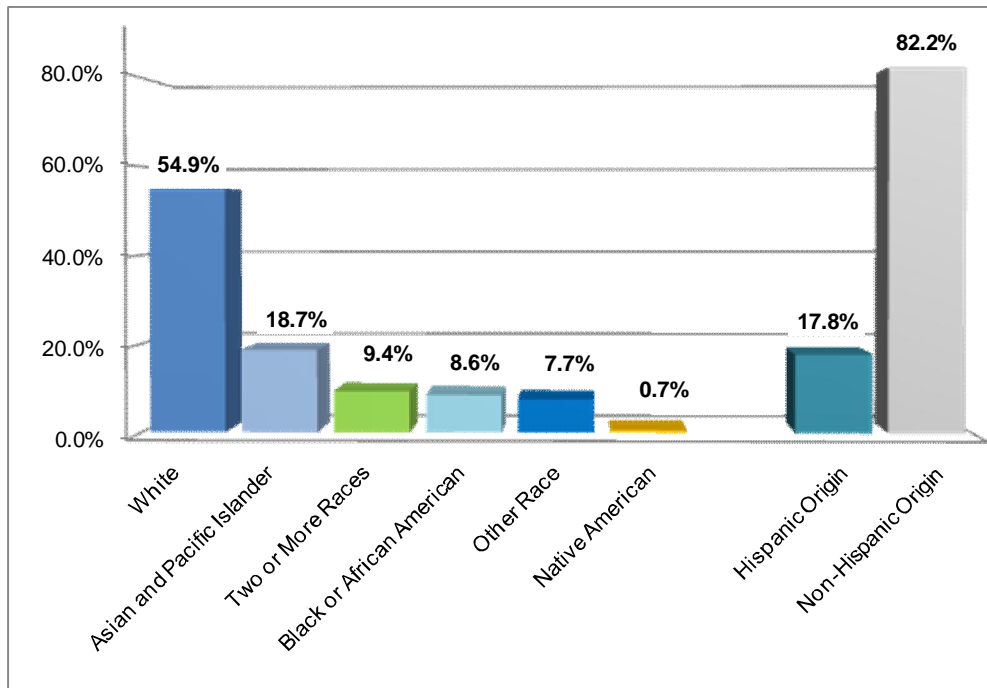
Source: ESRI

### Race and Ethnicity

The ethnic composition of Elk Grove residents is relatively similar to that of Sacramento County and the State of California.<sup>1</sup> Over 50 percent of respondents in each of the three regions identify themselves as White, and between 13 and 19 percent of respondents identify themselves as Asian or Pacific Islanders. Elk Grove has the highest percentage of Asian and Pacific Islanders (19 percent) and a relatively high percentage of African Americans (9 percent), relative to the other two regions. It is noteworthy that over 9 percent of respondents identify themselves as one or more race and that the Hispanic population is comparatively low, at 18 percent, relative to 20 percent in Sacramento County and 38 percent in the state of California.

<sup>1</sup> Race and ethnicity are considered separate and distinct identities, with Hispanic origin asked as a separate question.

**Figure III-4: Race and Hispanic Origin in Elk Grove in 2009**



Source: ESRI

### Employment Trends

ERA reviewed key employment trends in Elk Grove and Sacramento County in order to provide a context for developing a multi-use Civic Center that will be supported by the community. Key historic trends are as follows:

- Sacramento Regional employment increased significantly between 1990 and 2000, with non-farm jobs increasing from 627,300 in 1990 to 890,100 in 2000. The highest growth industry was professional and business services in both the Sacramento Region and Sacramento County. (**Table III-4** and **Table III-5**).
- From 2000 to 2008, there was a decrease in the number of manufacturing jobs and a slight decrease in the number of logging jobs, but every other sector exhibited growth in the Sacramento Region. A similar trend occurred in Sacramento County, though employment in financial services declined slightly. Notable employment growth occurred in private services, educational and health services, leisure and hospitality, and government.
- Between 2000 and 2005, there was a surge in the number of construction jobs throughout Sacramento region, due to a large number of residential and commercial projects, but these jobs have declined sharply since 2005. A similar trend occurred in Sacramento County.

- Employment in Elk Grove is mainly service-based with a relatively large percent of its workforce in public administration compared to Sacramento County and California. Both Elk Grove and Sacramento County have a much lower share of manufacturing jobs relative to the State of California (**Table III-6**).

Major Employers in Elk Grove include Sutter Health, Elk Grove Unified School District, Kaiser Permanente, Apple Computers (back-of-house operations), AAA, Methodist Hospital, and Cosumnes River College. Per conversations with the three aforementioned hospitals, all three will be undertaking major expansion projects in the next five to ten years. If these plans are realized, we estimate that medical-related employment will dramatically increase.

Table III-4: Sacramento Region Employment

TITLE	CAGR									
	1990	1995	2000	2005	2006	2007	2008	1990-00	2000-05	2005-08
Civilian Unemployment Rate	4.8%	6.7%	4.3%	4.9%	4.7%	5.3%	7.1%			
Total, All Industries	627,300	671,400	806,000	888,300	906,600	911,000	890,100	2.5%	2.0%	0.1%
Total Private	434,200	471,700	586,400	656,900	670,600	668,000	643,900	3.1%	2.3%	-0.7%
Goods Producing	81,900	73,000	101,300	117,200	114,200	108,400	95,800	2.1%	3.0%	-6.5%
Mining and Logging	700	700	900	700	700	700	700	2.5%	-4.9%	0.0%
Construction	41,900	31,000	53,100	73,400	70,700	66,900	56,100	2.4%	6.7%	-8.6%
Manufacturing	39,300	41,400	47,400	43,100	42,800	40,900	39,000	1.9%	-1.9%	-3.3%
Service Providing	536,700	589,800	695,900	763,700	784,900	794,600	786,100	2.6%	1.9%	1.0%
Private Service Producing	352,400	398,700	485,200	539,700	556,500	559,600	548,100	3.2%	2.2%	0.5%
Trade, Transportation & Utilities	113,500	116,000	138,700	148,900	153,600	153,100	146,900	2.0%	1.4%	-0.4%
Information	15,000	17,800	18,600	19,900	20,000	20,100	19,100	2.2%	1.4%	-1.4%
Financial Activities	40,500	40,700	52,300	63,500	64,600	61,800	57,500	2.6%	4.0%	-3.3%
Professional & Business Services	54,900	77,000	108,000	108,600	112,500	112,100	109,900	7.0%	0.1%	0.4%
Educational & Health Services	53,400	63,300	70,600	88,200	92,100	96,800	99,800	2.8%	4.6%	4.2%
Leisure & Hospitality	53,400	62,500	70,300	82,100	85,300	86,600	85,800	2.8%	3.2%	1.5%
Other Services	21,700	21,600	26,800	28,500	28,300	29,000	29,200	2.1%	1.2%	0.8%
Government	184,300	191,100	210,700	224,000	228,400	235,000	237,900	1.3%	1.2%	2.0%

Note: Includes El Dorado, Placer, Sacramento, and Yolo Counties

Source: California Employment Development Department

**Table III-5: Sacramento County Employment**

TITLE	CAGR									
	1990	1995	2000	2005	2006	2007	2008	1990-00	2000-05	2005-08
Civilian Unemployment Rate	4.6%	6.8%	4.3%	5.0%	4.8%	5.4%	599,200	1.7%	0.9%	-0.1%
Total, All Industries	471,400	482,000	558,100	600,600	614,700	615,300	599,200	1.7%	0.9%	-0.1%
Total Farm	3,900	2,900	3,200	2,700	2,700	2,900	2,900	-2.0%	-4.1%	2.4%
Total Nonfarm	465,100	479,000	554,900	598,000	612,000	612,400	596,400	1.8%	0.9%	-0.1%
Mining and Logging	300	200	300	300	200	200	100	0.0%	-7.8%	-30.7%
Construction	29,200	21,300	32,400	45,700	43,700	41,800	34,300	1.0%	6.1%	-9.1%
Manufacturing	26,300	29,000	31,500	30,900	25,000	23,900	23,000	1.8%	-1.2%	-9.4%
Trade, Transportation & Utilities	83,000	77,800	90,100	95,400	97,400	95,600	90,400	0.8%	0.9%	-1.8%
Information	12,900	14,100	14,500	15,500	15,300	15,500	14,900	1.2%	2.4%	-1.3%
Financial Activities	32,500	32,000	40,500	45,300	45,900	43,400	39,900	2.2%	1.5%	-4.1%
Professional & Business Services	45,200	56,200	76,200	73,400	82,800	81,500	80,300	5.4%	-1.8%	3.0%
Educational & Health Services	41,100	46,400	51,600	62,800	66,000	68,400	70,000	2.3%	3.1%	3.7%
Leisure & Hospitality	34,700	40,700	44,100	49,500	52,300	53,300	52,300	2.4%	1.8%	1.9%
Other Services	16,500	16,200	19,100	20,800	20,400	20,400	19,500	1.5%	2.0%	-2.1%
Government	143,400	145,100	154,700	158,400	163,100	168,400	171,700	0.8%	0.1%	2.7%

Source: California Employment Development Department

**Table III-6: 2009 Employed Population 16+ by Industry**

	<b>Elk Grove</b>	<b>Sacramento County</b>	<b>California</b>
Total	68,160	598,474	15,293,457
Agriculture/Mining	0.7%	0.6%	1.8%
Construction	6.1%	6.9%	6.5%
Manufacturing	4.3%	4.9%	9.1%
Wholesale Trade	3.2%	3.1%	3.7%
Retail Trade	10.0%	11.1%	11.0%
Transportation/Utilities	4.7%	4.3%	4.5%
Information	2.6%	2.8%	2.9%
Finance/Insurance/Real Estate	9.6%	9.1%	7.5%
Services	43.9%	45.2%	48.6%
Public Administration	14.9%	11.9%	4.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ESRI

### Summary of Key Findings

The following points illustrate the key findings from research on demographic trends:

- The population of Elk Grove has grown significantly since 2000, doubling by 2008. While the growth rate is expected to slow, total population is expected to exceed 200,000 by 2030.
- Compared to populations in Sacramento County and California, residents in Elk Grove are younger, more educated, and have higher household income. Elk Grove's residents are highly diverse, with a relatively large percentage of Asian and Pacific Islanders relative to Sacramento County and California.
- The region has seen a large decrease in employment in farm, manufacturing, construction, and an increase in employment within the education, healthcare, and leisure and hospitality sectors.
- Employment in Elk Grove is mainly in services with a high percentage of workers in public administration relative to Sacramento County and Elk Grove.



## IV. Market Assessment for Cultural Facilities

ERA has conducted a market assessment of the following cultural uses:

- Children's Museum
- Library
- Performing Arts Center
- Arts Center
- Veteran's Memorial
- Botanical Garden/ Garden Attraction

In this section we outline the particular methodologies used for the variety of cultural uses considered and present our analysis of potential demand, key findings and recommendations. We pursued a more detailed analysis for uses that showed likely market demand from our initial interviews and research.

### Children's Discovery Center

To assess the potential demand for a children's museum, ERA surveyed family entertainment centers in the Elk Grove market, reviewed regional museum statistics, and researched eleven comparable children's museums nationwide. We then estimated likely attendance for 2015, 2020, and 2030 and prepared physical planning parameters to guide future sizing and phasing. We have also outlined preliminary financial analysis for the initial capital investment and ongoing operations. These steps were conducted for planning purposes only and are not intended as a comprehensive feasibility study.

### Survey of Family Entertainment Centers

ERA visited three family entertainment centers in the Elk Grove area:

- Laguna's Awesome Party Palace- opened in 2005, includes a playroom with safe play equipment for young children and birthday party facilities. Weekends are solidly booked for parties two months in advance.
- Strikes Family Entertainment Center- bowling facilities with arcade, rock wall, and lazer tag. Activities geared towards older children.
- Funcoland Inc- no longer in operation.

Based on our survey, ERA believes the Elk Grove market is underserved by children's facilities, especially those with an education focus.

**Regional Museum Market**

The Sacramento market has a modest selection of museums, many of which are operated by State Parks. Attendance to regional museums is generally below 100,000, with only four exceptions (see **Table IV-7**). The average exhibit square feet is nearly 22,000, translating to 5.2 persons per exhibit square foot on average. The average resident penetration rate for local museums is 2.3 percent; however, those with attendance greater than 100,000 achieve ranges over 3 percent. The average tourist market penetration is 1.9 percent.

**Table IV-7: Sacramento Region Museum Characteristics**

Museum	Size			Visitors to Exhibit SF	Penetration Rates	
	2007 Attendance	Gross SF	Exhibit SF		Local	Tourist
California State Capitol Museum	470,000	n/a	n/a	n/a	6.6%	9.4%
California State Railroad History Museum	301,212	100,000	72,000	4.2	4.2%	6.0%
Crocker Art Museum	169,330	50,000	42,000	4.0	3.1%	2.7%
Sutter's Fort State Historic Park	140,000	30,000	20,000	7.0	3.9%	0.9%
Aerospace Museum of California	90,000	37,500	20,200	4.5	2.0%	1.0%
Discovery Museum Science & Space Center	77,561	10,400	5,400	14.4	1.9%	0.8%
California State Military Museum	63,000	12,000	8,000	7.9	1.1%	1.0%
California Museum for History, Women and the Arts	42,018	32,500	25,000	1.7	1.1%	0.3%
Discovery Museum Gold Rush History Center	41,607	25,000	16,000	2.6	1.0%	0.4%
Discovery Museum Science & Space Center	38,000	5,000	5,000	7.6	1.1%	0.3%
Governor's Mansion State Historic Park	30,000	15,000	10,000	3.0	0.8%	0.2%
Leland Stanford Mansion State Historic Park	12,000	19,000	15,000	0.8	0.3%	0.1%
<b>Average</b>	<b>123,000</b>	<b>31,000</b>	<b>22,000</b>	<b>5.2</b>	<b>2.3%</b>	<b>1.9%</b>
<b>Median</b>	<b>70,000</b>	<b>25,000</b>	<b>16,000</b>	<b>4.2</b>	<b>1.5%</b>	<b>0.9%</b>

Source: American Association of Museums, Individual Facilities, ERA AECOM

Currently there are a number of cultural attractions and expansions planned for the Sacramento market. With major improvements, new additions, and planned reinvestment, an Elk Grove Children's Museum would be opening in a more competitive market. Upcoming projects are outlined below.

**Sacramento Children's Museum**

An Elk Grove Children's Museum will compete most directly with the planned Sacramento Children's Museum which is



to open summer 2010. It will be located off Highway 50 at Zinfandel Drive in Rancho Cordova.

Planned exhibits for the museum include:

- Waterways—children can experiment with the flow of water, build their own boat, create whirlpools, etc
- Raceways—traveling exhibit which demonstrates basic principles of objects in motion
- World Market—Sort fruits and vegetables, stock shelves, checkout at the cash register
- My Neighborhood—role playing and storytelling as the basis for building cultural awareness and celebrating families and traditions
- Baby Bloomers—separated from the rest of the exhibits and is specially designed for babies and toddlers to enjoy safe exploration
- Studio of the Arts—children have the opportunity to work with a variety of materials including recycled materials, clay, fabric, feathers, paint, rocks, glitter, and more
- Traveling Exhibit—rotating exhibitions

The museum will also host birthday parties for \$250 for non-members which include day access to the museum for up to 20 guests and one hour use of the party room. There is no planned café for the museum, only quick vending options.

The Sacramento Children’s Museum, a private non-profit, has been in development since 2004. It is designed to meet the needs of children 0-8 years. There are currently 12 members of the board of directors in addition to another 10 advisory members.

**California Unity Center**

The California Unity Center will be a highly interactive learning center that engages youth and visitors with programs and exhibits that embrace inclusion, honoring California's



diversity, and motivating people to play an active role in building unity in their communities. The planned facility includes 32,000 square feet, including 11,800 square feet dedicated to exhibitions. The Center’s opening date is undetermined.



**Crocker Art Museum Expansion**

The Crocker Art Museum is currently finishing an expansion that will open in October 2010. The Crocker has outgrown its current Victorian mansion and will now have an additional 125,000 square feet for events, exhibitions, and programs.

**Powerhouse Science Center**

Sacramento’s science museum, the Discovery Science Center is currently planning to move to the historic PG&E building on Jibboom Street in Sacramento. This more central location will include about 30,000 square feet of exhibition space, a planetarium, and a simulated archaeology dig site. The capital campaign is in its earliest phase and no date has set for opening the new facility.

**Profiles of Comparable Children’s Museums**

ERA reviewed the following list of children’s museums nationwide, focusing on those in California, capital regions, or in cities of similar size. Data was collected from individual institutions and from the most recent Association of Children’s Museums Directory. Short profiles on each of the institutions are included below, followed by summary tables of operational characteristics.

- A.C. Gilbert’s Discovery Village, Salem, OR
- Austin Children’s Museum, Austin, TX
- Bay Area Discovery Museum, Sausalito, CA
- Children’s Discovery Museum of San Jose, San Jose, CA
- Children’s Museum of Stockton, Stockton, CA
- Duluth Children’s Museum, Duluth, MN
- Habitot Children’s Museum, Berkeley, CA
- Imagine Children’s Museum, Everett, WA
- Kidspace Children’s Museum, Pasadena, CA
- Madison Children’s Museum, Madison, WI
- The Magic House- St. Louis Children’s Museum, St. Louis, MO

**A.C. Gilbert’s Discovery Village, Salem, OR**

A.C. Gilbert’s Discovery Village is a private non-profit, community built children’s museum offering exhibitions, summer camps, birthday parties, and outreach programs since 1989. The museum is comprised of three historic houses, totaling 12,000 square feet with 3,000 square feet dedicated to exhibitions and an additional 20,000 square feet of outdoor exhibits known as A.C.’s Backyard.



Indoor exhibits include a village grocery, Recollections (a projection system that allows visitors to create images of themselves), The River Room, The Bubble Room, Body Basics, Toy Inventor’s

Workshop, the Toddler Room, Dinostories, and Imagination station (about the life of A.C. Gilbert). In the outdoor exhibition space visitors can climb the world’s largest erector set tower, play marimbas in the musical ensemble deck, explore the inside of an animal cell, or become the captain of a paddle wheeler.

**Austin Children's Museum, Austin, TX**

The Austin Children’s Museum has operated out of the Dell Discovery Center in downtown Austin since 1997, with grass roots efforts to provide educational programs since 1983. The museum operates approximately 10,000 exhibit square feet in a 20,000 square foot facility.



The museum offers a range of programming in addition to educational exhibitions and play areas. Programs include Storytime, Community Night, Engineering Saturday, and Science Sunday. Permanent exhibits include In My Family, Funstruction Zone, Gobar City and Tinkerer’s Workshop. The museum also rents the facility for children’s birthday parties (ranging from \$175 to \$400 per event), sleepovers, as well as special events.

**Bay Area Discovery Museum, Sausalito, CA**

The Bay Area Discovery Museum is an indoor/outdoor children’s museum at the foot of the Golden Gate Bridge and the only children’s museum located in a national park. It services children ages 6 months to 8 years with a variety of permanent and rotating exhibitions, programs, performances, activities, and festivals. The museum includes 10,000 exhibit square feet located in the 51,000 square foot facility. The additional outdoor area is 2.5 acres.



The current special exhibition is Animal Secrets about the hidden habits and secret lives of forest animals. The Discovery Theater (180 seats) offers a range of family programs including puppets, dance, storytelling, circus acts, etc. Permanent exhibits, both indoor and outdoor, include the lookout cove featuring the built icons of the Bay Area, Art Studies, Tot Spot, Bay Hall (interactive simulation of Bay Area ports), and

Wave Workshop. The museum hosts birthday parties (\$200-\$950) as well as operates a café and store.

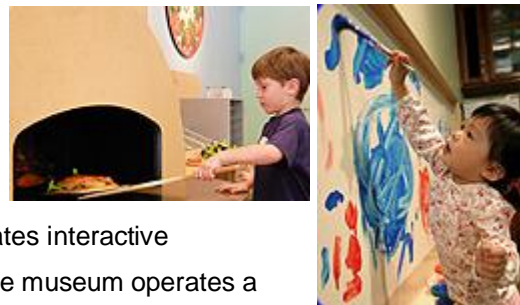
**Children's Discovery Museum of San Jose, San Jose, CA**

The Children's Discovery Museum of San Jose opened in 1990 in the current 52,000 square foot purple building designed by Mexico City-based architect Ricardo Legoretta. There are approximately 27,000 square feet dedicated to exhibitions. The museum is surrounded by the Guadalupe River Park.

Exhibit galleries offer multi-sensory, layered experiences for children of varying developmental stages, interests and backgrounds. Exhibits include the Art Gallery, Art Loft, Bubbalogna,



Cornhusk Dolls, Current Connections, the Kids' Garden, Rainbow Pizza and Market, Secrets of Circles, Streets, Waterways, and the Wonder Cabinet. The museum also programs an indoor theater as well as an amphitheater. In addition to



internal exhibitions, the development team also creates interactive exhibitions that can travel to other organizations. The museum operates a gift store, includes a café, rents the facility for special functions, and hosts birthday parties (\$200-\$450).

**Children's Museum of Stockton, Stockton, CA**

The Children's Museum of Stockton is located near the downtown waterfront with 24,000 gross square feet of building space. The museum features hands-on, play based exhibits in a



dozen different child-sized environments (merchants, bankers, doctors, grocery shoppers). Each station has a tool or task for children to perform.

The museum hosts birthday parties (\$205 to \$235) and accommodates field trips for elementary schools in the area. The museum will accommodate up to 150 students at one time.

**Duluth Children's Museum, Duluth, MN**

The Duluth Children's Museum, which has been located in a shared space in Duluth's Depot with 7,500 square feet, has recently purchased the former Duluth Brewing & Malting building next to the Duluth Heritage Sports Center along Interstate 35.

The new museum, a total 28,000 square feet, would add 30 feet to an existing second floor balcony to create a science learning center and other usable exhibition space. Designs for the new building include six major exhibit halls, a gift shop, teaching kitchen and a small theater. A green roof will become a teaching tool. Along with the \$725,000 acquisition, the museum plans to raise \$6 million to build the museum's new interior, half of which they hope to match with State bonds. Thus far, the museum has raised some funds, but financed the new building with a bank loan (75 percent) and a mortgage from the developer (25 percent).



**Habitot Children's Museum, Berkeley, CA**



Habitot opened in 1992 after six years of public outreach and fundraising. It is located in downtown Berkley, in a rented basement space with 7,000 gross square feet of which 3,000 square feet is dedicated to exhibitions that the museum has outgrown. The Habitot board of directors is currently in a capital campaign to raise \$5 to \$7 million for a standalone facility in the next 3 to 5 years. Habitot is focused on early childhood learning and exploration, parenting education, and community outreach for underserved populations.

Habitot features around six small-scaled theme exhibits designed especially for infants, toddlers, and young children: Firehouse, Waterworks, Drop-in Art Studio, Little Town Grocery & Café, Infant-Toddler Garden, and Wiggle Wall. The museum hosts a range of family events and activities including Confetti Art Days, Let it Snow, and Parents' Night Out. Classes at the facility are for young children 2 to 4 years and caregivers/parents. Seasonal Camps are for children 2 to 5 years. Fees to rent the party room or the entire facility for a larger children's party range from \$160 to \$475.

**Imagine Children's Museum, Everett, WA**

The Imagine Children's Museum in downtown Everett features 23,000 exhibit square feet in the facility's total 45,000 square feet. Child-size exhibits are interactive settings with a variety of themes: Downtown, Café, Ferry, Bank, Bus, Theater, Train, Mountain, Tree house, Clinic, Farm, Construction Site, Art Studio, Plan, and Firehouse. Activities at the museum range from classes for children, workshops on parenting for caregivers, Day camps, and home schooling support.

The museum rents classrooms at the facility for meetings and hosts birthday parties (\$145-\$295). The museum operates a store featuring a unique selection of educational books and toys.



**Kidspace Children's Museum, Pasadena, CA**

Kidspace Children's Museum is southern California's largest and most comprehensive facility, having been in operation since 1980. It is located in the historic Fannie Morrison Horticultural Center buildings at Brookside Park in the Arroyo Seco. This facility, which opened in 2004, features innovative exhibitory and 105,000 square feet of outdoor learning area. Gross square footage of the museum is approximately 15,000.



Indoor exhibitions at the museum are geared towards children ages 1 through 9. Visitors enter Kidspace through the Kaleidoscope and can choose from the Early Childhood Learning Center for children 4 and under and their parents, the Digging Deeper Gallery about bugs, fossils, mountains, and earthquakes in the natural world, and The Climbing Towers. Outdoor experiences include the



Gardens, Trike Tracks, an outdoor learning center for children under 4 years, Outdoor Climbers, Waterplay, and the Stone Hollow Amphitheater. Programs at the facility are organized in four categories: School and Community, Early Childhood Learning, Outdoor/Environmental Education, as well as Visual and Performing Arts. Events at the facility include daily activities and programs as well as outside birthday rentals (\$400-\$750 depending on location and weekday). The museum features a café, Nestle Café by Wolfgang Puck Catering and operates the Busy Bee Learning Store.

**Madison Children's Museum, Madison, WI**

The Madison Children’s Museum, which was first built in 1991, will open a new facility in August 2010, which will triple the museum’s ability to serve children and their families with a \$10 million capital campaign aimed at renovating the acquired \$5 million building, creating an accessible roof garden, and new exhibits. The former facility on State Street is currently closed, while the new location on the Capitol Square is finished.

While closed the museum has focused on community outreach, organizing off-site programs including: Mobile Exhibits and Programs, Dig into Dinosaurs, World of Homes, Let’s Grow.



**The Magic House- St. Louis Children's Museum, St. Louis, MO**

The Magic House has been open since 1979, and completed the most recent expansion in 2008, doubling the size of the museum with the Star-Spangled Center, Kids’ Construction Zone, Jack and the Beanstalk Climber, the Poet Tree, Can You Solve the Mystery, the Once Upon a Time Gallery and an expansive Education Center that houses three new classrooms and a large welcome area to accommodate large groups of students. The museum also includes a Backyard Magic, an outdoor garden with an open air pavilion, Children’s Sculpture Garden and Exhibit Patio added in 2001. Before expanding last year, the museum included 25,000 gross square feet and 20,000 square feet of exhibition space. Now, gross square footage of the facility totals 50,000.

Exhibits at the facility include A Little Bit of Magic, Children’s Village, For Baby & Me, Electrostatic Generator, Math Path, Expericenter, First Impressions, Lewis and Clark Adventure, Fitness Center, Observation Station, Air Power, and WaterWorks.



**Table IV-8: Attendance Characteristics for Comparable Museums**

Museum	Location	Attendance <sup>1</sup>	School Group % School				
			Attendance	Groups	Adult	Child	Senior
The Magic House- St. Louis Children's Museum	St. Louis, MO	383,612	106,780	28%	\$8.50	\$8.50	\$8.50
Children's Discovery Museum of San Jose	San Jose, CA	312,057	44,420	14%	\$8.00	\$8.00	\$7.00
Bay Area Discovery Museum	Sausalito, CA	279,052	10,505	4%	\$10.00	\$8.00	\$8.00
Kidspace Children's Museum	Pasadena, CA	212,714	52,031	24%	\$8.00	\$8.00	\$8.00
Austin Children's Museum	Austin, TX	185,717	17,456	9%	\$6.50	\$6.50	\$6.50
Imagine Children's Museum	Everett, WA	176,062	18,769	11%	\$7.00	\$7.00	\$7.00
Madison Children's Museum	Madison, WI	81,055	5,408	7%	n/a <sup>2</sup>	n/a	n/a
A.C. Gilbert's Discovery Village	Salem, OR	80,577	12,727	16%	\$6.00	\$6.00	\$4.50
Habitot Children's Museum	Berkeley, CA	79,239	1,663	2%	\$8.50	\$8.50	\$7.65
Children's Museum of Stockton	Stockton, CA	60,000	25,000	42%	\$4.50	\$4.50	\$4.50
Duluth Children's Museum	Duluth, MN	39,486	4,500	11%	\$12.00	\$6.00	\$12.00
<b>Average</b>		<b>171,779</b>	<b>27,205</b>	<b>15%</b>	<b>\$7.90</b>	<b>\$7.10</b>	<b>\$7.37</b>
<b>Median</b>		<b>176,062</b>	<b>17,456</b>	<b>11%</b>	<b>\$8.00</b>	<b>\$7.50</b>	<b>\$7.33</b>

Source: Association of Children's Museums Directory, ERA AECOM

1/ On-site attendance (including school groups) only

2/Closed for relocation as of January 2010, new prices unpublished

**Table IV-9: Size Characteristics for Comparable Museums**

Museum	Location	Attendance <sup>1</sup>	Gross SF	Exhibit SF	Outdoor SF	% Exhibit	Visitors per ESF
Kidspace Children's Museum	Pasadena, CA	212,714	15,122	n/a	105,000	n/a	n/a
Children's Museum of Stockton	Stockton, CA	60,000	24,000	n/a	n/a	n/a	n/a
Children's Discovery Museum of San Jose	San Jose, CA	312,057	52,000	27,000	n/a	52%	11.6
Imagine Children's Museum	Everett, WA	176,062	45,000	23,000	9,000	51%	7.7
The Magic House- St. Louis Children's Museum	St. Louis, MO	383,612	25,000	20,000	n/a	80%	19.2
Bay Area Discovery Museum	Sausalito, CA	279,052	51,240	10,105	2.5 acres	20%	27.6
Austin Children's Museum	Austin, TX	185,717	19,920	9,925	n/a	50%	18.7
Duluth Children's Museum	Duluth, MN	39,486	7,500	5,000	n/a	67%	7.9
Madison Children's Museum	Madison, WI	81,055	12,223	4,645	n/a	38%	17.4
A.C. Gilbert's Discovery Village	Salem, OR	80,577	12,183	3,464	20,000	28%	23.3
Habitot Children's Museum	Berkeley, CA	79,239	7,000	3,000	n/a	43%	26.4
<b>Average</b>		<b>171,779</b>	<b>24,653</b>	<b>11,793</b>	<b>44,667</b>	<b>48%</b>	<b>17.7</b>
<b>Median</b>		<b>176,062</b>	<b>19,920</b>	<b>9,925</b>	<b>20,000</b>	<b>50%</b>	<b>18.7</b>

Source: Association of Children's Museums Directory, ERA AECOM

1/ On-site attendance (including school groups) only

**Table IV-10: Penetration Rates for Comparable Museums**

Museum	Location	Attendance <sup>1</sup>	% Resident Attendance	Resident Market Penetration
Duluth Children's Museum	Duluth, MN	39,486	75%	16.1%
Madison Children's Museum	Madison, WI	81,055	85%	11.6%
A.C. Gilbert's Discovery Village	Salem, OR	80,577	95%	11.3%
Austin Children's Museum	Austin, TX	185,717	85%	10.1%
Children's Discovery Museum of San Jose	San Jose, CA	312,057	85%	8.1%
The Magic House- St. Louis Children's Museum	St. Louis, MO	383,612	50%	8.1%
Bay Area Discovery Museum	Sausalito, CA	279,052	90%	7.0%
Children's Museum of Stockton	Stockton, CA	60,000	85%	4.0%
Kidspace Children's Museum	Pasadena, CA	212,714	85%	1.6%
Habitot Children's Museum	Berkeley, CA	79,239	85%	1.6%
Imagine Children's Museum	Everett, WA	176,062	15%	1.4%
<b>Average</b>		<b>171,779</b>	<b>75.9%</b>	<b>7.4%</b>
<b>Median</b>		<b>176,062</b>	<b>85.0%</b>	<b>8.1%</b>

Source: Association of Children's Museums Directory, ERA AECOM

1/ On-site attendance (including school groups) only

**Table IV-11: Operating Characteristics for Comparable Museums**

Museum	Location	Attendance <sup>1</sup>	Gross SF	Operating Budget	Operating Budget per GSF	Earned Income	% Earned Income
Children's Discovery Museum of San Jose	San Jose, CA	312,057	52,000	\$5,704,000	\$110	\$2,505,000	44%
Kidspace Children's Museum	Pasadena, CA	212,714	15,122	\$1,894,000	\$125	\$1,894,000	100%
Children's Museum of Stockton	Stockton, CA	60,000	24,000	\$446,000	\$19	\$268,000	60%
Bay Area Discovery Museum	Sausalito, CA	279,052	51,240	\$4,101,000	\$80	\$2,140,000	52%
Habitot Children's Museum	Berkeley, CA	79,239	7,000	\$853,000	\$122	\$367,000	43%
A.C. Gilbert's Discovery Village	Salem, OR	80,577	12,183	\$600,000	\$49	\$482,000	80%
Imagine Children's Museum	Everett, WA	176,062	45,000	\$812,000	\$18	\$893,000	110%
Duluth Children's Museum	Duluth, MN	39,486	7,500	n/a	n/a	n/a	n/a
Madison Children's Museum	Madison, WI	81,055	12,223	\$1,895,000	\$155	\$1,179,000	62%
Austin Children's Museum	Austin, TX	185,717	19,920	\$2,050,000	\$103	\$1,232,000	60%
The Magic House- St. Louis Children's Museum	St. Louis, MO	383,612	25,000	\$2,704,000	\$108	\$2,354,000	87%
<b>Average</b>		<b>171,779</b>	<b>24,653</b>	<b>2,105,900</b>	<b>\$89</b>	<b>1,331,400</b>	<b>70%</b>
<b>Median</b>		<b>176,062</b>	<b>19,920</b>	<b>1,894,500</b>	<b>\$106</b>	<b>1,205,500</b>	<b>61%</b>

Source: Association of Children's Museums Directory, ERA AECOM

1/ On-site attendance (including school groups) only

### Attendance Analysis

Elk Grove has a strong family demographic that is likely to support educational and interactive attractions for children. There are a limited number of children-oriented museums in the area, especially those that are experience-based learning centers geared towards families with young children. Based on these favorable indicators, ERA has assessed the attendance potential of a Children's Discovery Center. The attendance potential of the proposed Children's Discovery Center is a function of numerous factors including:

- Resident and tourist market size and characteristics;
- Quality, scale, and content of the attraction;
- Site location;
- Competitive environment;
- Level of investment; and
- Other factors such as pricing, market spending power, market acceptance / behavioral characteristics, etc.

Market factors define the basis from which attendance potential is derived, while the scope of the attraction determines the drawing power or market penetration of the attraction. The scope and drawing power of a museum or other cultural facility is a function of numerous endogenous factors such as level of initial investment, capital reinvestment, programming, image and brand identity, as well as exogenous variables such as the competitive environment. Estimates of attendance at the proposed Children's Discovery Center are preliminary and based on the known market availability factors.

Market penetration measures the propensity of available market segments to visit an attraction and is generally defined as the ratio of attendees from a market to total market size. Market penetration rates were applied to the total population of each of the available market segments to estimate the preliminary attendance potential.

Visitation to a children's museum is largely from the resident market and two resident markets have been identified: the primary, which is 0-15 miles from the project site, and the secondary which is 15-30 miles from the site. Household population for the combined available markets is 2.4 million in 2015, growing to nearly 2.9 million by 2030.

ERA assumes the following characteristics and features will be embodied in the proposed Children's Discovery Center. Please note that alterations to these factors may materially affect the facility's ability to attain attendance within the projected range.

- Interactive and engaging exhibitions targeted at children from 0-10 years of age

- Outdoor play area included in visitor experience
- The museum will reinvest in its facility and exhibits.
- The Elk Grove Children’s Discovery Center, through concept execution and marketing, will clearly differentiate itself from the opening Sacramento Children’s Museum in order to attract a new visitor base.
- A reasonable price structure will be set.
- The proposed museum will be managed by professionals competent in museum administration and management and will be staffed by persons with experience in museum operations.
- The facility will maintain an aggressive marketing and promotion program.

ERA’s projected market capture rates and attendance levels for 2015, 2020, and 2030 are shown below in Table IV- 12 through Table IV-14.

**Table IV- 12: Attendance Potential for Children's Discovery Center, 2015**

Market Segment	2015	Penetration Rate			Attendance		
		Low	Mid	High	Low	Mid	High
<b>Resident Market<sup>1</sup></b>							
Primary market (0-15 miles)	941,129	5.0%	6.0%	7.0%	47,000	56,000	66,000
Secondary market (15-30 miles)	1,475,756	5.0%	6.0%	7.0%	74,000	89,000	103,000
<b>Grand Total</b>	<b>2,416,885</b>	<b>5.0%</b>	<b>6.0%</b>	<b>7.0%</b>	<b>121,000</b>	<b>145,000</b>	<b>169,000</b>

Source: ESRI, ERA AECOM

1/ Household population

**Table IV-15: Attendance Potential for Children's Discovery Center, 2020**

Market Segment	2020	Penetration Rate			Attendance		
		Low	Mid	High	Low	Mid	High
<b>Resident Market<sup>1</sup></b>							
Primary market (0-15 miles)	998,968	5.0%	6.0%	7.0%	50,000	60,000	70,000
Secondary market (15-30 miles)	1,566,452	5.0%	6.0%	7.0%	78,000	94,000	110,000
<b>Grand Total</b>	<b>2,565,420</b>	<b>5.0%</b>	<b>6.0%</b>	<b>7.0%</b>	<b>128,000</b>	<b>154,000</b>	<b>180,000</b>

Source: ESRI, ERA AECOM

1/ Household population

**Table IV-14: Attendance Potential for Children's Discovery Center, 2030**

Market Segment	2030	Penetration Rate			Attendance		
		Low	Mid	High	Low	Mid	High
<b>Resident Market<sup>1</sup></b>							
Primary market (0-15 miles)	1,107,865	5.0%	6.0%	7.0%	55,000	66,000	78,000
Secondary market (15-30 miles)	1,737,211	5.0%	6.0%	7.0%	87,000	104,000	122,000
<b>Grand Total</b>	<b>2,845,077</b>	<b>5.0%</b>	<b>6.0%</b>	<b>7.0%</b>	<b>142,000</b>	<b>170,000</b>	<b>200,000</b>

Source: ESRI, ERA AECOM  
 1/ Household population

### Physical Planning Parameters

In planning for the physical size requirements for a cultural facility such as the Children's Discovery Center, there are two important factors to consider. The first, which is based on the concept of critical mass, is the amount of exhibit space that is needed to actually achieve the potential penetration rates and attendance. There is a certain amount of content required to capture the attention of local residents and ensure that they have a visitor experience that is interesting and fulfilling enough to encourage them to visit again. The second factor is related to capacity, and is the amount of space required for visitors to flow comfortably through the facility. If visitors are too crowded or have to wait in lines that are too long (other than in initial years), the negative experience will discourage repeat visitation and the facility will have to deal with significant operational issues.

#### **Critical Mass Approach**

The key operating ratio to determine the exhibit space required to create enough critical mass to attract visitors is the ratio of visitors to exhibit square feet. Based upon comparable facilities and our own professional judgment, ERA estimated the amount of exhibit square footage required for the Children's Discovery Center, shown below in Table IV-17.

**Table IV-17: Calculation of Required Exhibit Area using Critical Mass Approach**

Attendees per Exhibit Sq. Ft. Analysis	2015	2020	2030
Estimated Mid-Scenario Annual Attendance	145,000	154,000	170,000
Ratio of Visitors to Exhibit Square Feet	16.0	16.0	16.0
<b>Resulting Exhibit Square Feet</b>	<b>9,000</b>	<b>10,000</b>	<b>11,000</b>
<b>Resulting Gross Square Feet</b>	<b>18,000</b>	<b>20,000</b>	<b>22,000</b>

Source: ERA AECOM



**Capacity Approach**

In planning for the capacity requirements of any cultural attraction, the “design day” or average high attendance day is also used as a key determinant of capacity requirements needed to adequately handle expected crowd levels. For all types of visitor attractions, it is neither necessary nor economically desirable to size facilities for absolute peak periods of on-site patronage, as some degree of crowding on special holidays or other major attendance times will be accepted by the visiting public. However, the facility must be designed to comfortably accommodate peak crowd loads on a normal high day of attendance, or lasting negative effects on visitation performance will result.

**Table IV-18: Projected Design Day Attendance and Required Exhibit Area**

<b>Peak In-Museum Analysis for Stabilized Year</b>	<b>2015</b>	<b>2020</b>	<b>2030</b>
Estimated Mid-Scenario Annual Attendance	145,000	154,000	170,000
Peak Month Attendance (@ 15% of total)	21,750	23,100	25,500
Weekly Attendance in Peak Month (@ 22.5% of peak month)	4,894	5,198	5,738
Design Day Attendance (@ 20% of week)	979	1,040	1,148
Peak In-Museum Attendance (35% of design day)	343	364	402
Exhibit Sq. Ft. per Person	30	30	30
<b>Minimum Exhibit Square Footage Required</b>	<b>10,300</b>	<b>10,900</b>	<b>12,000</b>
<b>Gross Square Footage Required</b>	<b>20,600</b>	<b>21,800</b>	<b>24,000</b>

Source: ERA AECOM

**Preliminary Financial Analysis and Required Capital Investment**

This section presents a preliminary financial analysis for a potential Children’s Discovery Center, estimating earned income and operating expenses to identify the amount of contributed income that will need to be raised on an annual basis. A range of capital investment has also been identified.

The purpose of this analysis is for long term planning. It is not meant to be used for detailed organizational accounting purposes and should serve as a guide based upon our preliminary demand analysis. Estimates have been based on industry benchmarks and are show in 2009 dollars.

Based on a total facility size of 24,000 square feet which includes 12,000 of exhibit square footage, we estimate the total operating budget between \$1.9 and \$2.6 million.

Museums and cultural institutions typically receive two types of revenue: earned revenues and contributed income. Earned income includes revenue that is generated in exchange for a service,

product, or privilege, and typically includes items such as admission fees, retail sales, food and beverage sales, program and workshop income, and facility rentals. Contributed income typically includes sources such as individual donations, grants, public / government funding, and annual fundraisers. Membership revenue is typically categorized as contributed income, although this varies by institution.

We anticipate earned income to account for two-thirds of the total operating budget, ranging from \$1.3 to \$1.8 million annually. The resulting funding gap, to be covered by contributed income sources is between \$620,000 and \$840,000.

We estimate the required capital investment between \$8 and \$12 million, based on shell costs for the total building ranging from \$250 to \$350 per square foot and additional exhibit costs between \$200 and \$300 per exhibit square foot.

**Table IV-19: Preliminary Financial Analysis for Children’s Discovery Center**

	Low	Mid	High
Exhibit Square Footage	12,000	12,000	12,000
Gross Square Footage	24,000	24,000	24,000
Estimated Operating Budget	\$1,920,000	\$2,400,000	\$2,640,000
Estimated Earned Income	\$1,300,000	\$1,600,000	\$1,800,000
Required Funding Gap	\$620,000	\$800,000	\$840,000
Total Capital Investment	\$8,000,000	\$10,000,000	\$12,000,000

Source: ERA AECOM

**Key Findings and Recommendations**

- The Sacramento market has few museums geared towards interactive experiences for children. The only other children’s museum will open in Rancho Cordova this summer.
- Elk Grove has a strong family demographic that is apt to support a children’s museum.
- Based on the experience of comparables nationwide and the size of the Elk Grove market, ERA has projected attendance for the Children’s Discovery Center in 2015 between 121,000 and 169,000 growing to 142,000 to 200,000 by 2030.
- Based on this attendance, the necessary square footage is 22,000 gross, with 12,000 for exhibitions.
- The ongoing operating budget for a museum of this is scale is estimated between \$1.9 million and \$2.6 million. The required operating gap after earned income is between \$620,000 and \$840,000

- The total capital investment is estimated between \$8 million and \$12 million.

## Library

To assess the potential demand for a new library at the planned civic center, ERA interviewed key Sacramento Public Library facilities staff, reviewed operating performance data for all Sacramento libraries, and identified key comparables. Sizing recommendations were based on these findings, with consideration to national trends. Persons contacted are as follows:

- Donald Tucker, Director of Facilities, Sacramento Public Library
- Jonathan Barber, Management Analyst, Sacramento Public Library
- Rivkah Sass, Library Director, Sacramento Public Library

### Sacramento Public Libraries System Interviews

ERA contacted key Sacramento Public Libraries facilities and programming staff who were able to comment on typical library performance, operating agreements, and trends. Key findings are as follows:

- Sacramento Public Libraries administration does not own land for library development. Typically land is owned by Sacramento County, cities, school districts, or privately and leased to the library.
- Sacramento Public Libraries does not provide the funding to build new facilities or expand existing libraries. After the libraries are built, a joint operating agreement is generally reached to manage ongoing operations. Operating costs for existing libraries are paid with county funds with supplemental city funding. Non-profit friends groups also support the libraries.
- Typically, construction costs for Sacramento Public Libraries are range from \$375 to \$500 per square foot. Amenities and book costs are \$1,000 per square foot. Generally the larger the facility the lower the building costs as a result of economies of scale.
- Operating costs for a 15,000-20,000 square foot library are around \$600,000 per annum.
- Sacramento's branch libraries are focused on community needs including community rooms, public access computers, wifi, reading space, children's space, performance venues, interactive and collaborative facilities.
- Demand for libraries is estimated by circulation and program attendance, which is very high in Elk Grove. Elk Grove has also been at the forefront of library development, investing in materials handling systems.
- Mixed-use libraries are a new industry trend and can be like anchor tenants in retail developments.

- There are synergies associated with libraries and entertainment complexes and performance venues. Co-location is positive.

## **Sacramento Public Libraries Operating Performance**

### ***Library Key Characteristics***

The Sacramento Public Library system oversees the operations of libraries that were built between 1910 and 2010. Libraries range widely in size, but all, except for Carmichael, are less than 21,000 square feet. The total operating budgets for these facilities is generally less than \$1 million. Only Carmichael and Elk Grove are more at \$3 million and \$1.1 respectively. On a per square foot basis, operating expenses range from \$21 to \$166 per square foot, averaging \$77 per square foot. Details are illustrated in **Table IV-20**.

**Table IV-20: Key Characteristics of Sacramento Public Libraries**

Library Branch	Year Opened	Square Feet	Total Operating Budget	Operating Budget per SF
Carmichael	1964	145,000	\$3,096,800	\$21
Belle Cooleedge	1991	20,690	\$982,300	\$47
Valley Hi - N. Laguna	2009	20,300	\$724,000	\$36
Franklin	2002	19,621	\$728,000	\$37
Martin Luther King	1970	15,078	\$814,900	\$54
Elk Grove	2008	13,785	\$1,104,600	\$80
South Natomas	2001	13,615	\$627,200	\$46
North Highlands-Antelope	2000	12,890	\$863,100	\$67
Arcade	1976	12,686	\$838,000	\$66
Rancho Cordova	1975	12,500	\$905,700	\$72
Sylvan Oaks	1975	12,500	\$914,100	\$73
Central	1918	12,211	\$711,500	\$58
Colonial Heights	1989	12,000	\$920,900	\$77
Fair Oaks	1976	12,000	\$858,300	\$72
Southgate	1976	12,000	\$817,700	\$68
Arden-Dimick	1970	11,901	\$885,100	\$74
Del Paso Heights	1972	5,425	\$445,200	\$82
McKinley	1936	4,681	\$382,200	\$82
Orangevale	2001	4,500	\$329,900	\$73
Galt	1993	4,225	\$268,900	\$64
North Sacramento	1987	4,000	\$377,100	\$94
Rio Linda	1966	4,000	\$304,000	\$76
Walnut Grove	1970	3,580	\$186,300	\$52
McClatchy	1910	2,557	\$270,900	\$106
North Natomas	2004	2,500	\$414,400	\$166
Courtland	2003	2,205	\$139,000	\$63
Isleton	1993	1,700	\$129,400	\$76
<b>Average</b>		<b>14,746</b>	<b>\$705,167</b>	<b>\$70</b>
<b>Median</b>		<b>12,000</b>	<b>\$724,000</b>	<b>\$72</b>

Source: Sacramento Public Libraries, AECOM

### **Library Customers**

On average, the number of total customers has increased by 30 percent for Sacramento Libraries over the last five years. In Elk Grove, the Franklin Library (opened in 2002) has seen an 88 percent increase in customers (**Table IV-21**). The Elk Grove Library, which opened in 2009, has not seen growth in the total number of customers, probably as a result of construction inconveniences and the recent opening.

**Table IV-21: Five Year Total Customer Trend**

Library Branch	Total Customers					5 Year %
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change
North Natomas	1,115	2,689	4,123	5,340	7,016	529.2%
Franklin	13,281	16,998	19,900	22,027	25,065	88.7%
Valley Hi - N. Laguna	8,130	9,914	10,711	12,103	13,909	71.1%
Courtland	436	501	645	659	737	69.0%
South Natomas	27,520	28,273	27,931	29,322	33,103	20.3%
McClatchy	2,358	2,356	2,340	2,465	2,811	19.2%
Arcade	16,335	15,966	15,212	16,238	18,836	15.3%
Orangevale	6,642	6,858	6,694	6,427	7,493	12.8%
Sylvan Oaks	29,563	28,224	27,365	38,560	32,529	10.0%
Galt	11,944	11,685	11,310	12,104	12,945	8.4%
McKinley	11,954	11,713	11,494	11,687	12,898	7.9%
Arden-Dimick	22,472	22,761	21,176	21,551	24,021	6.9%
North Highlands-Antelope	40,687	39,431	38,200	38,875	42,318	4.0%
North Sacramento	7,953	7,746	7,475	7,485	8,034	1.0%
Rio Linda	5,627	5,460	4,954	5,013	5,587	-0.7%
Elk Grove <sup>1</sup>	39,952	38,116	35,174	34,929	39,412	-1.4%
Martin Luther King	21,614	20,279	18,969	19,506	21,225	-1.8%
Colonial Heights	25,640	23,159	22,057	22,535	25,079	-2.2%
Walnut Grove	1,376	1,356	1,260	1,283	1,337	-2.8%
Central	54,290	48,630	44,411	46,809	52,524	-3.3%
Rancho Cordova	32,167	29,716	27,661	28,036	30,990	-3.7%
Belle Cooledge	30,379	28,824	26,871	27,117	28,969	-4.6%
Carmichael	30,112	25,204	24,692	25,706	28,381	-5.7%
Del Paso Heights	8,487	7,947	7,513	7,405	7,997	-5.8%
Isleton	984	957	883	875	921	-6.4%
Southgate	24,451	22,223	20,165	20,687	22,878	-6.4%
Fair Oaks	28,121	26,249	24,104	24,038	26,063	-7.3%
<b>Average</b>	<b>18,651</b>	<b>17,898</b>	<b>17,159</b>	<b>18,103</b>	<b>19,744</b>	<b>30.1%</b>
<b>Median</b>	<b>16,335</b>	<b>16,998</b>	<b>18,969</b>	<b>19,506</b>	<b>21,225</b>	<b>1.0%</b>

Source: Sacramento Public Libraries, AECOM

<sup>1</sup> In FY 2008-09 the facility closed for approximately two months

The average penetration rate of total customers in FY 2008-09 into resident markets, which were defined as the typical trade area of branch libraries at 4 miles, is 17 percent. Elk Grove's two libraries are well above average at 22 and 29 percent (**Table IV-22**). Those libraries that surpass the Elk Grove Library are in smaller communities.

**Table IV-22: Customer Penetration Rate**

Library Branch	Customers FY 2008-09	Square Feet	Customers per SF	Penetration Rate (4 mile radius)
Walnut Grove	1,337	3,580	0.4	57.1%
Courtland	737	2,205	0.3	51.9%
Galt	12,945	4,225	3.1	44.2%
Isleton	921	1,700	0.5	41.7%
<b>Elk Grove</b>	<b>39,412</b>	<b>13,785</b>	<b>2.9</b>	<b>28.5%</b>
Central	52,524	12,211	4.3	24.3%
North Highlands-Antelope	42,318	12,890	3.3	22.0%
<b>Franklin</b>	<b>25,065</b>	<b>19,621</b>	<b>1.3</b>	<b>21.7%</b>
Rancho Cordova	30,990	12,500	2.5	18.5%
South Natomas	33,103	13,615	2.4	17.6%
Fair Oaks	26,063	12,000	2.2	13.1%
Sylvan Oaks	32,529	12,500	2.6	12.0%
Belle Cooleage	28,969	20,690	1.4	11.2%
Arden-Dimick	24,021	11,901	2.0	11.1%
Carmichael	28,381	145,000	0.2	11.0%
Colonial Heights	25,079	12,000	2.1	9.1%
Arcade	18,836	12,686	1.5	8.8%
Southgate	22,878	12,000	1.9	8.5%
Martin Luther King	21,225	15,078	1.4	8.3%
North Natomas	7,016	2,500	2.8	7.7%
Valley Hi - N. Laguna	13,909	20,300	0.7	7.0%
Rio Linda	5,587	4,000	1.4	6.2%
McKinley	12,898	4,681	2.8	4.9%
Del Paso Heights	7,997	5,425	1.5	4.6%
Orangevale	7,493	4,500	1.7	4.4%
North Sacramento	8,034	4,000	2.0	3.5%
McClatchy	2,811	2,557	1.1	1.2%
<b>Average</b>	<b>19,744</b>	<b>14,746</b>	<b>1.9</b>	<b>17.0%</b>
<b>Median</b>	<b>21,225</b>	<b>12,000</b>	<b>1.9</b>	<b>11.1%</b>

Source: Sacramento Public Libraries, ESRI, AECOM

**Library Circulation**

Circulation at Sacramento Public Libraries has grown on average 33 percent over the last five years. Franklin and Elk Grove Libraries have grown 21 and 18 percent respectively. Actual circulation in

FY2008-09 ranges from 9,400 to 445,000. Libraries in Elk Grove had an average total circulation in that year of 320,000 (Table IV-23).

**Table IV-23: Sacramento Public Library Circulation**

Library Branch	Circulation					5 Year % Change
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
North Natomas	30,961	64,588	78,012	100,396	118,841	283.8%
Arcade	75,724	267,697	205,238	205,250	221,917	193.1%
McClatchy	53,775	61,252	65,935	81,036	85,339	58.7%
Rio Linda	43,104	47,505	47,759	51,789	64,236	49.0%
Carmichael	285,919	na	293,772	376,131	405,440	41.8%
Rancho Cordova	268,522	276,387	278,123	334,709	358,575	33.5%
Colonial Heights	161,814	118,724	171,822	194,897	211,447	30.7%
Orangevale	66,893	68,095	68,949	48,615	87,236	30.4%
McKinley	120,297	123,658	128,444	137,428	153,686	27.8%
Central	346,070	324,889	330,549	392,493	433,198	25.2%
Valley Hi - N. Laguna	113,465	113,925	106,728	128,008	139,382	22.8%
Franklin	333,867	356,080	341,032	368,811	402,985	20.7%
Elk Grove	271,374	265,306	284,009	313,364	321,366	18.4%
Martin Luther King	126,606	144,431	144,057	152,737	148,178	17.0%
Fair Oaks	311,833	352,898	344,691	359,233	364,741	17.0%
Galt	115,111	121,242	124,431	127,877	134,195	16.6%
Southgate	174,505	177,902	173,689	197,273	201,665	15.6%
Arden-Dimick	319,755	352,696	321,398	329,458	365,458	14.3%
Sylvan Oaks	307,714	338,732	321,910	330,440	350,401	13.9%
Belle Cooledge	395,661	395,747	399,598	413,104	444,496	12.3%
North Sacramento	60,149	55,584	53,718	55,069	66,996	11.4%
South Natomas	265,282	249,104	241,413	271,032	286,648	8.1%
Del Paso Heights	47,578	47,980	66,940	50,873	49,079	3.2%
North Highlands-Ante	374,242	374,573	344,769	351,578	358,866	-4.1%
Isleton	21,704	22,561	24,707	20,159	20,036	-7.7%
Walnut Grove	34,150	35,320	28,159	25,832	25,316	-25.9%
Courtland	14,144	12,262	16,599	17,064	9,411	-33.5%
<b>Average</b>	<b>175,564</b>	<b>183,428</b>	<b>185,424</b>	<b>201,284</b>	<b>215,894</b>	<b>33.1%</b>
<b>Median</b>	<b>126,606</b>	<b>134,045</b>	<b>171,822</b>	<b>194,897</b>	<b>201,665</b>	<b>17.0%</b>

Source: Sacramento Public Libraries, AECOM

On a per capita basis for 4 mile resident radii, circulation for all libraries averages 2.2. Per capita circulation to Elk Grove libraries is strong, outmatched by those only in smaller communities. (Table IV-24).



**Table IV-24: Per Capita Circulation**

Library Branch	Circulation FY08-09	Square Feet	Circulation per SF	Per Capita Circulation (4 mile)
Walnut Grove	25,316	3,580	7.1	10.8
Isleton	20,036	1,700	11.8	9.1
Courtland	9,411	2,205	4.3	6.6
Galt	134,195	4,225	31.8	4.6
Franklin	402,985	19,621	20.5	3.5
Elk Grove	321,366	13,785	23.3	2.3
Rancho Cordova	358,575	12,500	28.7	2.1
Central	433,198	12,211	35.5	2.0
North Highlands-Antelope	358,866	12,890	27.8	1.9
Fair Oaks	364,741	12,000	30.4	1.8
Belle Cooleage	444,496	20,690	21.5	1.7
Arden-Dimick	365,458	11,901	30.7	1.7
Carmichael	405,440	145,000	2.8	1.6
South Natomas	286,648	13,615	21.1	1.5
North Natomas	118,841	2,500	47.5	1.3
Sylvan Oaks	350,401	12,500	28.0	1.3
Arcade	221,917	12,686	17.5	1.0
Colonial Heights	211,447	12,000	17.6	0.8
Southgate	201,665	12,000	16.8	0.7
Rio Linda	64,236	4,000	16.1	0.7
Valley Hi - N. Laguna	139,382	20,300	6.9	0.7
McKinley	153,686	4,681	32.8	0.6
Martin Luther King	148,178	15,078	9.8	0.6
Orangevale	87,236	4,500	19.4	0.5
McClatchy	85,339	2,557	33.4	0.4
North Sacramento	66,996	4,000	16.7	0.3
Del Paso Heights	49,079	5,425	9.0	0.3
<b>Average</b>	<b>215,894</b>	<b>14,746</b>	<b>21.1</b>	<b>2.2</b>
<b>Median</b>	<b>201,665</b>	<b>12,000</b>	<b>20.5</b>	<b>1.5</b>

Source: Sacramento Public Libraries, ESRI, AECOM

**Library Programs**

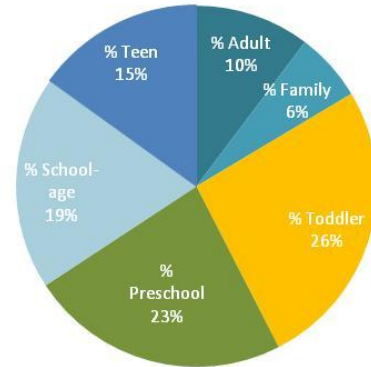
The resident market penetration rate of program attendance is likewise strong in Elk Grove, ranging from 2.2 to 3.6 percent. Programs at these facilities are strong in Preschool and Toddler programs.

**Table IV-25: Program Attendance**

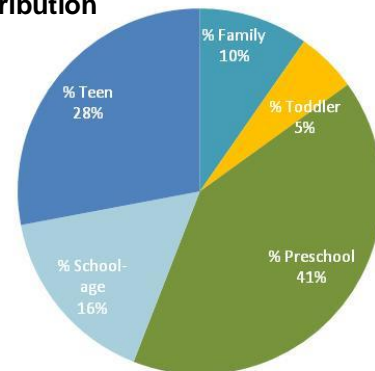
Library Branch	# Programs FY08-09	Program Attendance FY08-09	Program Penetration Rate
Belle Cooledge	214	7,539	530.5%
Arden-Dimick	165	6,437	291.3%
Arcade	197	3,608	154.2%
Carmichael	248	6,851	23.4%
Central	356	10,503	9.1%
Rancho Cordova	197	7,483	3.7%
<b>Elk Grove</b>	<b>146</b>	<b>6,951</b>	<b>3.6%</b>
Fair Oaks	139	6,368	3.2%
South Natomas	209	6,082	2.4%
Galt	219	5,082	2.3%
Colonial Heights	143	3,120	2.3%
<b>Franklin</b>	<b>93</b>	<b>5,758</b>	<b>2.2%</b>
McClatchy	102	1,820	2.0%
Sylvan Oaks	158	4,595	2.0%
Courtland	139	2,838	1.7%
Orangevale	42	1,528	1.7%
McKinley	99	4,449	1.6%
Martin Luther King	137	2,896	1.5%
Isleton	161	3,493	1.4%
North Highlands-Antelope	115	2,726	1.3%
Southgate	63	1,534	0.9%
North Sacramento	69	2,399	0.9%
North Natomas	92	2,190	0.8%
Walnut Grove	56	1,098	0.6%
Valley Hi - N. Laguna	77	1,337	0.6%
Del Paso Heights	63	1,036	0.5%
Rio Linda	73	1,005	0.4%
<b>Average</b>	<b>140</b>	<b>4,101</b>	<b>39%</b>
<b>Median</b>	<b>139</b>	<b>3,493</b>	<b>2%</b>

Source: Sacramento Public Libraries, AECOM

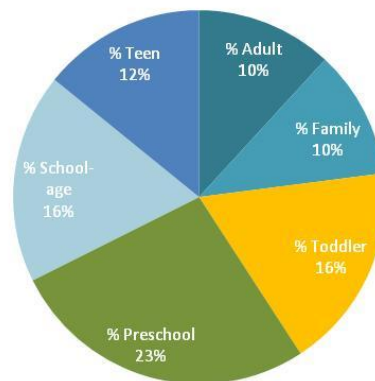
**Figure IV-7: Elk Grove Library Program Distribution**



**Figure IV-9: Franklin Library Program Distribution**



**Figure IV-8: County Libraries Median Program Distribution**



**Profiles of Benchmark Libraries**

**Lafayette Library and Learning Center/Glenn Seaborg Learning Consortium, Lafayette, CA**

This new Library and Learning Center in Lafayette brings together a dozen of the Bay Area's educational programs, providing a wealth of collaborative learning materials, workshops, archives, exhibits, K-12 curricula, lectures, films and discovery centers for the community. This is the first of its

kind for a public library in the United States and was named in honor of Glenn Seaborg, the Nobel Prize winner and resident of Lafayette.

The twelve organizations involved include:

- California Shakespeare Theater
- Chabot Space and Science center
- Commonwealth Club of California
- Greenbelt Alliance
- John F. Kennedy University
- John Muir Health System
- Lindsay Wildlife Musuem
- Oakland Museum of California
- The Oakland Zoo in Knowland Park
- Saint Mary's College of California
- University of California Institute of Governmental Studies
- University of California Lawrence Hall of Science

This new facility, built in the Bay Area craftsmen style, is located at the corner of Mount Diablo Boulevard and First Street in the heart of Lafayette. Killefer Flammang Architects of Santa Monica were selected through a community competition in 2003 to design the facility. The firm, which has won numerous major design awards- 28 in the last 12 years, specializes in public libraries and institutional buildings. The new facility opened in 2009 with 30,000 square feet, quadrupling the old facility size. Amenities now include:

- Community Hall (150 seats)
- Arts & Science Discovery Center for 40 participants
- Reading Court/Ampitheater
- 42 public computers, a Technology Lab, and wifi
- Teen Area, Homework Center, & 3 group study rooms
- Large adult area with quiet corners for reading
- Storytelling and class visit space for 30 children
- Outdoor meeting and reading areas
- Friends of the Lafayette Library Corner Book Shop
- Lafayette Historical Society collection



### San Mateo Main Library, San Mateo, CA

The San Mateo Main Library was reopened to the public in 2006, after a dozen years of planning. In 1994, at the outset of plans for a new site the San Mateo Public Library Foundation was established to raise funds to support library services. In 1999 a \$30 million bond measure for the new main library was passed.

The new 90,000 square foot building is a three story state of the art resource center for literacy and lifelong learning with two levels of underground parking. It features 100 public internet terminals, expanded areas for children and teens, as well as a sustainable/energy efficient design. The library has won numerous awards for its sustainable design: 2008 Association of Bay Area Governments - Green Business Certification Achievement 2008 Green Business Award San Mateo Chamber of Commerce, 2007 Sustainable San Mateo County Green Building Award, 2007 PG&E Savings by Design, 2007 Award of Excellence First Certified Green Business within San Mateo County, 2006



McGraw Hill Construction Best of Northern California Civic Award of Merit and Green Building Award of Merit, and the 2006 San Francisco Business Times Community Impact Award. The library has an ongoing public education program for sustainability as well.



**Hercules Library, Hercules, CA**

The Hercules Library, located on Civic Drive at Sycamore Avenue, was built collaboratively by the City of Hercules, The State of California and Contra Costa County with additional private funding. Construction was completed in 2006. The library's 21,500 square feet offers a variety of amenities, including:

- Teen Homework Center
- 2 meeting rooms
- 3 study rooms
- Sky Garden
- Children's Garden
- Reading area with comfortable seating around a fireplace
- Story Cone, a children's story area
- Friends of the Hercules Library Bookstore



**Cerritos “Millenium” Library, Cerritos, CA**

The Cerritos Library re-opened in March 2002 after a renovation and construction effort that totaled about two-and-a-half years. The library, often referred to as the Cerritos Millennium Library, totals 88,500 square feet, spans three stories, and was designed by CWA AIA Inc architects, with construction led by the C.W. Driver. It features a high-tech conference center, a catering kitchen, an “Old World Reading Room” with a special affiliated collection, and other themed areas with associated collections. One of the largest attractions is the 7,000 square foot Children’s Library that includes a saltwater aquarium, a model space shuttle, an arts and crafts room, rainforest and night-sky themed rooms, and about 40 computer stations.



The renovation and construction of the Cerritos library was a six year process that cost a total of \$45 million, including all interior alterations and renovations. The City of Cerritos funded the building entirely from its General Fund, which benefits from sales tax revenue from automobile sales.

Due to its location in Los Angeles County, near the border with Orange County, the Cerritos Library attracts guests and renters from within both counties. The total annual operating budget is approximately \$5 million and it is funded entirely from the City’s General Fund. Non-revenue generating programming includes: arts and crafts programs, Story-Time, video “Game-Time” for young-adults, one Shakespeare play performance per year, Author’s Series, Homework-Time, movie showings, and an academic camp during the summer called Camp Knowledge. With 102 staff, 20 of which are full-time and the remaining are part-time, the library is able to continue its full programming even amidst the downturn.

The Cerritos Library has won numerous awards including the Thea Award in 2003, the *Best Library for Children, 2008* from Los Angeles Magazine, the *Best Public Library 2004* from Reader’s Digest, and a five-star rating by *Library Journal America* in March of 2009. However, as a regional attraction the library has contended with accusations that it is not a local resource but rather a regional

destination. With many of its users originating outside of Cerritos, local residents have expressed anger at having to compete with outsiders for access to their facility. These accusations perhaps exemplify a typical challenge for modern, 21<sup>st</sup> century libraries, which aim to be sources of pride and state-of-the-art, and in doing so, extend their appeal beyond community borders.

**Salt Lake City Library**

The Salt Lake City Library, which opened in winter 2003, doubled the total space provided by the old library for a total 240,000 gross square feet. The library is a curving six-story facility with a pedestrian wall stretching from the ground floor plaza to the roof. The ground floor plaza has shops and services, rented out by the community including gift stores and cafés. The curving façade of the building is glass, providing visitors on any level views of the plaza, city, and Wasatch Mountains. The library also includes a 300 seat auditorium, The Canteena for young adults, a children’s library, audiovisual and technology centers, a small gallery space, and community meeting rooms.



A voter-approved \$84 million bond financed the new library as well as parking for 600 vehicles, demolition of buildings on the library lot excluding the old library, an outdoor plaza, replacement of the heating and cooling plant, and expansion of two branch libraries. The Library Board of Directors had decided to build an entirely new facility after a needs assessment completed in 1997 found the old building deficient for needed usage. The Board of Directors hired Moshe Safdie and associations in conjunction with local architects VCBO architecture to design the building, but staff were very involved in the planning and design process.



**ImaginON, the Joe and Joan Martin Center, Charlotte, North Carolina**

ImaginON opened in 2005 after two years of construction and six years of planning. It was built as a collaboration to meet the needs of two organizations—the Children’s Theatre of Charlotte and the Public Library of Charlotte and Mecklenburg County. The facility approaches education, learning and the arts with the shared mission of bringing stories to life. The Children’s Theatre of Charlotte was founded in 1948 and reaches nearly 320,000 children and families annually with four main programs: Mainstage productions, Tarradiddle Players, the professional touring company, and the Community

Involvement program. The Public Library system of Charlotte is known for innovation and received the 2006 National Award for Museum and Library Service for demonstrating a long-term commitment to public service through innovative programs and community partnerships such as this facility. The total project cost was approximately \$40 million, the majority of which was bond financed.

The 100,000 square foot facility includes the following amenities:

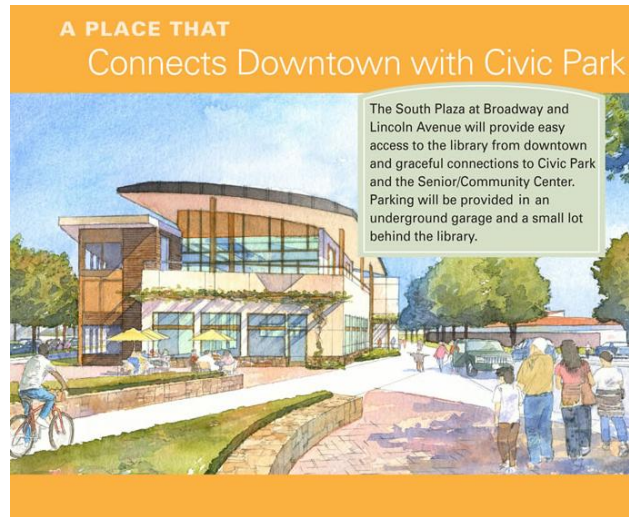
- Park Family Story Lab (8,000 SF) with computer activities designed for The Children's Learning Center as well as changing exhibits and displays to compliment the Main Stage productions. Also serves as the center's lobby.
- Two theaters—McColl Family Theater (570 seats) and Wachovia Playhouse (250 seats) with adjoining dressing rooms. Wachovia Playhouse is smaller and can be configured as a proscenium or thrust space. The McColl Family Theater is larger and state of the art with a full array of technical effects, a motorized lift and numerous linesets for moving scenery.
- Scene and Paint Shop for production support and staging as well as Rehearsal Rooms and a costume shop
- Spangler Library (22,221 SF) with specific areas designed for young children and those from 5 to 12 years.
- The Round reading room (1,225 SF)—main venue for library programs with built in puppet stage and sound stage, access to an enclosed courtyard, and craft friendly facilities including a sink and washable floor.
- Time Warner Cable Tech Central with 60 public access computers
- The Loft (3,900 SF) designed for teens with collections, audio/visual equipment and group study spaces
- Studio-I (1,225 SF) doubles as both a black-box and blue screen theatre.
- 2 Classrooms/Studios (900 SF and 750 SF)



### **Walnut Creek Downtown Library**

The Walnut Creek Downtown Library is scheduled to open in 2010. With growing demand for library services, a 75 percent increase in library card holders in the last five years, the city decided to replace the 1960 building with new construction that would better meet the needs of the community. Plans for the new, 42,000 square foot building include:

- Expanded collections especially more children’s books and large print editions
- Information age resource center with 90 computers in the Technology Center, throughout the stacks, and in the Children’s Computer and Homework Center as well as wifi access
- The Children’s Wing for programs, storytelling, and reading
- Quiet reading and study areas overlooking Civic Park
- Business Resource Center
- Education and Conference Center with meeting room for 200 seats, conference room, and Technology Center
- Underground parking and improved access to the adjacent park and grounds
- Leed basic certification



The Walnut Creek Library project has required funding from a variety of sources:

- City Library Reserves contributing \$22.6 million for library, \$2.9 for the park and site improvements and another \$100,000 million for the underground parking garage.
- The Library Foundation has raised \$5 million from private sources to support construction and establish an endowment fund for operating costs
- Additional funds to meet the approximated \$42 million total capital investment will need to be raised.

**Size of Comparable Libraries**

The size of these comparables is roughly correlated to population size. The gross square feet per capita ranges from 0.1 to 1.6, with an average of 1.0 square feet. Based on future Elk Grove population, a new main library for Elk Grove would be between 100,000 to 200,000 square feet. Libraries throughout Sacramento County however, are branch libraries and smaller in size, with only Carmichael over 21,000 square feet.



**Table IV-26: Comparable Library Gross Square Feet to Population Ratio**

<b>Library</b>	<b>City Population</b>	<b>GSF</b>	<b>GSF per capita</b>
Glenn Seaborg Learning Consortium	24,000	30,000	1.3
San Mateo Main Library	93,000	90,000	1.0
Hercules Library	23,000	21,500	0.9
Cerritos Library	52,000	82,500	1.6
Salt Lake City Library	185,000	240,000	1.3
ImaginON	687,000	100,000	0.1
Walnut Creek Downtown Library	64,000	42,000	0.7
<b>Average</b>	<b>161,143</b>	<b>86,571</b>	<b>1.0</b>
<b>Median</b>	<b>64,000</b>	<b>82,500</b>	<b>1.0</b>

Source: Individual Libraries, U.S. Census Bureau, 2006-2008 American Community Survey, ERA AECOM

### Program Recommendations

Newly built libraries signal a shift in the role libraries play in communities. Libraries are now more responsive to community needs than repositories for printed material. Most provide a slew of expanded services with the following amenities:

- Early childhood to senior programs
- Access to technology with computer stations and/or wifi access
- Rental space and meeting rooms available for reservation
- Retail opportunities
- Café and dining options
- Gardens
- Theaters for cultural programs
- Age focused areas for children’s storytelling, teens, and toddlers
- Elegant architecture built for sustainability
- Gallery space for visual arts collaborations and/or exhibitions

Based on the demand for library services seen through all Sacramento Public Library data and our survey of comparable institutions, ERA recommends a library of 80,000 to 100,000 for Elk Grove in 2015. At this size, a new facility would become the main library for Elk Grove, providing a catalytic impact for the development and drawing residents to the site. Further conversations and negotiations will need be organized with the Sacramento Public Library system, who we assume will operate the

facility. On an annual basis, the operating expenses would be \$2 to \$3 million. The capital requirement for a new library varies widely depending on the size, architecture and amenities. Sacramento Public Libraries are generally built for \$350 per gross square foot plus an additional \$1,000 per program square foot for books and amenities.

## **Performing Arts Center**

To assess potential market demand for a performing arts center, ERA reviewed national trends for these facilities, looking at financial and operating profiles as well as audience characteristics, interviewed stakeholders and community members, and surveyed the existing performing arts centers in the Sacramento region.

### **National Trends in Performing Arts Facilities**

There are a number of issues currently affecting the viability of performing arts facilities nationwide, including sources of income and budget size, operational structure, marketing trends, and size of facilities.

#### ***Financial Profile***

Performing arts facilities typically generate revenue from two major categories: earned revenue and contributed income. Major revenue sources vary depending on the operational model for the facility. For most performing arts facilities, they are as follows:

- Ticket sales and/or subscriptions;
- Preferred seating income;
- Rent from anchor tenants;
- Ticket surcharges and box office fees;
- Food and beverage sales;
- Parking revenue, premium parking opportunities, and valet services;
- Tuition from lessons and classes;
- Sponsorships and naming rights;
- Government support;
- Private donations and corporate contributions.

For most facilities, earned income sources are enough to cover between 40 and 60 percent of a performing art center's budget. The remainder of the budget must be raised through contributed income and/or other income sources. It is generally true that contributed income is a necessary and substantial source of income for operating a performing arts facility.

### ***Operational Structure***

The operational choices made by a theatre have a direct impact on the bottom line, particularly as related to professional staffing costs. Successful facilities need to rely on two to three approaches to develop sustainable programs. As shown below, performing arts centers can generally be categorized in three ways depending on their operations and management structure:

- Production houses – The theatre produces shows in-house, hires performers, markets programs, manages ticketing, etc. Facility owners / managers take all of the financial risk for the performance.
- Presentation houses – The theatre contracts with a local or outside group to present performances at the facility. In this case, the facility may contract to buy or sell additional services such as marketing, ticketing, etc. Thus, the facility carries some of the financial risk, but also benefits from presumably higher-priced tickets and well-known shows/performers who are not affiliated with the facility.
- Rental houses – An outside group rents the house to produce a show, often for a set fee or sometimes for a share of ticket revenue. In this case, there are few if any additional services offered by the facility. In this case, the venue is rented on more of a “turn-key” arrangement.

Modern theater venues usually need to operate in at least two of the above roles to approach operating profitability, and many theatre facilities exhibit all three components in their program and structure.

It is also important to emphasize the distinction (and competition between) theatre venues and independent performing arts user groups, both of which are now increasingly producing events. The result, a blurring between facilities and users, is further complicated by funding sources and the hard reality that performing arts and related educational programming are inherently unprofitable from a purely financial standpoint; large amounts of public and private subsidies are often necessary to sustain operations.

The path of these funds can either go directly to a performing organization, or to the venue that provides space at a minimal cost or free of charge. Given these factors, the financial feasibility of any venue-project is closely tied to the ability to increase the funds available to the arts and educational community.

### ***Shift in Marketing Strategies***

A result of lagging ticket revenues has been the restructuring of marketing strategies. Most producing and presenting venues are returning to subscription-based pricing strategies, offering one “mega ticket” that is good at multiple venues and events, buy-one, get-one-free deals, or create-your-own subscription series. Common add-ons include free parking and snack vouchers. Many venues are

also using themes to enhance or re-brand their image. Other venues have designated “Theatre Thursdays” and singles’ nights to appeal to younger audiences. However, aggregate data suggests that despite marketing, audience development efforts and ticket cost increases (which increased by 70% between 1985 and 1995 for orchestras), performing arts venues are still subject to market preferences and economic cycles.

### ***Facility Seating Capacity and Physical Features***

A multitude of new performing arts spaces have been constructed in the last 30 years, many of which were financed by public funding. However, when facilities are built, it is not always clear who will use the spaces or whether their operations will be sustainable.

### **Size of Facility**

There is a growing difference in venue programming according to venue size. The high cost of operating larger facilities requires them to seek blockbuster productions, sometimes limiting artistic creativity. This is often referred to as the “Nutcracker Effect.” The high costs of operating larger facilities require programmers to sell as many tickets as possible and capture all possible earned revenue; large blockbuster-programs are most likely to achieve this goal. Smaller venues are able to rely on a combination of niche programming and lower operating costs to remain viable. Midsize facilities are focusing more on traditional works.

Other relevant issues related to facility design and seating capacity are as follows:

- The need for flexibility is imperative. As the performing arts grow and change, venues need to be able to accommodate and foster the creativity and change that allows performing arts organizations to stay cutting edge. Facilities that limit growth and creativity, due to their rigid design and/ or large size, are at risk of becoming obsolete.
- Increasingly, new theatre venues are developed as multi-tiered performing arts complexes, offering between two and five different performing venues within one facility. Construction of such facilities allows for economies of scale, as the overall cost of building multiple theatres in one venue is much lower than if each theatre were built separately. Moreover, such facilities offer a space for many types of performing arts groups and are often designed to be flexible in seating and programming capacity.
- The role of performing arts facilities is changing. Industry professionals agree that in major areas, performing arts facilities must act as community centers, evolving into places where people congregate and share in social engagements. Larger, first-tier centers must help cultivate smaller artists in the community through posting advertisements for small-venue events, or house-concerts, on websites or in existing venues. Venues are increasingly

viewed not just as a place to showcase performing arts displays, but as cultural centers that uphold and inspire participation of all in performing arts.

- There has been a recent trend towards the development of small- to mid-sized venues, reflective of product diversification in a market despite an abundance of arts organizations and performers who can easily sell 2,000-5,000 seats. Many of the major companies in the United States have indicated a preference towards performing multiple times in mid-size venues or in large venues that are designed to feel more intimate. Audiences have responded well to this, as many seem to prefer paying for an intimate experience.

**Trends in Audiences**

Nationwide, the percentage of total population attending performances in the performing arts has declined since 1982. This suggests that audience growth has not kept pace with population growth. Younger audiences are less likely to frequent performing arts performances than older audiences.

**Table IV-27: Percent of Adults Participating in 12 month Periods**

	1982	1992	2002	2008
Jazz performance	9.6%	10.6%	10.8%	7.8%
Classical Music	13.0%	12.5%	11.6%	9.3%
Opera Performance	3.0%	3.3%	3.2%	2.1%
Musical Play	18.6%	17.4%	17.1%	16.7%
Non-Musical Play	11.9%	13.5%	12.3%	9.4%
Ballet	4.2%	4.7%	3.9%	2.9%
Other Dance*	n/a	7.1%	6.3%	5.2%
Latin Music	n/a	n/a	n/a	4.9%

\*Other Dance refers to dance not ballet, including modern, folk and tap.

NA: data not collected in that year

Source: 1982,1992,2002 and 2008 Surveys of Public Participation in the Arts, National Endowment for the Arts

According to the age distribution data tracked for a period of 12 months for the 2008 National Endowment for the Arts Participation in the Arts Study, the largest percentage of total performing arts audience participation are between ages 45 and 54. Latin music performances have the strongest young audience participation rate at 18.2 percent. Classical music has the largest percentage distribution for persons 75 and over.

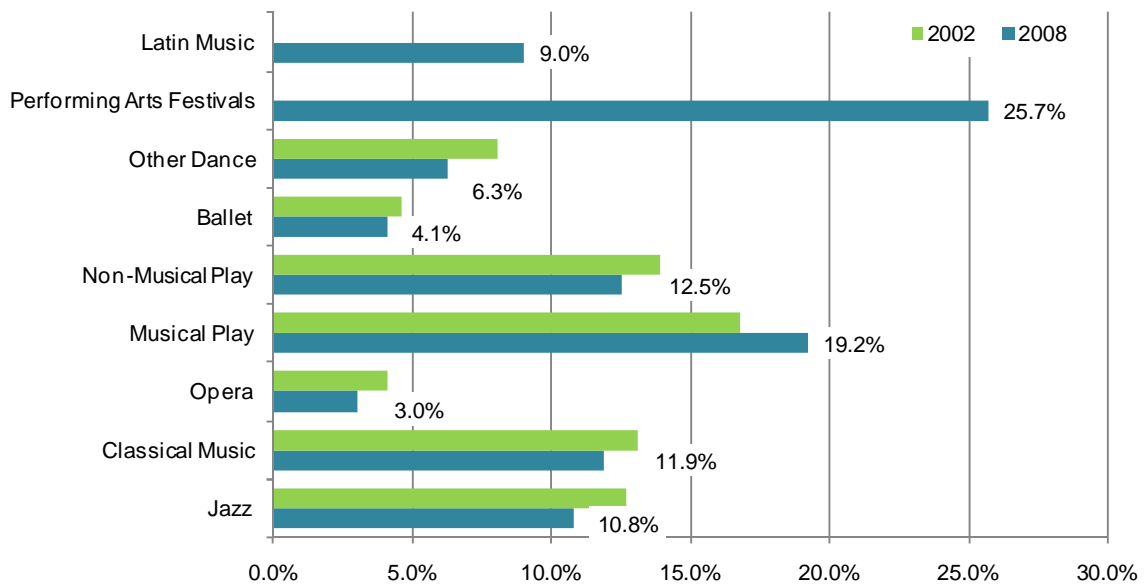
**Table IV-28: Age Distribution of Adults Attending at Least Once in 12 Months, 2008**

Age	US Total	Classical			Performing Arts			Non-musical		Other Dance
		Jazz	Music	Opera	Latin	Festivals	Musical Plays	Plays	Ballet	
18-34	12.8%	11.9%	9.5%	7.4%	18.2%	13.2%	11.1%	11.2%	10.8%	14.0%
25-34	17.7%	17.4%	13.3%	13.9%	21.8%	19.4%	16.9%	17.2%	14.1%	15.9%
35-44	18.6%	17.1%	17.8%	21.9%	24.0%	21.7%	20.2%	17.7%	21.8%	17.0%
45-54	19.5%	24.4%	21.4%	21.6%	17.5%	22.0%	20.3%	18.1%	21.2%	19.8%
55-64	14.8%	18.4%	18.5%	16.6%	13.8%	14.7%	17.3%	19.5%	15.4%	19.0%
65-74	8.8%	6.9%	11.6%	12.1%	3.6%	6.6%	9.5%	10.3%	13.0%	10.5%
75 and over	7.6%	3.9%	8.0%	6.5%	1.2%	2.5%	4.5%	6.0%	3.7%	3.8%

Source: 1982, 1992, 2002 and 2008 Surveys of Public Participation in the Arts, National Endowment for the Arts

In the Pacific region, which includes California, Alaska, Hawaii, Oregon, and Washington, percent participation in a variety of performing arts has fallen in all categories from 2002 to 2008, except for musical plays. Data collected for 2008 only also shows a strong participation rate for performing arts festivals at 26 percent.

**Figure IV-8: Percent Participation Rates for Pacific Region 2002, 2008**



**Stakeholder and Community Interviews**

A summary of findings from stakeholder and community interviews is as follows:

- Community dance schools use existing facilities with around 700 seats for dance recitals and performances in December and June. Demand for dance classes in Elk Grove is strong and the largest dance school is planning to build their own facility.
- The high school theaters schedule these groups a year in advance and are not able to accommodate all interested users. The district has priority use for these facilities and covers approximately 80 percent of the availability. The remaining 20 percent can be filled by the community. Community theatre productions are not well accommodated by the high schools due to restricted availability.
- Runaway Stage Productions, a non-profit educational stage company, is interested in a facility in Elk Grove. A good number of performers and organizers live in Elk Grove. Required usage would be for alternating months during the year. The company puts on 6 Broadway musicals, 6 children's productions, and 6 workshop productions annually. The company currently spends approximately \$30,000 on rent for performance facilities and an additional \$30,000-\$40,000 for rehearsal space rental. The organization's annual operating budget is \$250,000 per year funded by ticket sales. To relocate the company needs a 250-300 seat theater with a proscenium stage, dressing rooms, wings, rehearsal space, and an orchestra pit to accommodate an 18 piece orchestra.

**Elk Grove Existing Supply**

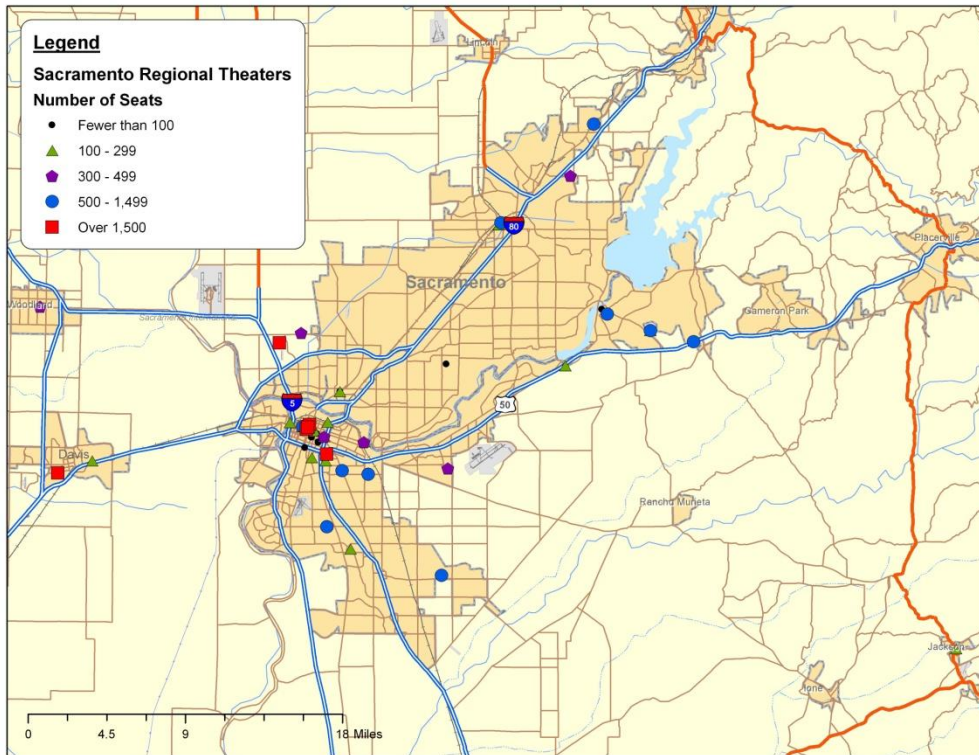
Elk Grove surveyed the existing performing arts facilities in Elk Grove:

- Consumnes River College Theater- 350 seat theater with three dressing rooms, a costume shop, and a green room that also serves as a make-up room. Accommodates roughly 80-100 performances per year. This facility is not rented out to outside groups and is used only by the theatre department at the college.
- Elk Grove Unified School District, Franklin and Cosumnes Oaks High School Theaters- both are approximately 700 seat theaters with proscenium stages. There are adjoining amenities including green rooms and limited back of house. The theaters are primarily used for district needs including school productions, assemblies, etc. Rentals to community organizations are schedule a year in advance. Utilization is at staff capacity. Rental fees are typically \$1500 per day.

**Regional Case Studies**

As illustrated in Figure IV-9 below, there are a number of performing arts venues in the Sacramento region. Profiles on two of the largest new facilities, Mondavi and Gallo, are included below.

**Figure IV-9: Location and Size of Regional Performing Arts Facilities**



Source: ESRI, ERA Survey of Individual Facilities.

***The Mondavi Center for the Performing Arts, UC Davis***

Named after Robert Mondavi, this facility on the campus of the University of California at Davis opened in the fall of 2002. The project was a \$60.9 million investment that was financed through a \$30 million capital campaign, University discretionary funds, and a loan. Barbara Jackson, after whom one of the facilities is named, made a \$5 million donation.

The facility is managed by the Mondavi Center, which was formerly UC Davis Presents. UC Davis Presents was an organization that was part of University Events and presented lectures, productions, and other events by popular speakers, artists, and groups in the various venues around campus. The completion of the Mondavi Center provided a center for this organization group to hold all of their presentations. The facility operates with a memorandum of understanding between the Mondavi Center and UC Davis that designates the physical facility as a self-sustaining entity. However, all employees are considered University staff.



The two facilities, the Jackson Hall and Studio Theatre are state-of-the art. The Theatre, Music, and Dance Departments at UC Davis are considered resident companies at the Mondavi Center, although they pay the same rental rates as do other rental groups at the Mondavi Center. The following is a description of each of the two facilities.



- Jackson Hall - This facility is a 1,801 seat proscenium space that is designed to feel intimate despite its size. There are 1,106 seats at the orchestra level, 341 Grand Tier seats, and 354 Upper Tier seats. The major attractions include the state-of-the-art lighting and sound system, with an acoustical curtain that controls reverberation, enhances positive sound, and shapes dialogue. There are 2 two-person dressing rooms, 2 six-person dressing rooms, 2 twelve-person dressing rooms, and a fully equipped green room with a courtyard. The facility has been rented by the Sacramento Philharmonic Orchestra, the Sacramento Opera, the Sacramento Youth Symphony, the Sacramento Choral Society, Chanticleer, the Auburn Symphony, and American Bach. The UC Davis Dance and Music Department use this space frequently. The Mondavi Center charges \$1500 and \$2000 per day for non-profit and for-profit respectively. Alternatively, the space rents for 10 percent of ticket sales up to a \$3000 maximum daily fee. For rehearsal time, the facility can be rented for \$800 and \$1000. Jackson Hall has roughly 124 performances and 210 usage days per year. This is a combination of the performances that are put on by self-presenting groups, or standard renters, performances presented by the Mondavi Center, and performances by the University's Dance, Theatre, and Music Departments.
- Studio Theatre - This is a 250 seat, flexible space that can comfortably accommodate 200 people for theatre, 250 people for lectures, and 200 people for banquets. The theatre features variable acoustics, tiered seating, and a glass window with a scenic overlook. The facility is also equipped with state-of-the-art lighting, sound, and staging capabilities. The facility rents for \$50 and \$100 per hour for up to a maximum of \$450 and \$800 for non-profit and for-profit respectively. This facility is used mostly by the UC Davis Theatre company for their performances. Additionally, there are multiple events unrelated to performing arts shows that take place in Studio Theatre, such as awards ceremonies, lectures, rehearsals,

dinners, and experimental shows. There are approximately 96 performances in the Studio Theatre per year and 210 days of use.

Both The Studio Theatre and Jackson Hall are rarely in use during the summer months.

***Gallo Center for the Arts***

Planning efforts to build a performing arts facility in Modesto began in 1997 as a partnership between a private non-profit organization, the Central Valley Center for the Arts (CVCA) and Stanislaus County. The \$34 million project was financed with a \$15 million commitment from the County Board of Supervisors, bond financing and a land grant from the County worth \$2.5 million. Half of construction costs were contributed by approximately 2,200 individuals and companies who donated \$19.7 million to CVCA. An endowment fund to ensure ongoing operations of the facility was contributed by two major donors, \$10 million from the Ernest and Julio Gallo families and \$5 million from the Mary Stuart Rogers Foundation. The facility is solely owned by the county and leased annually for \$1 to the CVCA for operation.

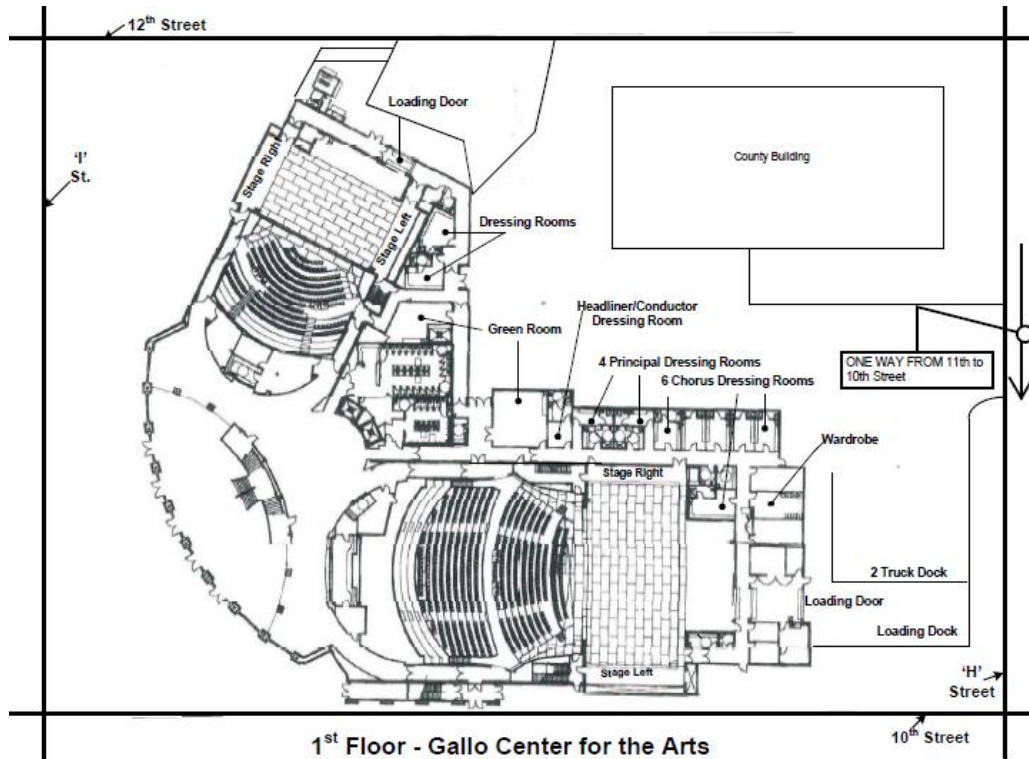


In 2008, the CVCA annual operating budget was \$7.8 million, with \$4.3 million earned from ticket sales, rentals, concessions, parking and other earned income opportunities. Another \$3.9 million is direct public support.

The Gallo Center for the Arts includes two performance facilities:

- Mary Stuart Rogers Theater- 1,200 seat theater with proscenium stage and orchestra pit with capacity for 40 musicians. One adjoining headliner/conductor, 4 principal, and 6 chorus dressing rooms. Rear loading dock and state of the art lighting and audiovisual equipment. The theater is intended to accommodate a wide spectrum of programs ranging from classical music concerts and theater to all amplified popular entertainment events. The audience chamber is designed to provide sufficient volume in the hall to develop the degree of reverberation needed for classical music or for speech alone. This ability to “tune” the room acoustics gives a great range of control and choice to theater directors, conductors, and performers. To favor classical music acoustics the theater was built in the traditional shoe box style with one balcony.
- Foster Family Theater- 400 seat theater with proscenium stage and orchestra pit with capacity for 20 musicians. Two adjoining chorus dressing rooms, a loading dock, and orchestra shell that can be stored in the scene dock upstage. State of the art lighting and

audiovisual equipment. The narrow dimensions of the Foster Family Theater are favorable for un-amplified voices with the farthest seats being within 60 feet of the proscenium to enhance the sense of acoustical intimacy throughout the hall.



### Findings and Recommendations

There have been a number of recent developments of performing arts facilities in the Sacramento region. The market demand for performing arts facilities is varied and not overwhelming. We recommend that space be left available for potential future development at the civic center site. Early development of a purpose built performing arts venue would require user group buy-in for partial capital investment and an anchor tenancy.

### Other Potential Cultural Uses

#### Arts Center

To assess potential demand for an Arts Center, ERA interviewed key stakeholders in the community and visited relevant existing facilities. A summary of findings and recommendations is below:

- The Elk Grove Fine Arts Center was recently opened in a 1,200- 1,500 square foot space in old town. This facility provides workshops for adults and children and organizers wanted to be part of the old town district.

- Demand for children’s art classes currently offered by the CSD are at a 31 percent capacity rate and the currently used facilities, the Wackford Center, Valley Oak Room, Pavillion, Laguna Town Hall, and Elk Grove Recreation Center are sufficient.
- Gallery space to display work is need for an annual exhibition and somewhat on an ongoing basis. We recommend that the civic center include temporary art exhibition space that is accessible to the public.
- Arts festivals are extremely popular in Elk Grove.

**Veteran’s Memorial Hall**

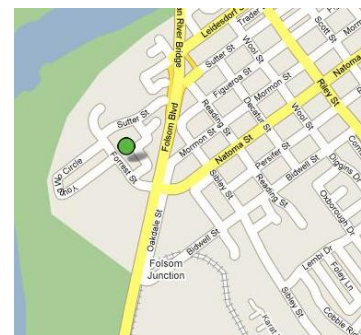
To assess the viability of a Veteran’s Memorial Hall, ERA researched similar facilities in the Sacramento region and interviewed Veteran’s Affairs. There are three distinct opportunities for development:

- Veteran’s Halls- available for veterans’ use with no memorial component. These can be owned by veteran’s associations or leased to them as operators. These facilities are available for non-veterans’ uses as available after organizational functions. Amenities include multi-purpose rooms, kitchens, and flexible halls.
- Veteran’s Memorials- honorary tributes, sculptures, plaques and so forth commemorating veteran service. Not a facility for veteran and community use.
- Veteran’s Memorial Halls- a combination of the above.

No funding is available through Veteran’s Affairs to build these facilities and capital financing varies widely. Funds for memorial halls can be generated through a Mill Tax, an incremental property tax hike, but this has not been successful in the region. Public private partnerships have allowed capital funding for some veteran’s halls, but most typically funds are fundraised through private non-profits with the help of local veteran’s associations and service offices.

**Folsom Veteran’s Hall**

The Folsom Veteran’s Hall, located at 1300 Forrest Street, was built by a local developer in partnership with the City. It is owned to the city and lease d to a cooperative of veteran’s associations. Operating groups use the facilities a few times a week and rent the space to other community groups as available. The hall seats 150 assembly style and 74 for dining. Other amenities include a canteen/bar and kitchen. The rental is \$500 for 12 hours. All operating revenue funds veterans’ services or a scholarship fund.



**Veteran’s Memorial Center, Davis**

This Veteran’s Memorial Center was built by the City of Davis, who leases it to the Veteran’s Service Office. Veteran’s use of the facility is free, other organizations can rent space as available. It is located at the corner of East 14<sup>th</sup> and B Street near the Veteran’s Memorial Center Theatre (325 seats).

The center includes a multi-purpose room, club room, large kitchen with commercial food preparation facilities, and a game room. It regularly hosts Yoga and Pilates classes, church services, community meetings, and weddings. Rental rates vary by usage, with significant discounts for youth co-sponsored and community groups. Hourly Rates for the entire facility range from \$29 to \$284.



**Roseville Veteran’s Memorial Hall**

The original portion of the building was built in 1929. It was expanded in 1949 to its current configuration, more than doubling its size. The building is located at the north end of Royer Park. The original Icehouse Railroad Bridge has been relocated near the building to provide convenient access to public parking. Portions of the Hall may be rented on a space-available basis.

**Table IV-29: Roseville Veteran's Memorial Hall Characteristics**

Hall Occupancy	~300
Kitchen Facilities	Y
Chairs, tables available?	Y
PA or sound system available?	N
Halls:	Rental Fees
Main	\$75-300
Basement	\$60-90
Service office	\$30-\$60
Ladies Logde Room	\$90
Fireplace Room	\$60

Source: Placer County California



**Auburn Veteran’s Memorial Hall**

This Memorial Hall was built in 1931 and dedicated in January, 1932. The dining hall and dance floor were expanded after World War II. To meet the condition that the bar be an appropriate distance from the Lincoln Way Elementary School - now the Auburn City Hall - the bar was placed at the far end of the building. Portions of the Hall may be rented on a space-available basis.

**Table IV-30: Auburn Veteran’s Memorial Hall Characteristics**

Hall Occupancy	~225 downstairs
Kitchen Facilities	Y
Chairs, tables available?	Y
PA or sound system available?	n/a
<b>Halls:</b>	
Downstairs	Rental Fees \$150-\$200
Fireside Room	\$50
Upstairs	\$250

Source: Placer County California



**Loomis Veteran’s Memorial Hall**

Built at the end of the 1940s, the Memorial Hall is located on the same grounds as the Loomis Library and shares parking facilities. It is the main community facility in Loomis. In addition to Loomis veterans, the building is used by many community organizations, groups and individuals. Portions of the Hall may be rented on a space-available basis.

**Table IV-31: Loomis Veteran’s Memorial Hall Characteristics**

Hall Occupancy	~225
Kitchen Facilities	Y
Chairs, tables available?	Y
Air conditioned	Y
PA or sound system available?	Y
<b>Halls:</b>	
Meeting room	Rental Fees \$50-\$100
Main hall	\$150-\$300

Source: Placer County California



**Lincoln Veteran’s Memorial Hall**

Located in downtown Lincoln, the Memorial Hall is used by many community organizations, groups and individuals. Portions of the Hall may be rented on a space-available basis.

**Table IV-32: Lincoln Veteran’s Memorial Hall Characteristics**

Hall Occupancy	~250
Kitchen Facilities	Y
Chairs, tables available?	Y
Air Conditioned	Y
Halls:	Rental Fees
Hall	\$200-\$300
Dining Room	\$50
Kitchen only	\$50

Source: Placer County California



**Botanical Garden/ Garden Attraction**

During the course of our market analysis, the City requested that ERA AECOM consider the market potential for some type of botanical garden, with the idea that it could serve as a regional attraction that is unique to the Sacramento area. Since garden attractions vary widely, we reviewed major types of gardens and outline basic operating, size, and examples for the following three types of gardens:

- Full scale botanical garden
- Specialty gated and non-gated gardens
- Garden Centers

The Sacramento region currently has no visitor destination garden attractions, so the inclusion of one in the Elk Grove Civic Center project could serve to draw regional visitors, one of the goals for the new Civic Center.

**Full-scale Botanical Garden**

ERA AECOM completed a survey of national botanical gardens and conservatories.

- Botanical gardens are a combination of outdoor gardens adapted to a site’s climate zone and green house conservatories with a variety of foreign plant species on display.
- Most gardens are private non-profit institution, with the exception of a few which are managed by municipal governments.
- Grounds range in size from approximately 10 to 14,000 acres. Most are between 30 and 80



acres. Conservatories range in size from 1,000 to 220,000 square feet.

- Brief descriptions of various gardens are as follows:
  - 7,000 desert and tropical plants, birds, terrarium
  - 3,000 species of alpiners and rare native plants
  - Gardens, 2 conservatories, 11 produce greenhouses, butterfly center, 7.5 acre vegetable garden
  - Tropical garden with rainforest and seasonal forest
  - Downtown garden with 20,000 plants
  - 2,000 species of tropical rainforest and native plants
  - Tropical, palm, cactus, bonsai, orchid display
  - 13 rooms (palm, fern, orchid, desert, children’s discovery garden) in conservatory
- Adult admission is generally around \$10
- Membership programs are common, revenue supports operations and engenders future support
- Attendance can range widely from 50,000 to 400,000. Very few gardens achieve attendance above 400,000.
- Depending on the scope of the attraction and nature of the market, attendance to botanical gardens can be either resident or tourist driven.
- Annual operating budgets range widely from \$1 million to \$13 million.



**Specialty Gardens**

Specialty gardens are much smaller than full-scale botanical gardens at 1 to 5 acres. When gated, admission fees are less than the larger botanical garden attractions, but can also be free to the public. These gardens are run by private non-profits or municipal governments.

ERA AECOM reviewed four specialty garden attractions including the Lan Su Chinese Garden in Portland, the Seattle Chinese Garden, the Japanese Tea Garden in San Francisco, and the Rose Gardens in Portland.





**Table IV-33: Specialty Garden Attraction Characteristics**

Gated Garden Attraction	Size	Adult Admission	Operating Structure
Lan Su Chinese Garden, Portland	40,000 SF	\$8.50	Owned by City of Portland, leased to private non-profit
Seattle Chinese Garden*	4.6 acres	fee not set	private non-profit
Japanese Tea Garden, San Francisco	3.1 acres	\$5.00	Operated by City, vendor for visitor services
Rose Gardens, Portland	4.5 acres	Free	Operated by City, private non-profit for store

\*Under Constructin, completed by 2020  
 Source: Individual gardens, ERA AECOM

Specialty gardens offer appealing visitor experiences for local visitors and can attract tourist visitation.

The traditional Chinese and Japanese gardens feature small architectural highlights, picturesque scenery, and specialized visitor amenities include gift shops and tea houses. The Rose Gardens in Portland are not gated, but have similar visitor appeal with approximately 10,000 varieties of roses. These are a considerably less costly, both at investment and on an ongoing operating basis than full scale botanical gardens. These attractions do not draw the same number of visitors, but can add considerable civic appeal and traffic.



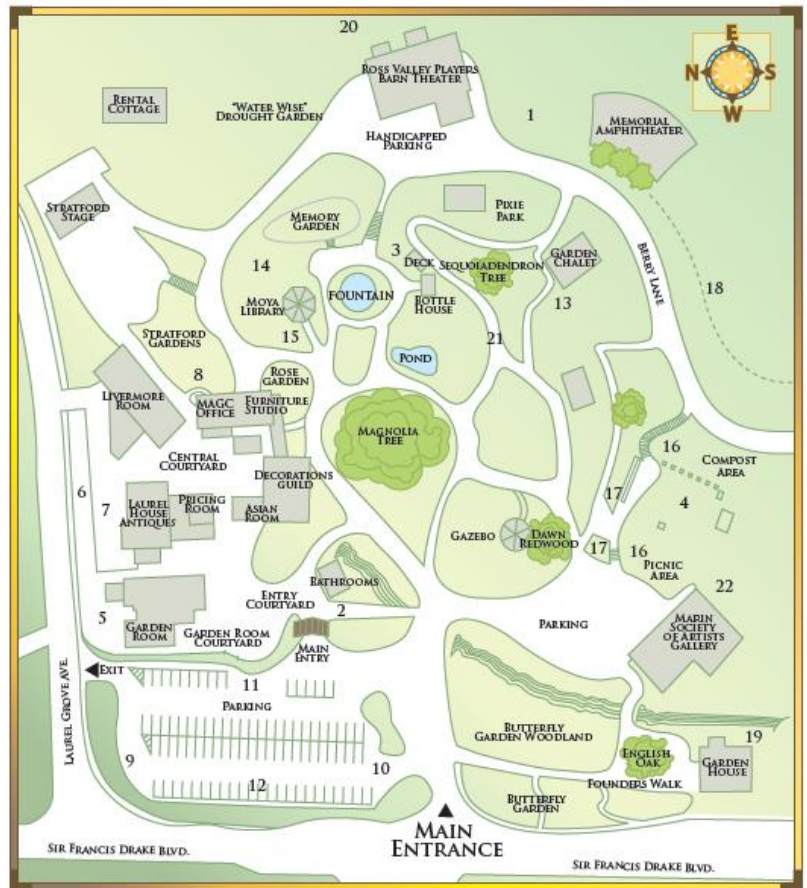
***Garden Center***

Garden Centers are combination art, community, event, education, and garden facilities. These centers have an educational and resource mission, providing the community with access to garden education, scenic outdoor events, and arts activities. The best example of this model in the bay area is the Marin Art and Garden Center.

**Marin Art and Garden Center Profile**

The mission of the Marin Art and Garden Center (MAGC) is to be a vibrant, enriching community resource that supports and encourages the arts, horticulture, history and environmental conservation, providing the community with a unique gathering place to participate in the arts and educational programs. MAGC is a non-profit organization staffed primarily by volunteers and funded through contributions, memberships, and rental fees.

Education programs, which are organized by a dozen supporting organizations which use the facility, include summer camps, classes for adults and children, and school programs. Other events include lectures, performances, and center wide festivals. MAGC has also been awarded the “Best Event Site in the North Bay” three years in a row by local publications. Rentals at the facility range widely from weddings, receptions, fundraisers, conferences, and memorials.



MAGC includes 6 buildings across eleven acres. Amenities include:

- Garden House
- Marin Society of Artists Gallery
- Stratford Stage
- Ross Valley Players Barn Theater
- Memorial Amphitheater
- Moya Library
- Furniture Studio
- Decorations guild
- Asian Room
- Laurel House Antiques
- Butterfly Garden
- Gazebo

## V. Market Assessment for Public Assembly and Community Facilities

### Potential Users

Research indicates that the local community would support the following types of events in the proposed public assembly/event facility:

- Weddings and other reception/party events
- Meetings and conferences, both for corporate groups and public associations and government agencies.
- Trainings and seminars for the expanding medical community.

A list of potential user groups that were interviewed in the research process is shown in the Appendix. Key findings from these interviews, based on user-type, are detailed below.

### Wedding/Event Planners

Our interviews with event planners indicated that weddings were the number one type of events planned for Elk Grove residents. There was a strong consensus that Elk Grove residents would use and event space for weddings if a few key criteria were met:

- There were spaces for a ceremony and a reception.
- The reception hall could accommodate up to 200-300 people for seated meals and a dance floor.
- The kitchen should be large enough and well-equipped so that the catering staff can prepare either a sit-down meal or a buffet.
- The facility has attractive chairs, tables, and a dance floor for rent.
- The facility has large windows, with nice views, adjustable lighting, plenty of outlets, and an indoor/outdoor space.
- The entrance to the event facility is aesthetically pleasing.

It was noted that these features will also enhance other events, such as anniversary parties, bat mitzvahs, anniversary and birthday parties, and debutante balls. Currently, there is a “lack of adequate space” in Elk Grove for wedding and party events, and most residents choose to hold their event outside of the city. A description of facilities in Elk Grove that currently host weddings are shown in **Table V-1**, and a summary features and drawbacks of each facility is detailed.

Furthermore, a list of popular wedding and event venues outside of Elk Grove is shown in **Table V-2**. Our research indicates that an event center with the characteristics described above would attract weekly weddings, especially on Saturdays.

**Elk Grove Chamber of Commerce**

According to staff at the Elk Grove Chamber of Commerce, there is consistent need for event space for daily and nightly meetings, luncheons, mixers/happy hours, and educational seminars. It was estimated that the Chamber currently hosts between five and six events per month for a variety of groups sizes, from 10 to 250 people. The venues used for these events are often restaurants, the hotel facilities, Valley Hi Country Club, Phoenix University facilities, and DeVry University facilities. A new facility within the Elk Grove Civic Center would be welcomed and recommended design features include:

- A good PA system
- Catering facilities
- Computer work-stations
- Wireless capabilities
- Capability for webinars
- Wireless internet

Table V-1: Description of Local Event Facilities

Facilities Used in Elk Grove	Reception		Seated Capacity	Rates <sup>1</sup>	Features	Challenges
	Capacity	Capacity				
Valley High Country Club	~300	250	\$5,000 plus additional charges	In-house catering, tables, chairs, linens, golf course	Odd shaped main room, service is low-quality, ceremony location not private	
Holiday Inn Express	150	125	\$1,500-\$2,800 (Saturday)	Ballroom for 125-150, tables and chairs	Poor ambiance, no in-house catering	
Hilton Garden	125	100	\$1,500 (lower when catering is done in-house)	Ballroom for 100 with in-house location	No area for a ceremony	
Asian Sports Foundation	1759	821	\$1,600 for 4 hours, \$220 per additional hour	Large gymnasium for large group, well-equipped kitchen	Not and elegant environment, no location for ceremony	
Pavilion at Elk Grove Park	200	125	\$1,500-\$1,850 <sup>2</sup>	Good community room with ample parking, recently remodeled bathrooms, windows with park views, seating for 125 with a dance floor, "prep" kitchen, ceremony site close-by	Plated meals not recommended due to lack of cooking facilities	
Laguna Town Hall	400	300	\$1,750	Large facility with stage, "prep" kitchen, and amphitheater for ceremony	Gymnasium environment, lots of community flyers and postings, so not elegant. Kitchen facilities inadequate for plated meals	
Barbara Wackford Community Center	300	200	\$1,700-\$3,500 <sup>3</sup>	Busy community center, with a ballroom, floor-to-ceiling windows, new facility	Floor-to-ceiling windows look onto parking lot, patio looks onto parking lot, no place for ceremony, kitchen problematic for caterers, parking can be problematic	

<sup>1</sup> Does not include equipment rental, labor charges, catering costs, or other fees.

<sup>2</sup> Pavilion with Strauss Island for ceremony

<sup>3</sup> 12-hour Saturday rental, including gymnasium

Source: Selected Interviewees and ERA/AECOM

**Table V-2: Popular Event Venues in outside of Elk Grove**

Venue	City
The Old Sugar Mill	Clarksburg
Granite Bay Golf & Country Club	Granite Bay
Lincoln Hill	Lincoln
Masonic Temple	Sacramento
Citizens Hotel	Sacramento
Sterling Hotel	Sacramento
Dante Club	Sacramento
Sierra 2 Theater	Sacramento
Casa Garden Restaurant (for fundraisers)	Sacramento
Hyatt Hotel	Sacramento
Sacramento Grand Ballroom	Sacramento
La Rivage	Sacramento
The Vizcaya Hotel,	Sacramento
The Grand Island Mansion	Walnut Grove

Source: Selected Interviewees and ERA AECOM

### Hospitals

ERA interviewed CEO’s from two of the three major hospitals in the region to better understand the medical community’s current and projected need for event space. Both leaders indicated that event space at the proposed Civic Center would be used for a variety of different types of events, namely:

- Fundraisers
- Community outreach and awareness campaigns
- Quarterly and annual staff meetings
- (Bi)-annual dinners for foundations affiliated with the hospitals
- Medical conferences and meetings
- Trainings and seminars, including technical trainings and educational certification

Examples of venues that are currently used for hospital functions include Valley Hi Country Club, HomeTown Buffet, the Sheraton in Sacramento, the Holiday Inn Express in Elk Grove, and other spaces in Sacramento. It was stated that the Valley Hi Country Club has provided “mixed-experiences,” the Sheraton did not have adequate space for vendors and sponsors, and the other two venues had “poor food service.”

Both Sutter General Hospital and Methodist Hospital of Sacramento are planning major expansion projects within Elk Grove, and it is rumored that Kaiser Permanente will also be expanding into Elk

Grove. The interviewees specified that the following characteristics of a meeting/event space would best suit their needs:

- Executive board rooms with capacity of between 100 and 200, and smaller break-out rooms.
- A main ballroom area with theater-style seating capacity of around 500 and dining capacity of at least 200.
- Wireless capabilities and high-quality projector equipment for computer demonstrations.
- A large lobby area for vendors and sponsors, who are critical in defraying the costs of medical events.
- A catering kitchen.

It was stated that Methodist Hospital of Sacramento would likely use a new conference/event space at least once a month, but probably two or three times per month. Usage would increase when the new facility in Elk Grove came to fruition. Sutter General Hospital stated they would use the facility at least once per month, at first, and usage of small spaces would most likely grow.

### **Elk Grove Unified School District**

Our interviews with the Elk Grove Unified School District (EGUSD) indicate that, with over 70 facilities of their own, the district typically does not use off-site facilities. The only regular event that is held off-site are graduations, in which case facilities that can seat between 3,000 and 5,000 people are sought. On an annual basis, the school district may use a retreat space with capacity for 100 people. An example of this type of event is the District retreat for Administrative staff. These annual events are typically held at Cosumnes District Facilities. Though many of the current space needs are met, it was stated that EGUSD would like to work with the city directly if planning moves forward.

### **Frontier Communications**

In the past Frontier Communications sought meeting space that could accommodate up to 100 people and also accommodate smaller meetings/breakouts from this large group. However, they have shifted to video conferencing for their regional retreats and no longer need off-site meeting space of this size. Currently, Frontier use in house meeting space for the 225 local employees for meetings, but this option is not optimal. It was noted that, if a space were available and easily accessible, Frontier Communications would likely use it for meetings as well as other relevant activities probably on a quarterly basis. Specifically, for smaller activities, a meeting room that would hold up to 30 people comfortably would be ideal. Catering facilities would be a must.

### **Local Competitive Environment**

Based on our interviews with local venues, it is our understanding that the local event-rental market is strong and has generally grown over the course of the past few years. The economic downturn has



hurt business to some extent, but on the whole, the event market has remained robust. Certain private venues, such as Valley Hi Country Club, have continued to host close to 400 events per year, even in the economic downturn. However, it was noted that many events at this venue are booked by members and are related to golf events such as tournaments. Public facilities, such as the Laguna Town Hall have averaged approximately three events per month or about 40 events per year.

It was noted by the Recreation Supervisor for the Cosumnes Services District (CCSD) that the economic slowdown has mostly hurt the market for large events and that smaller events have been more typical in the past few years. Related to this point, most event rentals are for shorter periods of time, not the 12-hour “cash-cow-rentals” that have been the source of significant revenue in the past. This year, for example, rental revenue at the Barbara Wackford Community Center fell \$60,000 short of the 2009 budget. The case for creating a flexible, divisible space is therefore strong.

Historic utilization of facilities within the CCSD is shown below.

**Table V-3: Percentage Utilization at the Cosumnes Community Service District Facilities**

Facility	January - March 2006	January - March 2007	Difference
Pavilion Reception Hall	40.6%	87.3%	46.7%
Youth Center	44.3%	64.4%	20.1%
Castello Rec Center	93.8%	93.4%	-0.4%
Johnson Rec Center	93.8%	97.2%	3.4%
Laguna Town Hall KCHQ	47.7%	51.1%	3.4%
Laguna Town Hall- Reception Hall	72.2%	78.6%	6.4%
Laguna Town Hall-Rm#1	26.4%	27.5%	1.1%
Laguna Town Hall-Rm#2	74.6%	64.8%	-9.8%
Elk Grove Rec Center-Rm#1	98.4%	93.4%	-5.0%
Elk Grove Rec Center-Rm#2	93.8%	93.4%	-0.4%
Elk Grove Rec Center-Rm#3	93.8%	93.4%	-0.4%
Elk Grove Rec Center-Rm#9	52.5%	22.4%	-30.1%
Elk Grove Rec Center-Rm#10	25.4%	55.1%	29.7%
Wackford-Preschool	98.4%	93.4%	-5.0%
Wackford-Valley Oak Ballroom	34.5%	56.6%	22.1%
Wackford-Willow Room	34.4%	42.7%	8.3%
Wackford-Poppy Room (A&B)	58.6%	65.9%	7.3%
Wackford-Blue Heron	18.6%	19.4%	0.8%
Wackford-Teen Center	64.7%	61.0%	-3.7%
Wackford-Gymnasium	71.9%	84.8%	12.9%

Source: Cosumnes Community Service District

## Comparable Public Assembly Facilities

The case studies detailed in this section were chosen based on the following criteria.

- Location within communities which are similar in size, demographic composition, and/or proximity to urban centers as the City of Elk Grove.
- City-operated centers that were constructed using mostly public funds and serve the local resident community.
- Offer multiple types of public programming within different event spaces and have outdoor parks, garden, and fields.
- Contain meeting and event space that is rented to the public and earns revenue to support operations.
- Were constructed within the past twenty years.

The information gathered for each facility included the size, construction cost, sources of funding, usage pattern and utilization, operating cost and revenue, and annual operating support required from the respective cities. A description of each facility is provided below.

### The Diamond Bar Center, Diamond Bar, California



The Diamond Bar Center opened in March or 2004 and was designed by Gonzalez Goodale architects, based in Pasadena California. The development cost totaled \$12.5 million and was funded by a City issuance of \$12.5 million in lease-revenue bonds, which have a variable interest rate and a 10-year cap. In 2008, the city reviewed alternatives for financing the outstanding balance on the bonds, but concluded that the existing financing mechanism was still the best option. The City of Diamond Bar has retained ownership and management of the facility.

The community/senior center totals 22,500 square feet and contains a 500-seat banquet facility and a total of 14,000 square feet of meeting space. The 21,000-square-foot library is immediately adjacent

to the center, and the two facilities are linked by pedestrian walkways. The Center provides state-of-the-art multimedia capabilities and a full-catering kitchen. The schematic design emphasized natural materials (including stone, redwood, and copper roofing), the maximization of scenic views, and a blending with the surrounding natural landscape.

The facility is located amidst landscaped gardens, an attractive stream, a trail head, and various parks and ball-fields atop Summitridge Park; it is therefore considered to be a “pedestrian friendly” destination that has a strong focus on the outdoors. Located within Los Angeles County, near the borders with Orange, Riverside, and San Bernardino Counties, the facility has access to a large user-market. Often, financial groups with offices in all four counties will use the Diamond Bar Center for corporate functions because of its attractive location. However, it was stated that the majority of renters are from the local resident market. The Center offers residents a discounted rate. According to the manager, even when the guest-of-honor is not from Diamond Bar, usually the majority of guests are local residents.

On average, income from the rental of facilities accounts for approximately 60 percent of the facility's annual budget, with the City of Diamond Bar providing a subsidy equal to the remaining 40 percent of the budget. For example, the operating budget last year was \$900,000 and rental income provided \$600,000 in revenue.

The Diamond Bar Center hosts a number of weddings, high school formals, Quinceañaras, one or two-day meetings and conferences, and other types of private functions. These types of events provide the largest source of earned income although the facility charges a small fee for contracted classes, which are taught by private instructors. It was stated that their largest facility, the Grandview Ballroom, is booked for every Saturday through mid-2011, and even with the economic downturn, the facility has had very high utilization.

The Diamond Bar Center serves as the local senior center and therefore hosts weekly Bingo on Tuesdays and Fridays and a variety of arts and crafts and cultural events for the elderly community, including a holiday dinner and dance celebrations.

The rooms available for rent and their associated capacities and rental fees are shown in **Table V-4**.

**Table V-4: Capacities, Rental Rates and Cleaning Fee at Diamond Bar Center**

Room	Capacities		Weekday rates				Weekend rates				Cleaning Deposit	
	Dining	Theater	Residents		Non-resident/ All		Residents		Non-resident/ All			Other Governmental Agencies & Local Non-Profit Service Groups
			Residents	Business	Business	All	Residents	Business	All	Residents		
Grand View Ballroom*	438	952	\$150/hr	\$200/hr	\$100/hr	\$2400 for a 6 hour rental, \$200 for each additional hour	\$3200 for a 6 hour rental, \$300 for each additional, hour	\$2400 for a 6 hour rental, \$200 for each additional hour	\$3200 for a 6 hour rental, \$300 for each additional, hour	\$1200 for a 6 hour rental \$100 for each additional hour	\$500	
Grand View Ballroom (2/3)*	288	724	\$100/hr	\$135/hr	\$67.50/hr	\$1800 for a 6 hour rental \$150 for each additional hour	\$2450 for a six hour rental, \$200 for each additional hour	\$1800 for a 6 hour rental \$150 for each additional hour	\$2450 for a six hour rental, \$200 for each additional hour	\$800 for a 6 hour rental \$75 for each additional hour	\$350	
Grand View Ballroom (1/3)	155	333	\$50/hr	\$55/hr	\$45/hr	N/A	N/A	N/A	N/A	N/A	\$100	
Grand View Ballroom (1/5)	53	114	\$30/hr	\$35/hr	\$27/hr	N/A	N/A	N/A	N/A	N/A	\$100	
Pine Room	66	120	\$50/hr	\$55/hr	\$45/hr	\$100/hr	\$110/hr	\$100/hr	\$110/hr	\$90/hr	\$100	
Sycamore Room (with patio)	60	128	\$50/hr	\$55/hr	\$45/hr	\$100/hr	\$110/hr	\$100/hr	\$110/hr	\$90/hr	\$100	
Oak Room (hardwood floors)	98	185	\$50/hr	\$55/hr	\$45/hr	\$100/hr	\$110/hr	\$100/hr	\$110/hr	\$90/hr	\$100	
Birch Room (10 computers)	N/A	N/A	\$50/hr	\$55/hr	\$45/hr	\$100/hr	\$110/hr	\$100/hr	\$110/hr	\$90/hr	\$100	
Maple Room	32	60	\$27/hr	\$30/hr	\$25/hr	\$55/hr	\$60/hr	\$55/hr	\$60/hr	\$50/hr	\$100	
Catering Kitchen	N/A	N/A	\$50/event	\$50/event	\$50	N/A	N/A	N/A	N/A	N/A	\$100	

\*Rental of Entire Grand View Ballroom or 2/3 Grand View Ballroom includes catering kitchen, foyer and patio.  
Source: Diamond Bar Center and ERA/AECOM

**Torrance Cultural Arts Center, Torrance CA**



The 80,000 square foot Torrance Cultural Arts Center (TCAC) was built as a partnership between select corporate donors, philanthropists, and the City of Torrance. Large corporate donors who provided support for elements of the center included Toyota Motor Sales USA, which was headquartered in Torrance at the time, Epson America, and Watts Homes. Approximately 50 percent of the remaining \$13 million in construction costs came from the City of Torrance, and the “town square” project, as it was then referred to, was launched in 1991.

The TCAC includes the 180-seat George Nakano Theatre/ banquet space, the 348-seat Armstrong Theatre, a recreation center, the 4,200 square foot meeting hall, a Japanese Garden, and the Festival Plaza. The Torrance Cultural Arts Center categorizes their facilities as theatre space, classroom space, and meeting/banquet room space.

When the project was initially developed, the Parks and Recreation department operated the facility and managed the programming. However, it has since been changed so that the Parks and Recreation department is still the facility manager and the landlord while the City’s General Services department manages the programming, with assistance from the Torrance Cultural Arts Center Foundation. The TCAC Foundation is best described by its mission statement, detailed below:

*The Torrance Cultural Arts Center Foundation is a nonprofit organization of community and business leaders. Acting at the request of the Torrance City Council, we raise money to present shows that encourage the public's involvement with the Center and that enhance the reputation of Torrance as a balanced city.*

The Foundation works to attract high quality entertainment and educational programming, specifically for the two large theater venues within the facility, while seeking to promote arts participation within the community. According to the senior manager of the TCAC, the model of sharing the programming responsibilities between the Foundation and the City’s General Services ensures that revenue-generating programming is balanced with community outreach and arts promotion.

Ninety-percent of the programming in the theatres is for non-profit performance groups, which pay low rental rates, subsidized by the City. Almost 100 percent of programming within the classroom space is for the Parks and Recreation Department, who also pay a subsidized rate. However, it was stated that by the sheer volume of classes and activities in the classrooms, the Center is able to generate a small profit from this type of rental. The meeting/banquet halls are almost exclusively rented to private users for wedding receptions, Quinceañeras, anniversary/birthday parties, and corporate events. However, it was noted that corporate business has essentially disappeared since the onset of the economic downturn in mid-2008. Base rental rates, as well as maximum seating capacities, for each space within the TCAC is shown in **Table V-5**.

The total operating budget for the TCAC is around \$2 million, though the City has been trying to scale the budget to \$1.7 million to accommodate budget cuts and financial constraints. Typically, earned revenue from rentals accounts for 50 percent of the operating budget and the City subsidizes the additional 50 percent of the budget from its General Fund. It was noted that if the TCAC did not have private rentals to provide operating revenue, it would be unsustainable and unable to continue operations. Fortunately, event rentals are looking very strong for the 2010 calendar after a small lull in business in 2009.

The TCAC has two full-service kitchens and a small warming kitchenette adjacent to the classroom area. Although they do not offer catering services, the facility can handle almost any type of outside catering need, and the senior manager stated that this offering is invaluable. Especially in the down economy, facility renters seek flexibility and are generally pleased when they can hire their own caterer or use the kitchen facilities for special needs. Nearby hotel properties, which are the major source of competition for event rentals, require that renters use the on-site catering services, and this has been a disincentive for some users. Moreover, the kitchen at the TCAC attracts cultural groups that prefer the TCAC over other facilities because they can provide ethnic meals to compliment their events. Although the TCAC is much older than the other case studies, it serves as an interesting example of how a structure has adapted its space and operating model to accommodate the changing needs of the local community.

**Table V-5: Capacities and Rental Rates at the Torrance Cultural Center**

	Rates <sup>1</sup>			
	Max Capacity	Resident Non-profit	Resident Private or Non-resident Non-Profit	Non-resident Private or Commercial
<b>Toyota Meeting Hall</b>	350			
Banquets, Wedding Receptions, Dances		\$680/ 8 hrs	\$776/ 8 hrs	\$1,460/ 8 hrs
Meetings, Seminars		\$340/ 4 hrs	\$388/ 4 hrs	\$730/ 4 hrs
<b>James A Armstrong Theatre</b>	504			
Theatre		\$350/ 5 hrs	\$840/ 5 hrs	\$1,540/ 5 hrs
Lobby Only		\$95/ 4 hrs	\$144/ 4 hrs	\$486/ 4 hrs
<b>George Nakano Theatre</b>	180			
Theatre		\$72.75/ hr	\$85/ hr	\$97/ hr
Lobby Only		\$29.75/ hr	\$36/ hr	\$42.25/ hr
<b>Ken Miller Recreation Center</b>	320			
Auditorium		\$72.75/ hr	\$85/ hr	\$97/ hr
Assembly Room		\$59.50/ hr	\$72/ hr	\$84.50/ hr
<b>Pine Wind Japanese Garden</b>	60			
		\$36/ hr	\$42.25/ hr	\$48.25/ hr
<b>Torino Plaza</b>	530			
		\$29.75/ hr	\$42.25/ hr	\$60.25/hr
<b>Studio and Garden Rooms</b>	55	\$29.75/ hr per room	\$36/ hr per room	\$42.25/ hr per room

<sup>1</sup> Additional charges, such as required event managers, set-up and break-down, kitchen use, and overtime not shown.

Source: Torrance Cultural Arts Center and AECOM

## Shannon Community Center, Dublin



The Shannon Community Center totals 19,700 gross square feet and is located in the City of Dublin in Alameda County.

The facility re-opened in February 2009 after an approximately \$11 million renovation and reconstruction effort, lead by Sierra Construction Company, which replaced the older 13,000 square foot facility. The new structure has a 5,940 square foot banquet hall, which seats 300 for a sit-down dinner, staff areas, flexible meetings rooms, a catering kitchen, and two classroom spaces for a pre-school. Furthermore, the community center is located adjacent to Shannon Park, which has a playground, picnic and barbeque areas, and public art displays, as commissioned by the Dublin Fine Arts Foundation and the City. Capacities and rental information are shown in **Table V-6**.

The Center was designed to meet LEED Gold standards and incorporated highly efficient heating and air-conditioning, systems to reduce annual water consumption by 20 percent, and used natural, local, and sustainable resources. Approximately 50 percent of the funding came from the City's General Fund, 40 percent was from private funds, and 10 percent came from State of California Workforce Housing Grants.

According to City staff, it was important to build separate entrances for the preschool and the banquet hall in order to maintain privacy and security for both uses. The design of the building, shown in **Figure V-1**, is long and thin and separates many of the classroom spaces from the banquet hall, catering kitchen, and small conference room. The facility is fully booked on Saturdays for 2010, and Friday and Sunday bookings for 2010 are at approximately 50 percent. Most of the past and planned events are community functions, such as weddings and parties, and there have also been some business use as well, especially for City-related functions.



**Table V-6: Capacities and Rental Rates at the Shannon Community Center**

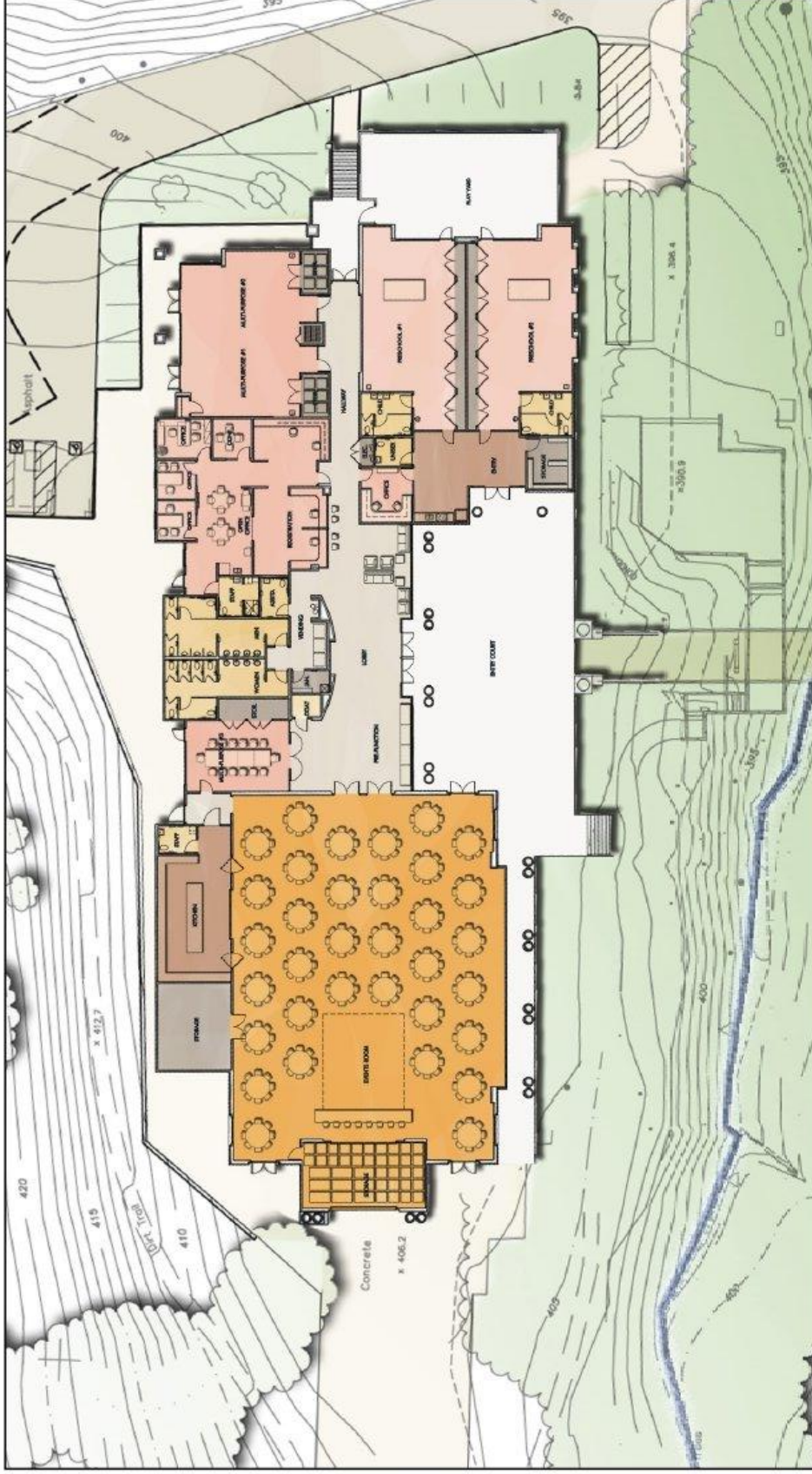
	Size (sqft)	Dining Assembly	Hourly Rates				
			Group 1 & 2 <sup>1</sup>		Group 3	Group 4	
			Evenings/Wknd	Fundraisers	Resident Non-Resident	Dublin based Non-Dublin based	
Ambrose Hall	5,940	300	400	\$188	\$250	\$300	\$400
Classroom	546	37	78	\$14	\$23	\$30	\$40
Multi-Purpose 1	640	41	87	\$24	\$53	\$70	\$93
Multi-Purpose 2	635	43	93				
Catering Kitchen	638	N/A	N/A				

Source: City of Dublin

<sup>1</sup> During business hours, Monday thru Friday from 8am to 5pm, the charge to these organizations is for set-up/takedown fee of \$14 per Facility Attendant only.  
 Group 1: Public Agencies  
 Group 2: Dublin Chamber of Commerce, Dublin-based Charitable and Social Welfare Organizations, Homeowners Associations and Sports Leagues  
 Group 3: Individuals or Other Groups  
 Group 4: Commercial Uses

Included in Rental of Ambrose Hall

Figure V-1: Master Plan for the Shannon Community Center, Dublin



## Comparable Hotel and Conference Center Facilities

The following two case studies are examples of hotels and hotel-operated conference centers that mainly serve business clients in and around their respective market areas. The two examples provided are located within cities similar in population or population growth and are located outside of major metropolitan areas. The chosen examples represent models that could potentially be replicated in Elk Grove.

### Austin Marriott North, Round Rock, Texas



The Austin Marriott North Hotel in Round Rock Texas is a hotel and conference center within the La Frontera development, a 328 acre mixed use project off of Highway 85. La Frontera, formerly the site of a dairy farm, broke ground in 1999 as a mixed-used commercial and residential project that sought to take advantage of its proximity to major regional employers. Located approximately 20 miles northeast of Austin, the 295-room hotel and conference center property totals eight stories and offers 14,905 square feet of flexible meeting space, including a 7,480 square foot ballroom with a seating capacity of 700, and 15 meeting rooms. The conference facilities serve as off-site meeting space for nearby businesses and corporations such as:

- Dell Corporate World Headquarters;
- State Farm Insurance Regional Headquarters;
- Abbott Labs;
- Farmer's Insurance;
- Hewlett Packard;
- Corridor Point Business Park (Michael Angelo's, Dell);

- Boardwalk (Wal-Mart/Home Depot retail center); and
- Round Rock Crossing (Target Power Center).

The hotel was developed by Winegardner and Hammons, Inc (WHI) who approached the City in 2007 with their model: “the prototype hotel designed and developed by WHI is a 263-room full-service hotel with 14,000 square feet of meeting space, eight executive boardrooms and a one-room food and beverage concept.” WHI seeks locations that are suburban but are close to corporate headquarters. The City also considered a bid from the John Q Hammons Company who, similar to WHI, manages 71 hotels and affiliated conference centers in the United States. The John Q Hammons Hotels and Resorts Company develops hotels in suburban sites that meet the following criteria:

- Are at least 10 acres and are visible from either a major interstate or thoroughfare.
- Close to a major capital city, a large university, an army base, or an industrial/business park that would generate business for the hotel/conference center.
- Is either given the land to develop or is offered an attractive financial incentive for purchasing the land.

The City decided to hire WHI primarily because of a non-compete clause within the proposed contract with John Q Hammons that would have prevented another hotel or conference center from developing within the city.

The meeting facilities at the Marriott are mainly oriented towards the business community and are used as off-site facilities for Dell. Moreover, many week-day guests are visitors who are affiliated with Dell or another corporation within the region. The event space is relatively small and cannot handle large-scale conferences. The break-out rooms are few and are very small, but they adequately meet the demand for small corporate meetings and conferences. It was stated that approximately 85 percent of the event space is used for business purposes and 15 percent of use is from the local community, who hold weddings, banquets, and other events at the hotel. There are no other adequate event spaces in the region, and therefore the Marriott is coveted by the community, especially on weekends. It is worth noting that the University of Texas contracts with the Marriott Hotel at La Frontera for visiting teams. Therefore, during football season, many of the weekend hotel room sales are to football players and fans.

The meeting spaces are detailed in **Table V-7**.

**Table V-7: Sizes and Capacities at Marriott Austin North Conference Center**

Meeting Room	Dimensions		Area Sq. Feet	Capacity by Floor Set-Up					
	LxWxH	Sq. Feet		Theater	Schoolroom	Conference	UShape	Reception	Banquet
La Frontera Ballroom	136x55x14	7,480	600	480				700	600
La Frontera I	22x26x11	572	45	40		20	20	45	40
La Frontera II	22x29x11	638	45	40		22	20	45	40
La Frontera III	45x55x14	2,475	180	150		50	50	180	180
La Frontera IV	45x55x14	2,475	180	150		50	50	180	180
La Frontera V	24x26x11	624	45	40		20	20	50	40
La Frontera VI	24x29x11	696	50	40		22	20	50	40
Austin Meeting Room	35x24x10	1,049	70	40		30	30	70	60
Williamson Executive Boardroom	26x17x8	454				14			
Travis Executive Boardroom	26x17x8	454				14			
Lee Executive Boardroom	27x17x9	578				14			
Milam Executive Boardroom	27x17x9	578				14			
Bell Executive Boardroom	27x17x9	578				14			
Burnet Executive Boardroom	27x17x9	578				14			
Blanco Executive Boardroom	27x17x9	578				14			
Bastrop Executive Boardroom	27x17x9	578				14			
Atrium Terrace	44x44x25	2,000							
<b>Total</b>		<b>22,385</b>	<b>1,215</b>	<b>980</b>		<b>326</b>	<b>210</b>	<b>1,320</b>	<b>1,180</b>

Source: Marriott Austin North

**The Hyatt Vineyard Creek Hotel and Spa, Santa Rosa, California**



The Hyatt Vineyard Creek Hotel, Spa, and Conference Center is a 155-room property located within Santa Rosa in Historic Railroad Square. The Conference Center at the Hyatt includes roughly 40,000 square feet of function space of which 18,000 square feet is indoor meeting facilities and 22,000 square feet is for outdoor events. **Table V-8** illustrates the capacities and sizes of event space. Additionally, the property includes a 10 room spa.

The development of the hotel-conference center in Santa Rosa was conceived long before it was realized. The City and Redevelopment Agency (RDA) assembled the eight-acre property through multiple lot purchases. The largest lot was purchased from the Grace Brothers Brewery. The property was always intended to be developed into a hotel and conference center, but during the interim ten years between the land-purchase and development, there were initiatives to develop affordable housing projects and a homeless shelter. By the time negotiations began in 1998 with the developer, Norm Rosenblatt, the RDA owned the entire parcel. The terms of the negotiations between Rosenblatt and the RDA included a provision for the RDA to retain ownership of the land and the proposed conference center.

Total investment for the hotel and conference center was about \$27 million, not including the roughly one million dollar of City investment into the site remediation. The total development cost was partially financed by the RDA, who provided about \$12.2 million in loans to Rosenblatt’s group. The RDA still owns both the land and the conference center. The Hyatt pays an annual base rent of \$100,000 to the RDA, and when revenues hit a certain point, there is an additional participation rent which varies with revenues. The threshold was first hit in 2007 and then again in 2008. The RDA expects that 2009 revenues will be below the threshold, and if so, only the base rent will be due. The Noble Organization out of Atlanta owns the hotel as of early 2007, and they have an indefinite option to purchase both the land and conference center.

According to the General Manager at the Hyatt, about 40 percent of business at the conference center is from the corporate market. Events booked by associations and government entities

comprise another 40 percent of business. The remaining 20 percent of use is for community events such as, proms, sporting banquets, birthday and anniversary parties, etc. About 30 percent of all clients come from within Sonoma County and about 80 percent of clients are from within North-Central California, including Sacramento. (Clients from government entities are considered Sacramento-based, even though conference attendees may come from a range of areas).

Since the Hyatt took over operations in 2004, the hotel has performed much better. Under Rosenblatt, the annual occupancy was between 35 and 45 percent. The occupancy rate averaged 75 percent during the three years prior to the current economic downturn, when the average daily rate (ADR) was approximately \$155. Even amidst the downturn, peak season occupancy rates were in the 90s with business is still strong. He attributes this to the large and efficient marketing budget of Hyatt Corporation and to the diversity of guests. Approximately 85 percent of guests are from outside of Sonoma County. Visitors come to the hotel to visit the vineyards, visit families (especially during the holidays), and for business purposes.

A notable asset to the hotel is the Prince Memorial Greenway, which is adjacent to the Hyatt property. This redevelopment project aimed to restore the natural habitat of the creek, which had been channelized using concrete in the 1960s to prevent flooding. The \$19 million investment was funded by a combination of public money including grants from the US Army Corps of Engineers and a private donation from the Prince family. The project converted the creek into a 0.6 mile trail, which traverses plazas and public art displays and connects the Historic Railroad District with the downtown core. This has been an invaluable asset to the Hyatt property and has proved to be a major attraction for Santa Rosa in general.

A summary table for the information presented above is shown in **Table V-9**.

Table V-8: Sizes and Capacities at Hyatt Vineyard Creek Conference Center

Room Name	Square Feet	Capacities						
		Banquet	Reception	Theater	Classroom	Boardroom	U-Shape	
Alexander Valley Ballroom	6,944	550	750	600	340	150	180	
Alexander Valley I	2,296	180	250	200	100	50	62	
Alexander Valley II	2,296	180	250	200	100	50	62	
Alexander Valley III	1,148	80	125	100	60	25	25	
Alexander Valley IV	1,148	80	125	100	60	25	25	
Alexander Valley V	4,592	350	500	400	200	75	120	
Alexander Valley Foyer	2,604	80	400	—	—	—	—	
Dry Creek Valley Ballroom	2,204	180	250	180	140	50	40	
Dry Creek Valley I	1,102	70	125	90	60	25	25	
Dry Creek Valley II	1,102	70	125	90	60	25	25	
Dry Creek Valley Foyer	1,840	40	200	—	—	—	—	
Sonoma Mountain	880	60	60	60	32	22	20	
Chalk Hill	858	60	60	60	32	22	20	
Russian River Valley Ballroom	1,664	100	100	120	80	36	35	
Russian River Valley I	676	40	40	50	24	18	16	
Russian River Valley II	988	60	60	70	40	24	24	
Green Valley Boardroom	546	—	—	—	—	16	—	
<b>Total</b>	<b>17,540</b>							
<b>Outdoor Event Area</b>								
Sonoma Valley Courtyard	5,625	250	500	160	200	—	—	
Sonoma Valley Garden	8,100	400	600	450	—	—	—	
Knights Valley Garden	4,950	250	400	300	—	—	—	
Cameros Garden	3,000	150	300	200	—	—	—	
Spa Garden	450	20	300	20	—	—	—	
<b>Total</b>	<b>22,125</b>							

Source: Hyatt Vineyard Creek



**Table V-9: Summary of Key Operating Statistics from Case Studies**

Name	Year Built	Total Cost	Source of Funding	Total Gross SF	Operating Budget (2008)	Cost/sq	Annual Revenue (2008)	City Funding	% Earned Revenue	Utilization
Diamond Bar Center	2004	\$12.5 M	City Bond	22,500	\$900,000	\$40	\$600,000	\$300,000	67%	70% community <sup>1</sup> 30% business
Shannon Community Center	2008/9	\$11 M	City, Private, CA Workforce Grant	19,700	\$460,000	\$23	N/A	N/A	N/A	~80% Community 20% Business
Torrance Cultural Arts Center	1991	\$13 M	City, Corporate	78,000	\$2,000,000	\$26	~\$1,000,000	~\$1,000,000	50%	85% community 15% business
Austin Marriott North	2001	~\$25 M	Private	14,905	N/A	N/A	N/A	N/A	N/A	15% community 85% business
Hyatt Vineyard Creek	2002	\$27 M	Private, Redevelopment	39,665	N/A	N/A	N/A	N/A	N/A	20% community 80% business

<sup>1</sup> Community refers to social events whereas business includes all corporate, public and/or on-profit organizations that use the facility for business purposes  
Source: Individual Facilities

## Recommendations for Public Assembly Facilities

The Public Assembly component of the proposed Elk Grove Civic Center is expected to meet civic demands for event space while serving as an interim venue for many local organizations, businesses, and community groups who will hold meetings and business-related events in the new facility. Other facilities within the proposed Civic Center will certainly meet some need for gathering space, but there is a clear need for a community center that serves as an event venue; a more business-oriented conference center should be considered for later phases and will be further discussed in Section VII. Given the expected growth in population, strong demand from the local event market, and a lack of adequate facilities within Elk Grove, we recommend the following features for the Community Center.

- A facility with a gross square footage of between 25,000 and 35,000.
- An accessible outside space that is well-landscaped and accommodating for private, outdoor events.
- A main ballroom/event space totaling between 5,500 and 7,000 square feet and can accommodate up to 350 people for a dinner/banquet. This main room should have floor-to-ceiling windings that offer scenic views, access to the outdoors, and an overall elegant setting for formal events.
- A full-catering kitchen that is easily accessible to the main room.
- A series of classrooms that serve as break-out rooms for business events and teaching spaces for educational purposes.
- A large and elegant lobby.

In designing the community center, it will be important to separate the main ballroom from some of the other community facilities, such as the classrooms or potential art studios. It may be useful to consider separate entrances for the main ballroom and the rooms. This will allow the facility to host a large private function, such as a wedding or an annual business dinner, without interference from other, smaller events. This will maximize building efficiency and earned income potential from event rentals, as large events will not preclude smaller, community events occurring simultaneously.

## VI. Market Assessment for Public Recreational Facilities

ERA has conducted a market assessment of the following public recreational facility uses:

- Recreational Parks (local and regional)
- Fitness Centers
- Aquatic Centers

In this section we outline the particular methodologies and present our analysis of potential, key findings, and recommendations. Further detailed analysis is shown for uses for which our research indicated strong market demand.

### Recreational Parks- Local

To assess the potential demand for a new recreational park (local), ERA interviewed Cosumnes Community Service District (CSD) Parks and Recreation Department staff. The CSD provides parks and recreation services to the cities of Elk Grove and Galt. Additionally, ERA researched comparable local recreational parks covering site visits, development costs, utilization patterns and operations of comparable regional recreational sports complexes. Furthermore, data from the National Sporting Goods Association (NSGA) was reviewed.

#### *Local Comparable Recreational Parks*

Based on our research, the local sports and recreation market is strong. There are approximately 92 parks within the CSD. Parks range from small pocket parks to larger multi-use recreational parks. According to the CSD, approximately half of the parks are used for sports activities.

Through site visits and research of local parks, ERA narrowed the inventory of parks to those that would be most comparable to the proposed project and sought larger, more programmed facilities. Selected parks are shown in **Table VI-1**.

**Table VI-1: Selected Local Comparable Recreational Parks**

<b>Name</b>	<b>Year Opened</b>	<b>Acres</b>
Bartholomew Sports Park	Under Construction	46.0
Betschart Park	1992	12.7
Derr-Okamoto Community Park	Under Construction	21.0
Elk Grove Park	1970	127.0
Hill Park	1993	7.5
Johnson Park	Phase I (8 acres) 1997	21.0
Jones Park	2003	17.2
Kloss Park	1990	17.0
Laguna Community Park	2002	16.0
Morse Park	Phase 1 & 2 are open for use	27.0
Nottoli Park	2003	21.1
Rau Park	Original park 2005; Additions in 2007	18.0
Zehnder Park	1993	9.5

Source: Cosumnes Community Service District (CSD), Individual Facilities, ERA AECOM

The selected local parks range in size from 7.5 to 127 acres and opened between 1970 and 2005. Currently, within the CSD, there are four parks under construction. The majority of the selected local parks have play equipment, picnic areas, shade structures, swings and restrooms while approximately half of the selected parks include soccer, softball and youth baseball fields. Volleyball, tennis, and basketball courts, pool or water-play and dog parks are lacking at the selected parks. While these parks may vary in terms of the amenities offered, it is noted that they are all well manicured and maintained by the CSD Parks and Recreation Department.

A major competitor to the proposed project is the Bartholomew Sports Park which is currently under construction. When completed, this park will span 46 acres and will include four lighted soccer/football fields, three to four lighted softball/baseball fields, four tennis courts, shade structures, playground equipment, restrooms, a parking lot for 480 vehicles and a concession building. With the addition of this new park, demand for revenue producing sports fields such as baseball, soccer and lacrosse will be satisfied in the short to intermediate term.

Selected comparable parks and their amenities are detailed in **Table VI-2** while their locations are shown in **Figure VI-1**. Based on the pipeline of parks under construction in the Elk Grove area, coupled with conversations with CSD and an analysis of the current utilization, we conclude that the current and future supply of recreational parks will satisfy demand from the local community. However, an indoor gymnasium may be supported within the new proposed development, as this amenity is lacking in the recreational parks surveyed.

**Table VI-2: Selected Details of Local Recreational Parks**

Name	Play Equipment	Picnic Area/Tables	Barbeque	Shade Structure	Restrooms	Joggin/Bike Trail	Swings	Horse Shoe Pits	Volleyball	Tennis Courts	Basketball	Soccer Field	Softball Field	Youth Baseball	Babe Ruth Baseball	Pool or Waterplay	Dog Park	Parking Lot
Bartholomew Sports Park (U)	X	X		X	X					L		L	L	X	L			X
Betschart Park	X	X	X	X	X	X	X					X	X					
Derr-Okamoto Community Park (U)	X	X									X			X	X			
Elk Grove Park	X	X	X		X	X	X	X	X			X	L	X	X	X	X	X
Hill Park	X	X	X		X	X	X							X				X
Johnson Park	X	X		X	X		X			X		X	X	X				X
Jones Park	X	X	X	X	X		X			X	X				X			X
Kloss Park	X	X	X	X	X	X	X	X				X		X				
Laguna Community Park	X	X		X	X	X						L	L			X	X	X
Morse Park	X	X	X	X	X	X	X	X			X	X		X		W	X	X
Nottoli Park	X	X		X	X	X	X					L	X		L			X
Rau Park	X	X		X	X		X				X	X		X				X
Zehnder Park	X	X		X	X							X	X		X			

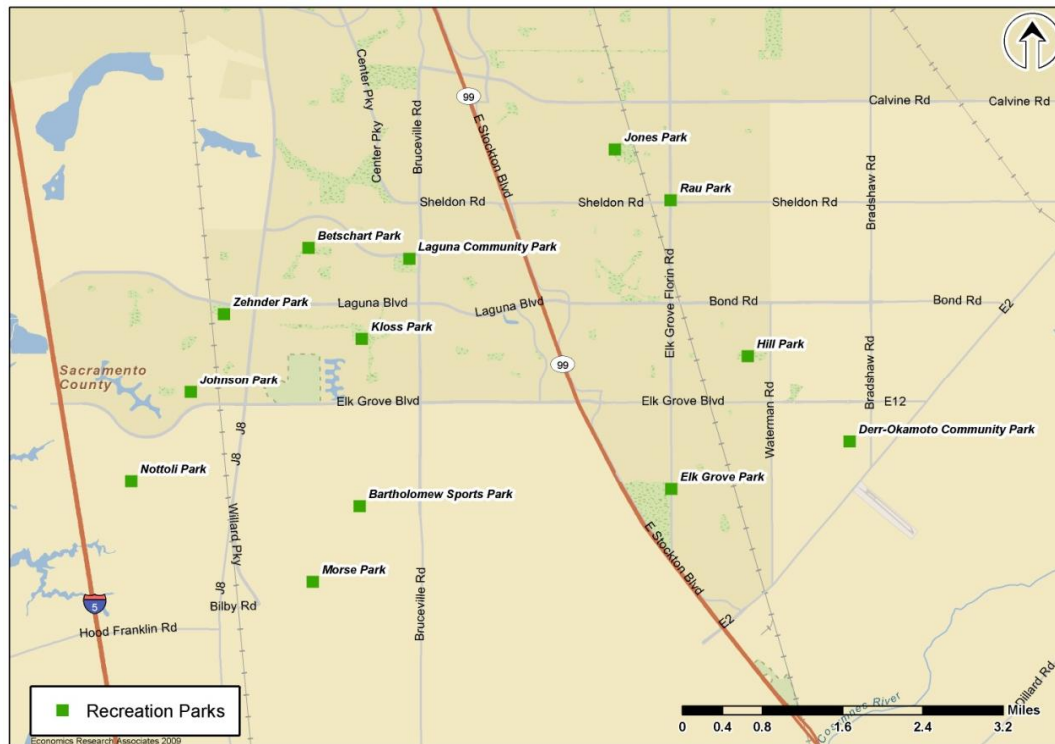
(U): Under Construction  
 L: Lighted  
 W: Waterplay

**Local Park Key Findings**

The following are key finding and recommendations for the recreational parks within Elk Grove:

- There is a strong youth demographic to support the leagues which play at the local recreational parks
- All of the facilities are in good to excellent shape
- Strong competition with new Bartholomew Sports Park and will absorb current demand in the immediate / short term
- With the addition of the new Bartholomew Sports Park, revenue producing sports fields such as baseball, soccer and lacrosse are meeting the short term demand
- There is a lack of indoor gymnasiums (basketball, volleyball, etc.) throughout the CSD and a potential for a need for additional inventory
- The inventory of parks are spread throughout the CSD, which makes it difficult to host major revenue producing tournaments

Figure VI-1: Local Comparable Recreational Parks



### **Regional Comparable Recreation Parks**

The current demand for local participation at the parks is (or will be with the additional inventory about to open) met, there is potential for a regional complex to be constructed in the Elk Grove area. As noted in the previous section, with parks spread out throughout Elk Grove, it is very difficult to operate high-end tournaments. As part of the scope, we analyzed the potential for a sports complex to host regional sporting events that bring in participants from throughout the Northern California region.

As described within this section, these complexes are not revenue drivers or their own. Many of these facilities break-even financially, or operate at a small operating loss. These facilities can have major economic impacts within the area from the large amount of off-site spending (restaurants, hotels, etc.). In order to operate at or about break-even, these facilities need to be utilized by the local community during the week. These facilities are typically utilized by local 'club' teams.

We have reviewed a few of these facilities in case study format. The case studies of these California facilities were chosen based on the following criteria:

- Location and proximity to major cities
- Type of sports uses
- Regular team use and tournament user patterns

- Constructed in the past ten to twenty years

The information gathered for each facility included the size, construction cost, sources of funding, usage pattern and utilization, operating cost and revenue, and annual operating support required from the respective cities. A description of each facility is provided below.

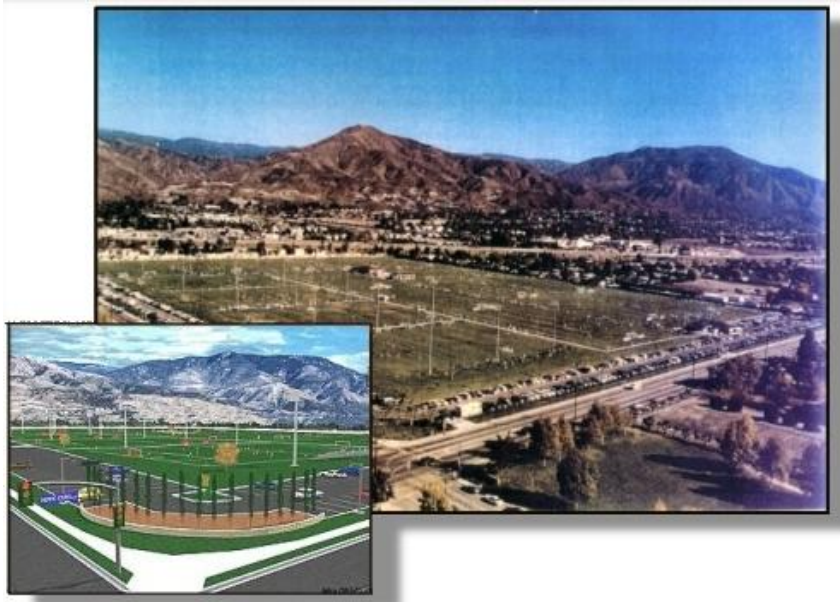
#### **John Blanche Memorial Soccer Complex, Temecula, California**



The John Blanche Memorial Soccer Complex is a 50 acre outdoor soccer and lacrosse facility. The fields are used by both youth and adult leagues with the majority of the users being residents. While the fields are primarily used for soccer, they can be rented for football or lacrosse use. The soccer complex is open year round except when seeding takes place. Within the complex, there is a snack bar which is opened during tournaments only.

John Blanche Memorial Soccer Complex is home to the Arsenal Football Club and hosts all of the Arsenal Football tournaments, Arsenal FC tournaments, College Showcases, Far West Regional League, Cal South State and National Cup fixtures.

### San Bernardino Soccer Complex, San Bernardino, California



The San Bernardino Soccer Complex was built in 1997 and includes 17 fields; five of them are lighted. The soccer complex serves six Cal South clubs including Celtic, and Arsenal and the United States Youth Soccer Association national champions,. The landscaped Complex also provides:

- 1,600 paved parking spaces
- Two concession stands
- Administrative offices
- Playground
- Two restroom buildings

The adjacent San Geronio High School provides stadium seating for 2,500 spectators, lockers, showers, meeting rooms, ancillary paved parking and swimming pools. Two additional full-sized fields are planned for immediately south of the complex.

The nearby San Bernardino Blast Complex offers six additional lighted fields. Located next to the Little League Regional Headquarters, the Blast Complex offers a 40-room dormitory which can be rented at a very low cost. California State University at San Bernardino complements the youth soccer program with its own Division II college soccer program and additional playing fields. Together, these facilities and programs provide a synergy that cannot be duplicated easily.



### Lancaster National Soccer Center, Lancaster, California



The Lancaster National Soccer Center provides a venue for youth, adult, amateur and pro league games, tournaments, exhibitions, special events, summer camps, and training sessions. The 14 million dollar complex is designed exclusively for soccer and is served by professional staff that includes grounds maintenance, traffic control, food service, first aid, security and other support services. The complex includes:

- 160 acres with 34 playing fields
- 27 acres of parking for 2,800 autos and RVs
- Five FIFA prescription turf fields
- 6,000 square foot activity building with referee's room, exhibition hall, meeting rooms, storage, rest rooms and concession outlets
- Seven full restroom facilities and two concession facilities
- Children's amusement facilities
- Lighted fields for night play
- Tournament office and official's lounge
- Shaded spectator berms
- Professional city grounds crew on duty during all tournament games for maintenance, security, first aid and recreational support services

This example demonstrates the revenue opportunities related to soccer-oriented and lacrosse sports facilities and the engagement by public agencies in supplying them.

#### ***Summary of Regional Comparable Recreational Parks***

A summary of general information from the selected regional sports complexes is shown in **Table VI-3**.

Table VI-3: Summary of Selected Regional Sports Complexes

	John Blanche Memorial Soccer Complex	San Bernardino Soccer Complex	Lancaster National Soccer Center
<b>Location</b>	Temucula, CA	San Bernardino, CA	Lancaster, CA
<b>Year Opened</b>	2001	1997	1998
<b>Acreage</b>	42	44	160
<b>No. of Fields</b> Regulation Fields Small Fields for Children	19 to 21 fields, depending on layout 19 Can be sectioned into smaller fields	17 fields. Plans to add 2 more fields 17 Can be sectioned into smaller fields	34 24 regulation; 5 FIFA 10
<b>No. of Field with Night Lighting</b>	No	5	11
<b>No. of Parking Spaces</b>	2,000	1,600+	2,800
<b>Primary Building</b>	No	2 buildings of 8,000 SF each with community room, storage and restrooms. One of the buildings houses the administrative offices.	6,000 square foot activity building with referee's room, exhibition hall and meeting room, storage, rest rooms and concession outlets
<b>Spectator Field - Seating Capacity</b>	No	In planning - adjacent high school has agreement to provide spectator seating for 2,500 with shower facilities in exchange for free use of fields	In planning
<b>F&amp;B/Retail Facilities</b>	Snack bar opened during tournaments only; concessions in a specific area	2 permanent snack bars plus concessions	2 snack bars plus mobile units between fields
<b>Other Sports Facilities</b>	Can be rented for football, but reserved for soccer mainly to preserve quality of grass	Occasionally used for ultimate frisbee, lacross, No cross-country and cricket	No
<b>Picnic Area (SF)</b>	27000 SF	3,000 SF with 15 tables. Additional space on south side with 5 tables, patio and playground	No
<b>Comments</b>	Lack of night lighting is a problem	Not enough parking spaces	

Source: Individual Facilities, ERA/AECOM

***Development Costs***

Development costs of the regional selected comparable sports facilities range from \$750,000 to \$21 million as shown in **Table VI-4**. Funding for these sports complexes varies from private sources, redevelopment agencies, grants and city subsidies. Owners and operators of these types of parks can be either a private party, private contractors that represent the city, or through the city itself.

***User Patterns***

User patterns of the regional sports facilities are presented in **Table VI-5**. Typically the number of participants range from approximately 20 to 100 teams for regular use. Tournaments, which typically run throughout the weekend, can capture approximately 10 to 250 teams per tournament.

The type of user ranges significantly from the different selected facilities, probably due to the tournament organizer. Within the selected facilities, team-organized tournaments are more popular than operator-organized tournaments.

***Operations***

Operating expenses for sporting facilities of comparable size can range from approximately \$200,000 to \$1 million per year. Within the facilities listed in **Table VI-6**, the John Blanche Memorial Soccer Complex and the San Bernardino Soccer Complex do not receive subsidy from their respective cities, but the Lancaster National Soccer Center receives state and federal grants in addition to city support. Corporate sponsorships, either for the facility or for tournaments, are also revenue sources for these types of facilities.

Table VI-4: Development Costs of Selected Comparable Sports Facilities

	John Blanche Memorial Soccer Complex	San Bernardino Soccer Complex	Lancaster National Soccer Center
<b>Location</b>	Temucula, CA	San Bernardino, CA	Lancaster, CA
<b>Year Opened</b>	2001	1997	1998
<b>Development Costs</b>	\$750,000	Developed by Calsouth Foundation	\$21 million
<b>Funding</b>	Donation from Southwest Traders	Loans from San Bernardino Redevelopment Agency	Grants, city subsidies
<b>Owner</b>	Southwest Traders	City	City
<b>Operator/Manager</b>	Southwest Soccer Club	Private contractors that represent the city	City

Source: Individual Facilities, ERA/AECOM

**Table VI-5: User Patterns of Selected Comparable Sports Facilities**

	<b>John Blanche Memorial Soccer Complex</b>	<b>San Bernadino Soccer Complex</b>	<b>Lancaster National Soccer Center</b>
<b>Location</b>	Temucula, CA	San Bernadino, CA	Lancaster, CA
<b>Months in Use</b>	Open all year round except when closed for seeding	All year round	All year round
<b>No. of Participants</b>	26 teams of 850 people	Not intended for regular team use; except for the high school that has an agreement to share facilities. They use the facility for practice on a seasonal basis.	Varies - 100 teams
<b>Major Users by Type</b>			
Youth	59%	NA	Mostly
Adult	41%	NA	
<b>Major Users by Origin</b>			
Residents	90%	NA	60%
Non-Residents	10%	NA	40%
<b>Usage by Leagues</b>	26 teams	NA	5
<b>Field/Team Rental</b>	\$25 per game	NA	\$10 per player
<b>User Patterns- Tournaments</b>			
No. of Tournaments per Year	10	40 (weekends)	20
<b>Orientation of Tournaments</b>			
Operator-Organized	3	-	-
Team-Organized	7	40	20
<b>Time</b>	Throughout the year	Throughout the year	Throughout the year
<b>Length of Events</b>	One weekend	Weekends	Weekends
<b>No. of Teams per Tournament</b>	Varies from 50-200	Varies from 40 to 250	Varies from 10 to 200 teams
<b>User/Entry Fees</b>	\$300-\$395 per team plus misc fees such as referee fees, medals, etc	\$3,500 for 2 day tournaments on 17 fields; \$5,250 for 3 day tournaments; \$25 per game per field for league play; plus misc. fees	Free for teams with agreement/grants; Charge varies for others ranging from \$9 to \$14 per hour per field

Source: Individual Facilities, ERA/AECOM

Table VI-6: Operations of Selected Comparable Sports Facilities

	John Blanche Memorial Soccer Complex	San Bernardino Soccer Complex	Lancaster National Soccer Center
<b>Location</b>	Temucula, CA	San Bernardino, CA	Lancaster, CA
<b>Operating Revenues</b>		\$450,000 including grants and sponsorships	\$250,000 - 300,000
<b>Operating Expenses</b>	\$200,000 for maintenance	\$450,000 per year	\$787,000 per year
<b>Profitability</b>	Breaks even	Breaks even	Not intended to be profitable but to attract tourism - projected annual economic development to city at \$3 to \$3.5 million
<b>Subsidy from the City</b>	No	Redevelopment loan	State and federal grants plus City operating subsidy
<b>Corporate Sponsorships</b>	Yes	Yes	Tournaments only and individual sponsorships; finalizing a naming rights agreement
<b>Sports Association Affiliation</b>	Southwest Soccer Club	In conversation with CalSouth to get reaffiliated	CalSouth

Source: Individual Facilities, ERA AECOM

As previously described in this section, these complexes are not revenue drivers or their own. Many of these facilities break-even financially, or operate at a small operating loss. These facilities can have major economic impacts within the area from the large amount of off-site spending (restaurants, hotels, etc.). In order to operate at or about break-even, these facilities need to be utilized by the local community during the week. These facilities are typically utilized by local 'club' teams.

### **Key Findings**

Currently (and especially with the parks under construction) there is sufficient outdoor park and recreation inventory for the immediate and short-term to satisfy the local demand. As the population grows over the next 10 to 25 years, other parks will need to be added to the CSD landscape to meet local demand.

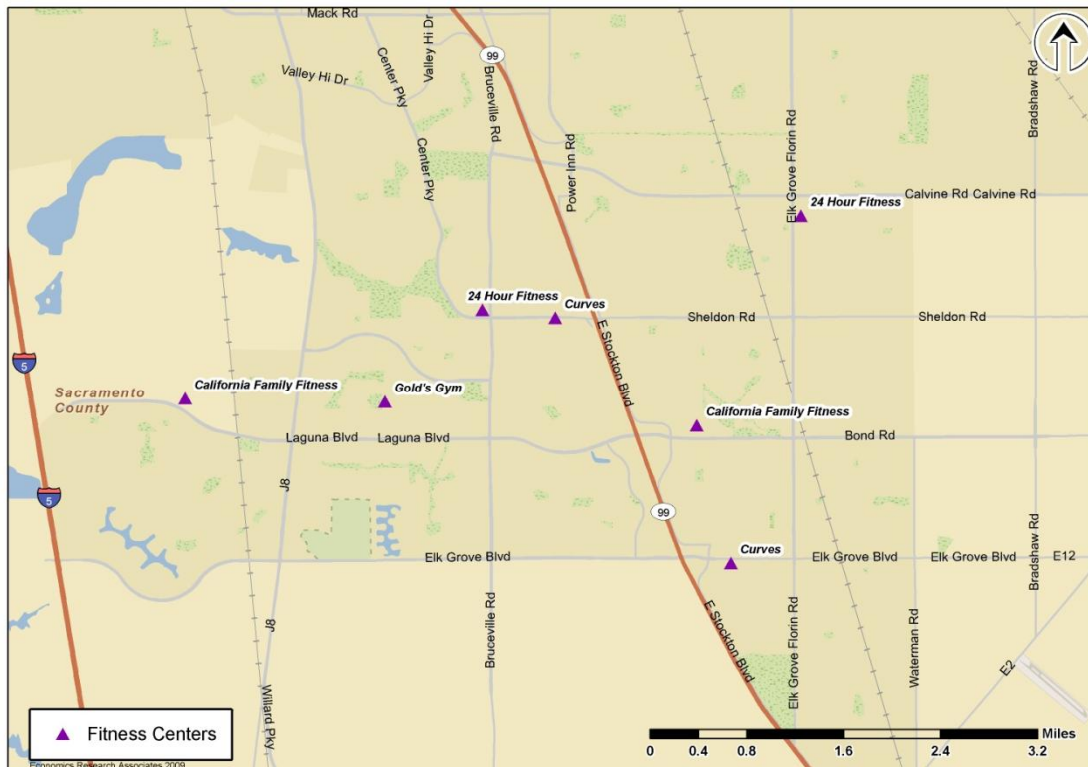
With all of the parks located throughout the area, there is not a facility to host high-end tournaments. A large facility to host soccer, lacrosse, football, etc. tournaments at one complex has the potential to be an economic benefit to Elk Grove. Many of these tournaments are on weekends and teams travel from throughout the region, stay in the local hotels and eat in Elk Grove restaurants, creating an economic impact to the area.

### **Fitness Centers**

To assess the potential demand for a new fitness center, we interviewed CSD parks and recreation department staff and researched the current supply within the market. Currently there are approximately seven major fitness centers in Elk Grove. These fitness centers are shown in **Figure VI-2** below and include:

- California Family Fitness
- 24 Hour Fitness
- Gold's Gym
- Curves

**Figure VI-2: Location of Local Comparable Fitness Centers**



Current supply includes gyms for families, co-ed gyms and gyms specifically for women. In addition to the brand name fitness centers, residential communities with Homeowners Association (HOA) community centers include fitness and pool areas for residents to use which is additional supply to the market.

ERA AECOM has concluded that there is not a sufficient amount of demand for additional fitness centers due to the amount currently within the market and the type of existing supply.

### **Aquatic Centers**

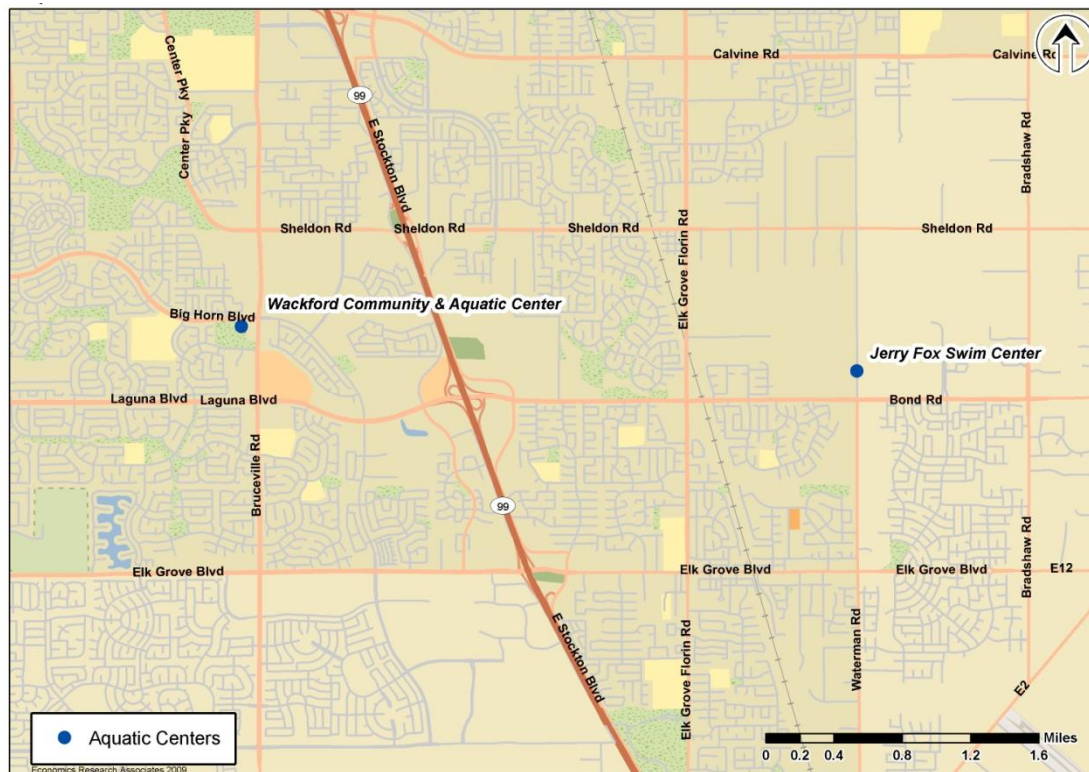
We interviewed personnel at the Wackford Community and Aquatic Center to assess the potential demand for additional aquatic centers within Elk Grove. Research of the current supply is presented below. Under the Cosumnes Community Services District (CSD) there are two pool facilities:

- **Wackford Aquatic Center** - The Wackford Aquatic Center is open year-round for adult lap swim and water aerobics and open seasonally for recreational swim. Attendance was approximately 55,000 in 2009.



- **Jerry Fox Swim Center** - Jerry Fox Swim Center is open seasonally to the public and is smaller than the Wackford Aquatic Center with a pool and small water slide. There were approximately 5,000 visitors last year.

**Figure VI-3: Location of Local Comparable Aquatic Centers**



In addition to the two aquatic centers within Elk Grove there are two HOA pools in residential communities and three fitness clubs with pools located in their facilities.

Through interviews and research of aquatics centers within the market, ERA AECOM has concluded that there is potential for an additional aquatic center within the area.

### **Public Recreational Facilities Recommendations**

Within a short term time frame, an aquatic center and an indoor gymnasium could be justified for the project based on conversations with the CSD and an analysis of the current utilization. An aquatic center ranging in size from approximately three to five acres and an indoor gymnasium approximately 25,000 square feet with 14,000 to 15,000 square feet of courts are potential parameters.

Additionally, longer term recommendations include additional sports fields with the potential to range from 20 to 40 acres. As mentioned earlier, it should be noted that sports fields of this magnitude need to be utilized by local residents in addition to tournament play from non-residents. A major

tournament facility for sports such as soccer and lacrosse would not generate a profit but could have a positive economic impact to Elk Grove in terms of support for lower price-point hotels and restaurants. Finally, through the analysis of fitness centers, ERA AECOM does not recommend adding additional fitness center facilities to the market given the current supply.

## VII. Commercial Development Opportunities

With the public facilities and community investment creating a new Civic Center, the City of Elk Grove has the opportunity to integrate some commercial development into this complex to both provide services and to generate revenue. This report section evaluates the potential for commercial development to be integrated within and supportive of the Civic Center.

### Retail and Restaurant Strategy

Successful retail development is dependent upon four basic factors: 1) market area population and income growth, 2) location to facilitate market access, 3) concentration or agglomeration, and 4) strength and location of competition. The Civic Center site will be evaluated against each of these four factors.

#### Market Growth

Elk Grove clearly enjoys a growing retail market. Sacramento County's taxable retail store sales have nearly doubled from \$7.6 billion in 1995 to \$14.3 billion in 2007 (see **Table VII-1**). Until recently, retail store sales per county resident has also climbed from about \$7,900 to around \$12,000; however, the recent recession has brought this number back down a few percentage points (**Table VII-2**).

Within Elk Grove, taxable retail sales have also grown from \$346 million in FY2001 (first full year after incorporation) to \$1.57 billion in FY2006. Since that year, taxable sales have fallen steadily to \$1.32 billion for FY2009 with the decline from 2008 to 2009 being a precipitous 15.7 percent (**Table VII-3** and **Table VII-4**).

The occupied retail space trend also indicates strong long-term growth. As shown in **Table VII-5**, from second quarter 1999 to second quarter 2009, occupied retail space in the county climbed from 57.2 million square feet to 61.7 million square feet; this represents a net average annual absorption of 450,000 square feet. Over the same period, the occupied retail space within Elk Grove increased from 2.92 million to 4.86 million square feet. The average net absorption in the city was 194,000 square feet per year (**Table VII-6**). During this past decade, 43 percent of the net gain in occupied retail space in Sacramento County was within the city of Elk Grove.

Based upon the project population growth in Elk Grove and some real income recovery as the regional economy moves out of the recent recession, the additional residents of Elk Grove should be able to support approximately 2.2 million square feet of new retail space over the next 20 years (**Table VII-7** and **Table VII-8**). Clearly, Elk Grove enjoys strong long-term retail market demand growth, although its retail volume has not escaped the impact of the recent serious recession.

Table VII-1: County of Sacramento Taxable Retail Store Sales (thousands of dollars)

	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	Rate of Growth 2000-'07
Apparel Stores	\$309,565	\$325,766	410,328	435,758	483,204	515,374	591,633	646,188	652,320	653,594	59.3%
Gen. Merchandise & Drug	1,385,278	1,429,394	1,960,570	1,996,605	2,024,491	2,105,678	2,267,632	2,381,491	2,454,816	2,447,216	24.8%
Food Stores	597,130	604,318	758,169	792,603	785,010	823,780	850,531	885,721	920,753	920,698	21.4%
Eating & Drinking Places	785,731	887,305	1,163,483	1,242,312	1,310,209	1,375,098	1,488,882	1,606,306	1,687,711	1,717,772	47.6%
Furnishing & Appliances	456,558	531,727	579,375	598,487	640,658	668,311	708,595	735,292	653,574	548,536	-5.3%
Bldg Matrl & Farm Implements	692,435	530,595	995,151	1,166,403	1,247,878	1,414,673	1,630,292	1,666,931	1,511,444	1,290,861	29.7%
Auto Dealers & Supplies	1,237,664	1,262,223	2,280,125	2,539,207	2,611,552	2,618,446	2,752,639	2,831,896	2,636,783	2,567,020	12.6%
Service Stations	527,433	516,520	811,847	816,696	788,871	943,620	1,078,188	1,284,524	1,442,926	1,563,668	92.6%
Other Retail Stores <sup>1</sup>	1,211,084	1,496,900	2,113,483	2,113,396	2,197,104	2,318,838	2,045,400	2,774,063	2,852,716	2,544,502	20.4%
<b>Total Sacramento County</b>	<b>\$7,202,878</b>	<b>\$7,584,748</b>	<b>\$11,072,531</b>	<b>\$11,701,467</b>	<b>\$12,088,977</b>	<b>\$12,783,818</b>	<b>\$13,413,792</b>	<b>\$14,812,412</b>	<b>\$14,813,043</b>	<b>\$14,253,867</b>	<b>28.7%</b>
Annual Growth		2.5%	11.4%	5.7%	3.3%	5.7%	4.9%	10.4%	0.0%	-3.8%	

<sup>1</sup>Other Retail Stores include speciality stores, packaged liquor stores, second-hand merchandise, farm and garden supply stores, and fuel and ice dealers, mobile homes, trailers, and campers, boat, motorcycle and plane dealers.

Source: California Board of Equalization

**Table VII-2: Per Capita Retail Store Sales in Sacramento County**

	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	Rate of Growth 00-'07
<b>Sacramento County Populati</b>	1,041,219	1,118,600	1,230,247	1,265,948	1,300,112	1,326,638	1,346,677	1,357,916	1,367,737	1,380,232	12.2%
<b>Per Capita Sales</b>											
Apparel Stores	297	291	334	344	372	388	439	476	477	474	42.0%
Gen. Merchandise & Drug <sup>1</sup>	1,370	1,316	1,641	1,624	1,604	1,635	1,734	1,806	1,849	1,826	11.3%
Food Stores <sup>2</sup>	1,720	1,621	1,849	1,878	1,811	1,863	1,895	1,957	2,020	2,001	8.2%
Eating & Drinking Places	755	793	946	981	1,008	1,037	1,106	1,183	1,234	1,245	31.6%
Furnishing & Appliances	438	475	471	473	493	504	526	541	478	397	-15.6%
Bldg Materials & Farm Eqmt	665	474	809	921	960	1,066	1,211	1,228	1,105	935	15.6%
Auto Dealers & Supplies	1,189	1,128	1,853	2,006	2,009	1,974	2,044	2,085	1,928	1,860	0.3%
Service Stations	507	462	660	645	607	711	801	946	1,055	1,133	71.7%
Other Retail Stores	1,163	1,338	1,718	1,669	1,690	1,748	1,519	2,043	2,086	1,844	7.3%
<b>Total Sacramento County</b>	<b>\$8,105</b>	<b>\$7,899</b>	<b>\$10,281</b>	<b>\$10,543</b>	<b>\$10,553</b>	<b>\$10,926</b>	<b>\$11,274</b>	<b>\$12,265</b>	<b>\$12,231</b>	<b>\$11,714</b>	<b>13.9%</b>
Annual Growth		1.6%	7.0%	2.5%	0.1%	3.5%	3.2%	8.8%	-0.3%	-4.2%	

<sup>1</sup> Adjusted from taxable sales by 3% to reflect non taxable drug sales

<sup>2</sup> Adjusted taxable sales by 3 times to reflect total food store sales

Source: California Board of Equalization

Table VII-3: City of Elk Grove Taxable Retail Sales (thousands of dollars)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	Rate of Growth 2001-09
Apparel Stores	\$7,957	\$25,769	\$35,008	\$40,859	\$63,880	\$67,713	\$71,105	\$71,936	\$72,856	815.6%
Gen. Merchandise & Drug	89,934	129,412	146,758	156,127	142,209	154,810	157,408	153,995	146,310	62.7%
Food Stores	25,984	58,771	60,467	62,310	65,134	66,296	65,506	68,120	66,456	155.8%
Eating & Drinking Places	32,342	79,048	92,941	108,872	121,442	145,348	157,915	159,545	158,362	389.6%
Furnishing & Appliances	10,151	49,281	70,491	87,448	110,251	133,737	129,739	122,239	115,378	1036.7%
Bldg Matrl & Farm Implements	19,361	87,378	93,982	106,719	117,070	134,456	119,399	105,663	90,438	367.1%
Auto Dealers & Supplies	96,095	223,775	250,504	332,915	490,195	547,076	509,868	495,905	346,112	260.2%
Service Stations	29,659	59,369	58,937	87,179	118,159	150,268	166,718	194,771	167,609	465.1%
Other Retail Stores <sup>1</sup>	34,560	79,158	94,323	103,310	125,534	174,080	179,677	169,433	157,773	356.5%
TOTAL	\$346,042	\$791,962	\$903,409	\$1,085,739	\$1,353,874	\$1,573,783	\$1,557,333	\$1,541,606	\$1,321,293	281.8%
<b>Total Sacramento County</b>	\$11,701,467	\$12,088,977	\$12,783,818	\$13,413,792	\$14,812,412	\$14,813,043	\$14,253,867			
Share of County	3.0%	6.6%	7.1%	8.1%	9.1%	10.6%	10.9%			

<sup>1</sup>Other Retail Stores include speciality stores, packaged liquor stores, second-hand merchandise, farm and garden supply stores, and fuel and ice dealers, mobile homes, trailers, and campers, boat, motorcycle and plane dealers.

Source: California Board of Equalization

**Table VII-4: Per Capita Retail Store Sales in Elk Grove**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	Rate of Growth 2001-09
<b>Elk Grove City Population</b>	75,641	81,384	86,487	110,067	121,611	131,064	136,055	139,119	143,002	89.1%
<b>Per Capita Sales</b>										
Apparel Stores	105	317	405	371	525	517	523	517	509	384.3%
Gen. Merchandise & Drug <sup>1</sup>	1,225	1,638	1,748	1,461	1,204	1,217	1,192	1,140	1,054	-13.9%
Food Stores <sup>2</sup>	1,031	2,166	2,097	1,698	1,607	1,517	1,444	1,469	1,394	35.3%
Eating & Drinking Places	428	971	1,075	989	999	1,109	1,161	1,147	1,107	159.0%
Furnishing & Appliances	134	606	815	794	907	1,020	954	879	807	501.2%
Bldg Materials & Farm Eqmt	256	1,074	1,087	970	963	1,026	878	760	632	147.1%
Auto Dealers & Supplies	1,270	2,750	2,896	3,025	4,031	4,174	3,748	3,565	2,420	90.5%
Service Stations	392	729	681	792	972	1,147	1,225	1,400	1,172	198.9%
Other Retail Stores	457	973	1,091	939	1,032	1,328	1,321	1,218	1,103	141.5%
<b>Total Sacramento County</b>	<b>\$5,297</b>	<b>\$11,223</b>	<b>\$11,895</b>	<b>\$11,039</b>	<b>\$12,239</b>	<b>\$13,055</b>	<b>\$12,444</b>	<b>\$12,094</b>	<b>\$10,200</b>	<b>92.5%</b>
Annual Growth		111.9%	6.0%	-7.2%	10.9%	6.7%	-4.7%	-2.8%	-15.7%	

<sup>1</sup> Adjusted from taxable sales by 3% to reflect non taxable drug sales

<sup>2</sup> Adjusted taxable sales by 3 times to reflect total food store sales

Source: California Board of Equalization

**Table VII-5: Trends in Sacramento County Retail Space**

Period	Bldgs	Total RBA SF	Total Vacant SF	Total Vacant Percentage	Occupied SF	Total Net Absorption	RBA Under Construction	Direct Average Rate
QTD	4,963	68,948,919	7,247,011	10.5%	61,701,908	(210,677)	0	\$18.89/nnn
2009 3Q	4,888	68,302,177	7,021,334	10.3%	61,280,843	(425,346)	15,000	\$19.72/nnn
2009 2Q	4,881	68,212,961	6,506,772	9.5%	61,706,189	2,607	104,216	\$20.01/nnn
2009 1Q	4,874	67,910,248	6,206,666	9.1%	61,703,582	(475,858)	391,929	\$20.52/nnn
2008 4Q	4,869	67,849,239	5,645,715	8.3%	62,203,524	6,561	401,242	\$20.92/nnn
2008 3Q	4,858	67,524,253	5,327,290	7.9%	62,196,963	(163,439)	678,088	\$22.06/nnn
2008 2Q	4,844	67,271,658	4,911,256	7.3%	62,360,402	(342,939)	926,663	\$22.50/nnn
2008 1Q	4,834	67,133,169	4,429,828	6.6%	62,703,341	(34,850)	1,015,585	\$23.14/nnn
2007 4Q	4,813	66,914,253	4,176,062	6.2%	62,738,191	379,224	950,932	\$23.71/nnn
2007 3Q	4,797	66,390,840	4,031,873	6.1%	62,358,967	369,118	1,397,076	\$23.16/nnn
2007 2Q	4,781	66,255,151	4,265,302	6.4%	61,989,849	411,501	1,312,795	\$23.03/nnn
2007 1Q	4,762	65,885,331	4,307,469	6.5%	61,577,862	956,054	1,202,634	\$23.37/nnn
2006 4Q	4,731	65,282,366	4,660,558	7.1%	60,621,808	469,457	1,237,674	\$22.18/nnn
2006 3Q	4,716	64,922,774	4,770,423	7.3%	60,152,351	212,173	1,234,877	\$21.02/nnn
2006 2Q	4,693	64,546,801	4,602,533	7.1%	59,944,268	972,359	1,329,578	\$20.54/nnn
2006 1Q	4,660	63,434,427	4,462,518	7.0%	58,971,909	(111,684)	2,167,366	\$18.91/nnn
2005 4Q	4,613	62,690,912	3,607,319	5.8%	59,083,593	588,716	2,367,950	\$17.52/nnn
2005 3Q	4,587	62,374,901	3,880,049	6.2%	58,494,852	262,554	2,053,103	\$16.90/nnn
2005 2Q	4,568	62,069,266	3,836,968	6.2%	58,232,298	5,522	1,120,567	\$16.81/nnn
2005 1Q	4,563	61,950,139	3,723,363	6.0%	58,226,776	498,126	784,173	\$16.42/nnn
2004 4Q	4,546	61,709,723	3,936,902	6.4%	57,772,821	70,892	769,334	\$15.92/nnn
2004 3Q	4,539	61,335,622	3,633,693	5.9%	57,701,929	(393,545)	992,035	\$14.84/nnn
2004 2Q	4,534	61,254,358	3,158,884	5.2%	58,095,474	304,643	814,684	\$14.49/nnn
2004 1Q	4,520	60,920,806	3,129,975	5.1%	57,790,831	345,564	992,355	\$15.17/nnn
2003 4Q	4,491	60,367,461	2,921,577	4.8%	57,445,884	(166,096)	865,277	\$17.12/nnn
2003 3Q	4,487	60,246,887	2,634,907	4.4%	57,611,980	(413,252)	911,126	\$16.76/nnn
2003 2Q	4,483	60,198,103	2,172,871	3.6%	58,025,232	(695,552)	369,171	\$16.68/nnn
2003 1Q	4,478	60,134,403	1,413,619	2.4%	58,720,784	(39,839)	238,670	\$16.70/nnn
2002 4Q	4,475	59,919,913	1,159,290	1.9%	58,760,623	146,385	300,390	\$12.62/nnn
2002 3Q	4,474	59,419,913	805,675	1.4%	58,614,238	(56,315)	736,690	\$15.42/nnn
2002 2Q	4,471	59,395,399	724,846	1.2%	58,670,553	57,023	759,092	\$14.37/nnn
2002 1Q	4,466	59,284,923	671,393	1.1%	58,613,530	220,138	790,488	\$14.81/nnn
2001 4Q	4,456	59,093,826	700,720	1.2%	58,393,106	46,610	301,573	\$13.79/nnn
2001 3Q	4,456	59,093,826	747,330	1.3%	58,346,496	362,404	270,047	\$9.41/nnn
2001 2Q	4,454	58,937,598	953,506	1.6%	57,984,092	(274,293)	302,928	\$9.71/nnn
2001 1Q	4,452	58,929,923	671,538	1.1%	58,258,385	685,067	163,903	\$9.13/nnn
2000 4Q	4,432	58,322,599	749,281	1.3%	57,573,318	195,495	753,804	\$8.57/nnn
2000 3Q	4,427	58,267,449	889,626	1.5%	57,377,823	(10,584)	801,279	\$9.30/nnn
2000 2Q	4,425	58,247,388	858,981	1.5%	57,388,407	(24,677)	547,724	\$10.10/nnn
2000 1Q	4,421	58,208,520	795,436	1.4%	57,413,084	231,680	74,049	\$9.84/nnn
1999 4Q	4,408	57,953,992	772,588	1.3%	57,181,404	16,558	293,396	\$11.24/nnn
1999 3Q	4,401	57,834,202	668,394	1.2%	57,165,808	12,721	374,318	\$10.12/nnn
1999 2Q	4,399	57,748,605	595,518	1.0%	57,153,087	(11,967)	354,077	\$10.25/nnn
1999 1Q	4,396	57,668,365	503,311	0.9%	57,165,054	232,350	271,453	\$10.11/nnn
1998 4Q	4,384	57,402,498	469,794	0.8%	56,932,704	69,230	421,107	\$10.46/nnn

Source: CoStar



**Table VII-6: Trends in Elk Grove Retail Space**

Period	Bldgs	Total RBA	Vacant SF	Total Vacant Percentage	Occupied SF	Total Net Absorption	RBA Under Construction	Direct Average Rate
QTD	310	5,635,510	737,666	13.1%	4,897,844	6,609	0	\$22.59/nnn
2009 3Q	297	5,556,055	744,275	13.4%	4,811,780	(48,872)	0	\$24.39/nnn
2009 2Q	297	5,556,055	695,403	12.5%	4,860,652	(50,770)	0	\$25.07/nnn
2009 1Q	297	5,556,055	644,633	11.6%	4,911,422	(153,409)	0	\$25.38/nnn
2008 4Q	297	5,556,055	491,224	8.8%	5,064,831	137,412	0	\$27.51/nnn
2008 3Q	295	5,355,555	428,136	8.0%	4,927,419	2,867	200,500	\$27.98/nnn
2008 2Q	293	5,335,985	411,433	7.7%	4,924,552	(27,137)	220,070	\$28.86/nnn
2008 1Q	293	5,335,985	384,296	7.2%	4,951,689	17,378	209,570	\$30.22/nnn
2007 4Q	291	5,323,779	389,468	7.3%	4,934,311	(41,134)	12,206	\$31.59/nnn
2007 3Q	291	5,323,779	348,334	6.5%	4,975,445	14,968	12,206	\$32.45/nnn
2007 2Q	289	5,312,679	352,202	6.6%	4,960,477	64,969	11,100	\$32.79/nnn
2007 1Q	286	5,247,802	352,294	6.7%	4,895,508	343,620	75,977	\$32.94/nnn
2006 4Q	276	5,022,467	470,579	9.4%	4,551,888	(56,148)	290,212	\$31.67/nnn
2006 3Q	272	4,973,937	365,901	7.4%	4,608,036	12,825	335,142	\$31.91/nnn
2006 2Q	266	4,921,083	325,872	6.6%	4,595,211	68,532	290,525	\$29.39/nnn
2006 1Q	259	4,781,219	254,540	5.3%	4,526,679	348,818	253,683	\$26.03/nnn
2005 4Q	246	4,380,364	202,503	4.6%	4,177,861	116,084	594,053	\$25.75/nnn
2005 3Q	227	4,258,350	196,573	4.6%	4,061,777	26,730	660,554	\$26.04/nnn
2005 2Q	222	4,216,917	181,870	4.3%	4,035,047	(1,733)	575,623	\$24.23/nnn
2005 1Q	222	4,216,917	180,137	4.3%	4,036,780	7,241	279,551	\$22.11/nnn
2004 4Q	222	4,216,917	187,378	4.4%	4,029,539	198,245	232,144	\$27.60/nnn
2004 3Q	220	4,041,535	210,241	5.2%	3,831,294	(51,633)	393,130	\$27.45/nnn
2004 2Q	219	4,019,368	136,441	3.4%	3,882,927	213,762	415,297	\$23.83/nnn
2004 1Q	215	3,813,065	143,900	3.8%	3,669,165	39,734	621,600	\$25.34/nnn
2003 4Q	213	3,766,117	136,686	3.6%	3,629,431	(1,300)	253,251	\$25.75/nnn
2003 3Q	213	3,766,117	135,386	3.6%	3,630,731	10,357	226,753	\$26.26/nnn
2003 2Q	212	3,743,917	123,543	3.3%	3,620,374	58,516	22,200	\$26.26/nnn
2003 1Q	210	3,692,704	130,846	3.5%	3,561,858	(57,746)	73,413	\$21.00/nnn
2002 4Q	210	3,692,704	73,100	2.0%	3,619,604	(20,600)	73,413	\$21.00/nnn
2002 3Q	210	3,692,704	52,500	1.4%	3,640,204	(20,466)	22,200	-
2002 2Q	209	3,680,170	19,500	0.5%	3,660,670	9,800	34,734	-
2002 1Q	208	3,671,870	21,000	0.6%	3,650,870	14,534	43,034	-
2001 4Q	207	3,659,336	23,000	0.6%	3,636,336	900	20,834	-
2001 3Q	207	3,659,336	23,900	0.7%	3,635,436	161,305	12,534	-
2001 2Q	206	3,520,531	46,400	1.3%	3,474,131	(15,800)	138,805	-
2001 1Q	206	3,520,531	30,600	0.9%	3,489,931	320,265	138,805	-
2000 4Q	195	3,198,766	29,100	0.9%	3,169,666	4,600	460,570	-
2000 3Q	195	3,198,766	33,700	1.1%	3,165,066	20,861	460,570	-
2000 2Q	194	3,179,705	35,500	1.1%	3,144,205	(10,700)	264,680	-
2000 1Q	194	3,179,705	24,800	0.8%	3,154,905	152,034	34,181	-
1999 4Q	188	3,023,671	20,800	0.7%	3,002,871	8,010	156,034	-
1999 3Q	187	3,016,623	20,800	0.7%	2,995,823	78,400	163,082	-
1999 2Q	186	2,941,623	24,200	0.8%	2,917,423	35,440	215,122	-
1999 1Q	184	2,906,383	24,400	0.8%	2,881,983	(500)	110,240	-
1998 4Q	184	2,906,383	23,900	0.8%	2,882,483	2,712	110,240	-

Source: CoStar

**Table VII-7: Elk Grove Resident Generated Retail Demand & Civic Center Potential (2010-2020)**  
(Thousands of dollars)

	2009 Per Capita	2010		2020		Elk Grove Demand Growth & Civic Center Capture	Gain in SF					
		Total Market Area Demand					Gain in Sales	Annual Sales/SF	City SF	Share	Civic SF	
Elk Grove Population		146,935	184,433									
Real Income Adjustment		1.000	1.100									
Apparel Stores	0.509	\$74,859	\$103,373	\$28,513	\$300	95,044	0.0%	0				
Gen. Merchandise & Drug	1.054	154,844	213,822	58,978	300	196,594	0.0%	0				
Food Stores	1.394	204,851	282,876	78,025	425	183,589	0.2%	367				
Eating & Drinking Places	1.107	162,716	224,693	61,977	375	165,271	4.0%	6,611				
Furnishing & Appliances	0.807	118,551	163,705	45,154	275	164,198	0.0%	0				
Bldg Materials & Hardware	0.632	92,925	128,319	35,394	250	141,576	0.0%	0				
Auto Dealers & Supplies	2.420	355,630	491,086	135,455	NA	NA	NA	NA				
Service Stations	1.172	172,218	237,814	65,596	NA	NA	NA	NA				
Other Retail Stores	1.103	162,111	223,858	61,746	300	205,821	0.5%	1,029				
<b>Total Retail Stores</b>	<b>\$10.200</b>	<b>\$1,498,706</b>	<b>\$2,069,545</b>	<b>\$570,839</b>		<b>1,152,092</b>	<b>0.7%</b>	<b>8,007</b>				
<b>Local Services @ 10% of Retail Store Total</b>								<b>801</b>				
<b>Total Resident Generated Retail and Restaurant Demand at Civic Center 2010-20</b>						<b>8,808</b>						

Source: AECOM

**Table VII-8: Elk Grove Resident Generated Retail Demand & Civic Center Potential (2020-2030)**  
(Thousands of dollars)

	2020		2030		Elk Grove Demand Growth & Civic Center Capture						
	Elk Grove Population	184,433	210,874	Real Income Adjustment	1.100	1.210	Gain in Sales	Annual Sales/SF	City SF	Gain in SF Share	Civic SF
	Per Capita	Total Market Area Demand									
Apparel Stores	0.509	\$103,373	\$130,027		\$26,655	\$300	88,849	0.0%	0		
Gen. Merchandise & Drug	1.054	213,822	268,956		55,134	300	183,780	0.0%	0		
Food Stores	1.394	282,876	355,816		72,940	425	171,622	0.2%	343		
Eating & Drinking Places	1.107	224,693	282,630		57,937	375	154,499	3.0%	4,635		
Furnishing & Appliances	0.807	163,705	205,916		42,211	275	153,496	0.0%	0		
Bldg Materials & Hardware	0.632	128,319	161,406		33,087	250	132,348	0.0%	0		
Auto Dealers & Supplies	2.420	491,086	617,712		126,626	NA	NA	NA	NA		
Service Stations	1.172	237,814	299,134		61,320	NA	NA	NA	NA		
Other Retail Stores	1.103	223,858	281,579		57,722	300	192,406	0.5%	962		
<b>Total Retail Stores</b>	<b>\$10.200</b>	<b>\$2,069,545</b>	<b>\$2,603,177</b>		<b>\$533,632</b>		<b>1,076,999</b>	<b>0.6%</b>	<b>5,940</b>		
<b>Local Services @ 10% of Retail Store Total</b>									<b>594</b>		
<b>Total Resident Generated Retail and Restaurant Demand at Civic Center 2020-30</b>										<b>6,534</b>	

Source: AECOM

**Location**

The Civic Center site is a community or local serving retail location. In a suburban and automobile served city like Elk Grove, the regional retail will need to locate near and ideally visible from the freeways to be successful. The Elk Grove Civic Center site does not have the location essential for successful regional retail development, like Victoria Gardens in Rancho Cucamonga, because of superior alternative locations along SR-99 and I-5.

**Agglomeration**

Successful retail districts also depend upon the concentration or agglomeration of retail stores. This is because consumers save time being able to visit a large number retail stores in one trip. Some locations where one or two stores are not able to succeed can support a concentration of 50 stores. Shopping centers have proven this theory time and time again. In addition, ample parking is essential to retail success in a community that has the land use pattern of Elk Grove. For example, a neighborhood retail center of 100,000 square feet will require nine or ten acres, or approximately half of the Civic Center site. If it is the City's primary objective to create a noteworthy Civic Center, the 21 acre Civic Center site does not have sufficient land area to accommodate a significant retail complex.

**Competition**

Any retail development at the Civic Center will need to be able to withstand significant future competition. A regional scale retail development has been approved in the southern part of the city at Grant Line Road and SR-99 on the site of the 295-acre Lent Ranch property. The core of this project is a 1.1 million square feet regional and lifestyle retail center called Elk Grove Promenade. It is proposed to have two anchor department stores, a Target discount store, a cinema complex, a large format bookstore, a 5,000 square foot food court, six restaurant pads and 454,000 square feet of shop space. It will also have a park-like outdoor space with a water feature, seating, art and walkways in the center of the project. Its layout is that of a regional shopping center with parking on the outside surrounded by a ring road. The contemporary element is that it is an open air center with the central spine enjoying automobile access and providing on-street diagonal parking.

Upon recent inspection, the steel frame of most of the retail buildings are already in place. However, the recent financial crisis has caused construction to be suspended. Sufficient value in both the entitlements and the construction has already been created that we expect this project to be eventually completed. It is a matter of "who" and "when" rather than "if." With this very significant retail complex expected within one or two miles of the subject property, an ambitious retail or cinema program at the Civic Center site makes no market sense.

**Recommended Program**

Our recommended retail program, based upon the above market evaluation and the detailed analysis in **Table VII-9** is about 20,000 square feet of space consisting of a 10,000 square foot destination restaurant with added catering capacity to be able to cater events at the Civic Center such as weddings and community banquets. Ideally this restaurant would be affiliated with a nearby conference hotel. The additional square footage would consist of a pizza parlor/sports bar of 4,000 square feet, located to serve the sports complex and to provide catering for birthday parties at the children's discovery museum, and 6,000 square feet of concession space integrated with the library, performing arts center and/or community center – coffee shop, snack bar, card shop and the like.

Table VII-9: Elk Grove Civic Center Total Retail Demand in Square Feet by 2030

	2010-20		2020-30		Total 2010-2030		
	Resident	Visitor	Resident	Visitor	Resident	Visitor	Total
Food Stores	367	147	343	172	710	318	1,029
Eating & Drinking Places	6,611	1,983	4,635	2,317	11,246	4,301	15,547
Other Retail Stores	1,029	360	962	433	1,991	793	2,784
<b>Total Retail Stores</b>	<b>8,007</b>	<b>2,490</b>	<b>5,940</b>	<b>2,922</b>	<b>13,947</b>	<b>5,412</b>	<b>19,360</b>

Source: AECOM

## Hotel and Conference Center

Elk Grove is at the confluence of two conflicting sets of market forces in terms of hotel development potential. The first is strong long-term market growth due to rapid population and employment growth in the city combined with excellent north-south freeway access from SR-99 and I-5 outside the area of central Sacramento congestion. The second is an extremely weak near term Sacramento regional hotel market due to the recession.

Elk Grove currently has six hotels and all are of the select service category. These six properties total 561 rooms and are all located near either SR-99 or I-5 exits (**Table VII-10**). The Hilton Garden Inn is one of the two largest with 116 rooms and has 7,100 square feet of meeting space. The Holiday Inn Express also has 116 rooms but only 2,900 square feet of meeting space. The other four properties do not have significant meeting space. Elk Grove currently does not have a full service hotel with serious conferencing capabilities.

Since Elk Grove has a short history in terms of hotel development, the City of Sacramento hotel market performance was reviewed to provide a frame of reference (**Table VII-11**). As indicated in this table, room revenue in Sacramento more than doubled from \$79 million in FY1994-95 to \$175 million by FY2007-08. However, due to the dramatic economic slowdown, room revenue fell 10 percent to \$158 million in FY2008-09. Over this 14 year period, the approximate number of supportable rooms climbed from 4,523 to 6,850 for a gain of 2,327. Based upon this long-term trend, the city of Sacramento hotel market added 166 rooms per year (**Table VII-12**).

Using a similar metric, we estimate that Elk Grove's hotel demand has been growing at the rate of 50 to 60 rooms per year. Room revenue in Elk Grove has climbed from \$2.3 million in FY2003-04 to \$8.6 million in FY2008-09. In contrast to Sacramento's sharp decline, room revenue increased by seven percent this past year. While the Elk Grove market has performed well, developers planning their projects during the easy credit period of four or five years ago have actually built in anticipation of even faster demand growth. With the recent additions, Elk Grove has 561 rooms while the current market is only able to support an estimated 375 to 400 rooms.

The near term forecast for the Sacramento region by PKF Hospitality Research is fairly sobering. Overall occupancy rate is projected to hover around 50 percent until 2013 while market equilibrium is more like 65 percent. The occupancy rate should be in or exceed the high 70 percent range before new construction can be justified. PKF also does not expect the average daily room rate to climb back to the 2008 level of \$104 until 2013 as well (**Table VII-13**).

Table VII-10: Hotels in Elk Grove

Name	Address	Units	Rack Rates	Average Price	Total SF of Meeting Space
Hampton Inn Suites	2305 Longport Ct	110	\$99-\$109	\$105	650
Hilton Garden Inn	9241 Laguna Springs Dr	116	\$122-\$159	\$135	7,086
Fairfield Inn & Suites	8058 Orchard Loop	62	\$119-\$169	\$138	550
Holiday Inn Express	9175 W. Stockton Blvd	116	\$125-\$160	\$132	2,916
Holiday Inn Express <sup>1</sup>	2460 Maritime Dr	65	\$105-\$150	\$103	600
Extended Inn/Stay America	2201 Long Port Court	92	\$50-\$82	\$54	NA
<b>Average</b>		<b>NA</b>	<b>\$103-\$133</b>	<b>\$111</b>	<b>NA</b>
<b>Total</b>		<b>561</b>	<b>NA</b>	<b>NA</b>	<b>11,802</b>

Source:AECOM



Table VII-11: City of Sacramento Hotel Room Demand Estimated from Transient Occupancy

Fiscal Year	TOT Rev (\$1,000)	TOT Rate	Room Rev (\$1,000)	Annual Percent Change	Estimated RevPAR	Supportable Rooms Estimate
1994-95	\$9,477	12.0%	\$78,975	NA	\$47.84	4,523
1995-96	9,826	12.0%	81,883	3.7%	49.06	4,573
1996-97	10,441	12.0%	87,008	6.3%	50.32	4,737
1997-98	11,940	12.0%	99,500	14.4%	51.61	5,282
1998-99	12,795	12.0%	106,625	7.2%	52.93	5,519
1999-00	13,842	12.0%	115,350	8.2%	54.29	5,821
2000-01	15,786	12.0%	131,550	14.0%	55.68	6,473
2002-02	15,762	12.0%	131,350	-0.2%	57.11	6,301
2002-03	16,199	12.0%	134,992	2.8%	58.58	6,314
2003-04	16,106	12.0%	134,217	-0.6%	60.08	6,121
2004-05	17,238	12.0%	143,650	7.0%	61.62	6,387
2005-06	18,495	12.0%	154,125	7.3%	63.20	6,682
2006-07	20,587	12.0%	171,558	11.3%	64.82	7,251
2007-08	21,023	12.0%	175,192	2.1%	66.48	7,220
2008-09	18,950	12.0%	157,917	-9.9%	63.16	6,850
<b>Avg Growth Rate</b>				<b>5.3%</b>		

Source: City of Elk Grove

**Table VII-12: Elk Grove Hotel Room Demand Estimated from Transient Occupancy Tax Collection**

Fiscal Year	TOT Rev (\$1,000)	TOT Rate	Room Rev (\$1,000)	Annual Percent Change	Estimated Rev/PAR	Supportable Rooms
2003-04	\$281	12.0%	\$2,342	NA	\$56.48	114
2004-05	566	12.0%	4,717	101.4%	57.93	223
2005-06	816	12.0%	6,800	44.2%	59.41	314
2006-07	863	12.0%	7,192	5.8%	60.94	323
2007-08	970	12.0%	8,083	12.4%	62.50	354
2008-09	1,037	12.0%	8,642	6.9%	63.44	373
Avg Growth Rate				34.1%		

Source: City of Elk Grove and State Controller's Office

Table VII-13: Sacramento Region Hotel Market Forecast Summary by PKF

Year	Change in		Change in		RevPAR	Change in RevPAR
	Occupancy	Occupancy	ADR	ADR		
2004	65.2%	1.7%	\$88.35	2.2%	\$57.60	3.9%
2005	65.5%	0.5%	\$92.48	4.7%	\$60.60	5.2%
2006	65.0%	-0.8%	\$100.28	8.4%	\$65.17	7.5%
2007	62.5%	-3.9%	\$103.96	3.7%	\$64.94	-0.4%
2008	58.9%	-5.7%	\$104.44	0.5%	\$61.54	-5.2%
2009F	51.5%	-12.6%	\$94.30	-9.7%	\$48.54	-21.1%
2010F	49.7%	-3.4%	\$93.65	-0.7%	\$46.59	-4.0%
2011F	50.7%	1.9%	\$97.04	3.6%	\$49.19	5.6%
2012F	51.7%	2.1%	\$101.55	4.6%	\$52.53	6.8%
2013F	51.9%	0.3%	\$104.64	3.0%	\$54.27	3.3%

Source: PKF Hotel Horizons

## Hotel Market Conclusions

Because of falling demand in the regional market and de-accelerating demand growth in Elk Grove, both the regional and local hotel markets are currently over-supplied. It will require economic recovery and three or four years of demand growth for the regional market to regain equilibrium. While the Elk Grove market is expected to rebound faster than the regional market, serious planning for the next round of hotel construction is not likely to take place until 2012 or later.

## Recommendations for the Civic Center

The City of Elk Grove is currently planning for a Civic Center that will be a community gathering place and a symbol of the city for 50 years or more. With this long-term view, ERA AECOM strongly recommends that the City reserve the eastern most five acres of the Civic Center site for the future development of a hotel, conference center and restaurant complex. Development interest for this complex should start to solidify by the 2012 to 2015 time frame. Our specific program recommendations include:

- A full service hotel of approximately 200 rooms.
- A conference center of 14,000 to 16,000 square feet.
- A dinner restaurant of approximately 10,000 square feet.
- Sufficient adjacent land area for large tents to house occasional larger scale events and exhibits.

This complex should be designed to be highly visible to the corner of Elk Grove Boulevard and Big Horn Boulevard but also to have views of the planned park, lake, gardens or other amenities. In addition to generating sales tax and land lease revenue, the transient occupancy tax (TOT) from this hotel is like to be \$900,000 to \$1.0 million per year. The conference center would be able to house business, medical, educational and community events. The restaurant, in addition to being its own destination, should have sufficient capability to cater events in the conference center and the balance of the Civic Center complex.

With one or more potential hotel development sites in the Lent Ranch Special Planning Area and likely elsewhere, the City may need to be fairly aggressive in attracting a full service hotel of the desired quality to the Civic Center complex. The attraction strategy should include some combination of the following:

- A well planned and well designed Civic Center complex that is substantially underway.
- A highly visible hotel site with views onto amenities.
- Below market land lease for the first five or ten years.

- City construction of the conference center, which would be conveyed to the hotel for integrated hotel/conference center operations in exchange for guaranteed dates for key community events. (A municipally operated conference center is likely to require annual General Fund subsidy in the range of \$500,000 per year.)

A hotel, conference center and restaurant complex would be highly compatible with a Civic Center and would enhance its overall appeal to locals and visitors. In addition, it would generate transient occupancy tax, some sales tax and relieve the City of the operating cost of a conference center.

## VIII. Appendix

ERA AECOM conducted interviews and contacted the following individuals as part of this research:

### Cultural Facilities

#### Children's Discovery Center

- Kathleen Paley, President, Sacramento Children's Museum
- Jim Falls, Strikes Family Entertainment Center

#### Library

- Donald Tucker, Director of Facilities, Sacramento Public Library
- Jonathan Barber, Management Analyst, Sacramento Public Library
- Rivkah Sass, Library Director, Sacramento Public Library

#### Art Center

- Cheryl Greiss, Elk Grove Artists and Elk Grove Fine Arts Center
- Marsha Holmes, Committee for the Arts (Council appointed)
- Kelly Gonzalez, CSD Recreation Superintendent

#### Performing Arts Center

- Lisa Brown, Encore: Studio of the Performing Arts
- Bob Baxter, Director, Runaway Stage Productions
- Jason Bramhams, Cosumnes Oaks High School Theater Director
- CRC Theater Director
- River City Theater Company

#### Veteran's Memorial Hall

- Jerry Rucker, Veteran's Affairs

### Public Assembly and Public Facilities

- Paula Shroeder, Elk Grove Chamber of Commerce
- Steve Czarnecki, Elk Grove Economic Development Corporation
- Celeste Armendariz, Celeste Wedding Planners
- Sharon Renzo, Weddings by Design
- Tom Moran, Methodist Hospital
- Janet Wagner, CEO, SDH, CAO Sutter Health
- Stephanie Beasley, Communications Manager, Frontier Communications
- Elizabeth Graswich, Communications Director, Elk Grove Unified School District
- Rob Pierce, Facilities Manager, Elk Grove Unified School District
- Patrick Larkin, Recreation Supervisor III, Parks & Recreation Department, Cosumnes Community Services District

- Charlotte Mitchell, Executive Director, Sacramento County Farm Bureau
- TJ Plew, CEO and Fair Manager, Sacramento County Fair

**Public Recreational Facilities**

- Bob Roessler (Parks & Recreation Administrator)
- Mike Dopson (Recreation Supervisor II (Aquatics, Leisure & Therapeutic Recreation))
- Patrick Larkin (Recreation Supervisor III (Teens & Skate Park))

## **Civic Center Design Study Scope of Work**

The Design Study will be a short-term, non-technical study meant to create a wealth of possible inspiring ideas for the Civic Center. Its basic parameters are:

- A short (2 – 3 months long) design only exercise
- No technical consultants
- Generate between 4 to 6 alternative designs incorporating different mixes of program and qualities and characters of space
- Designs are represented primarily as rendered images showing atmospheres and character.
- Designs are each very different from one another, representing a wide range of possibilities.

The Design Team will undertake the Civic Center Design Study in the following manner:

### *Preliminary Concepts Development*

The design professionals from Zaha Hadid Limited will begin a preliminary concept development phase creating 4-6 concepts for the Civic Center site. Following concept development, the design team will participate in a workshop with the community displaying the design concepts for discussion and feedback.

**Workshop 6:** This workshop will be conducted upon completion of the 4-6 preliminary concepts. The architects will introduce each alternative and describe the process by which the design was inspired. Community members will be provided with another live polling opportunity to determine if any one design is preferred over others.

**Date:** January 2009

### *Development of Civic Center Design Alternatives*

The design team will then return to their studios to refine and more fully develop several of the plans (2-4) that received the most positive response from the community. The design work will be completed and the community will be provided with an opportunity to review and discuss the proposed design study alternatives prior to any formal consideration of the designs by the City Council.

**Workshop 7:** This workshop will be conducted upon completion of development of the design study alternatives. Community members will be provided with another live polling opportunity to determine if any one design is preferred over others.

**Date:** February/March 2009

### *Council Consideration of Design Study Alternatives*

Following completion of these steps, the Civic Center Design Study will be presented to the City Council for consideration. The City Council would be provided with an overview of the process and results to date including an opportunity to review the 2-4



top alternatives reviewed by the community at Workshop 7. The Council would be expected to narrow down and select a handful (2-3) of alternatives for final refinement by the design team.

**Date:** March 2009

*Final Design Study Refinement and Presentation*

The Council selected plans would be finalized by the Zaha Hadid team for final presentation to the City Council. The products resulting from this process are anticipated to be initial “visioning” documents for the Civic Center, conceptually identifying building locations, outdoor features, and other project components. While it is anticipated that the City Council will be provided with information regarding public/private partnerships for the project prior to this date, this presentation will include a status report of those efforts in addition to the Design Study discussion.

**Council Presentation:** April 2009

The Design Study will conclude with production of 11x17 bound, 50 page, color architectural renderings with verbal descriptions of the 4-6 design alternatives.





**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Professional Soccer Feasibility Study

**MEETING DATE:** March 13, 2013

**PREPARED BY:** Laura Gill, City Manager

---

**RECOMMENDED ACTION:**

Receive the consultant's report regarding the viability and potential economic impacts of professional soccer in Elk Grove, discuss opportunities, and provide direction concerning potential land acquisition and negotiations.

**BACKGROUND INFORMATION:**

The City Council entered into a four-year Exclusive Negotiating Agreement ("Agreement") with Northern California Soccer, LLC, (NCS) in December 2011. The Agreement provided for cooperative siting and funding of a Major League Soccer stadium and amenities within the City of Elk Grove.

The City hired Conventions, Sports & Leisure International (CSLI) to study construction of a professional soccer stadium in Elk Grove. CSLI analyzed the facility, franchise and operating requirements of both Major League Soccer (MLS) and the North American Soccer League (NASL). Further, CSLI evaluated the capacity of Elk Grove and the immediate region to support a professional soccer team and the impacts therein.

**ANALYSIS:**

Northern California has more youth soccer athletes per capita than any other region in the country. Both MLS and NASL are gaining teams and fans as soccer gains popularity in the United States. Both leagues are similar in that they use local owners to manage daily operations, employ professional soccer players and play games nationwide over an extended season. The leagues vary in structure, investment and promotion.

The study indicates that the Elk Grove region can support either league's annual operations assuming that the City bears the capital costs related to the stadium; however, the MLS is a higher-risk model and the NASL is a lower-risk model. The franchise fee and stadium costs for MLS are four to five times more costly than NASL.

If a soccer franchise is secured, a large stadium would be needed. The team could play at an interim location during the two to three year development phase. If public funding for stadium construction is included, the facility should be built in phases to expand its capacity as the team's fan base increases.

The majority of recent soccer stadiums have been constructed as the championship field component of larger complexes. The larger complexes include multiple soccer fields for amateur practices and games. Other activities and sports, such as concerts, baseball, and lacrosse, have also been included in some complexes. Parking, infrastructure and other amenities are then shared by all operations. In its March 2010 market analysis prepared for the Civic Center, AECOM noted that the City does not have a facility to host high-end sports tournaments; this type of complex would help to fill that gap.

### **RECOMMENDATION:**

- Direct staff to identify up to 120 contiguous acres to consider purchasing for an Elk Grove Sports Complex ("Complex"). The Complex could include privately and/or publicly-financed fields, facilities and amenities for a variety of professional and amateur sports. Once a potential site has been identified, negotiations with land owners would return for Council's consideration in a closed session meeting.
- Direct staff to continue supporting NCS in procuring a professional soccer franchise and discuss interim facility options with the Elk Grove Unified School District and Cosumnes River College.
- Direct staff to assess the community's interest in developing the Complex, including any public financing of an 8,000-18,000 seat soccer stadium, parking and other facilities. The Cosumnes Community Services District will be consulted.

## **FISCAL IMPACT:**

**Project Costs/Funding.** Staff has identified the following costs associated with a professional soccer team and complex:

*Land:* The City would use its Real Estate consultant to identify and negotiate land acquisition for the sports complex. As land would cost up to \$80,000 per acre, the cost of acquiring 120 acres is estimated at \$9.6 million.

*Stadium:* As shown in the CSLI Study, recent soccer stadium project costs range from \$40 million (for an 8,000-seat NASL team) to \$100 million (for an 18,000-seat MLS team).

*Soccer Complex:* The scope of the CSLI study did not include the analysis of a soccer complex that includes multiple fields for amateur sports, including tournaments. City staff has identified two models for cost analysis purposes:

- The City of Overland Park, Kansas owns and operates a 12-field soccer complex. All of the fields have synthetic turf. The complex was completed in 2009 at a cost of approximately \$9 million.
- The City of Frisco, Texas entered into a private-public partnership with Hunt Sports Group to construct 17 tournament-grade fields adjacent to the professional soccer stadium for FC Dallas. While all of the fields have natural turf, eight of them are constructed to drain very quickly after heavy rains. Complex staff estimated the construction costs of the fields with enhanced drainage at \$500,000 each, and the other fields at \$250,000 each. Based on these estimates, the construction cost of the fields is estimated at \$6.25 million.

*Franchise fees:* Franchise fees to acquire rights to a team vary from approximately \$2 million for the NASL to \$50 million for MLS.

*Other:* Performing community outreach and developing a master plan for the Complex would require the assistance of design and finance consultants.

Project funding would be borne by the ownership team and the City. No special funding source has been identified and would therefore become the obligation of the General Fund. As the General Fund's balance is

insufficient to bear this funding today, the project would require a long-term financing alternative. A loan and a bond issuance are public-financing alternatives that could leverage a future revenue stream; however, they would need a secondary repayment source identified.

**Fiscal Impact Analysis.** A fiscal impact analysis measures the impacts, both positive and negative, of a project on local government finances, as opposed to an Economic Impact Analysis that measures only the economic benefits to the community as a whole. City staff performed a fiscal impact analysis using a web-based tool developed by the Georgia Institute of Technology called WebLOCI. The tool uses community-level data to calculate the direct fiscal impacts of any proposed project on City budgets over a period of up to 20 years.

*Soccer Stadium.* Using the WebLOCI tool, staff projects that the annual expenditures for a 15,000-seat soccer stadium will exceed new annual revenues generated by the stadium in a range from \$3.9 million to \$5.4 million, depending on the type of standard municipal financing tool used, because of the debt burden over 30 years. Negotiations with NCS representatives will include discussions on identifying and implementing additional revenue streams to close the projected budgetary gap. Examples of additional revenue streams include, but are not limited to, the sale of naming rights to the stadium, lease payments from the team, and surcharges attached to ticket and parking fees. NCS representatives will also work with the City to identify alternative financing mechanisms to further reduce the debt burden.

*Soccer Complex.* Using the WebLOCI tool, staff projects that the annual expenditures for a 12-field soccer complex will roughly equal new annual revenues generated by the soccer complex.

**Economic Impact Analysis.** As noted above, an economic impact analysis estimates the benefits of a project to the community as a whole. The CSLI study indicates the following net new economic impacts to the community for the construction of a professional soccer stadium and the operations of a professional soccer team:

<b>Construction</b>	<b>MLS (18,000 seats)</b>	<b>MLS (15,000 seats)</b>	<b>NASL (8,000 seats)</b>
New Direct Spending <sup>1</sup>	\$9,570,000	\$7,235,000	\$4,286,000
Total Output <sup>2</sup>	\$13,117,000	\$9,916,000	\$5,875,000
Jobs Supported <sup>3</sup>	100	70	40
Personal Earnings <sup>4</sup>	\$5,210,000	\$3,939,000	\$2,334,000

<b>First-Year Operations</b>	<b>MLS (18,000 seats)</b>	<b>MLS (15,000 seats)</b>	<b>NASL (8,000 seats)</b>
New Direct Spending <sup>1</sup>	\$14,973,000	\$14,136,000	\$4,138,000
Total Output <sup>2</sup>	\$20,905,000	\$19,745,000	\$5,761,000
Jobs Supported <sup>3</sup>	239	226	67
Personal Earnings <sup>4</sup>	\$9,294,000	\$8,781,000	\$2,438,000

<b>NPV 30-Year Operations</b>	<b>MLS (18,000 seats)</b>	<b>MLS (15,000 seats)</b>	<b>NASL (8,000 seats)</b>
New Direct Spending <sup>1</sup>	\$681,505,000	\$643,383,000	\$221,644,000
Total Output <sup>2</sup>	\$951,311,000	\$898,496,000	\$308,084,000
Jobs Supported <sup>3</sup>	239	226	67
Personal Earnings <sup>4</sup>	\$423,267,000	\$399,892,000	\$129,628,000

The scope of the CSLI study did not include the economic impact analysis of a soccer complex that includes multiple fields for amateur sports, including tournaments. For Fiscal Year 2011, the City of Overland Park, Kansas indicated that it had attracted 21 tournaments that drew 3,500 teams, with 1,400 of those from out of town. The out-of-town teams were projected to generate up to 30,000 room nights and \$7 million in new revenue to Overland Park.

**ATTACHMENT:**

**1. Elk Grove Soccer Stadium Feasibility Study**

<sup>1</sup> Direct Spending includes stadium-generated spending during construction and operations (labor, tickets, concessions, retail, parking, advertising, sponsorships, etc.). Also includes off-site spending such as hotels, restaurants, retail, transportation, etc.

<sup>2</sup> Represents total direct, indirect, and induced spending attributable to the stadium.

<sup>3</sup> Includes direct stadium employment as well as additional supported jobs generated by the project (retail, restaurants, hotels, etc.)

<sup>4</sup> Wages and salaries of all employees of businesses involved with the soccer stadium.

# PROPOSED MAJOR LEAGUE SOCCER STADIUM IN ELK GROVE



*August 16, 2007*





October 19, 2012

Ms. Laura S. Gill  
City Manager  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, California 95758

Dear Ms. Gill:

Conventions, Sports & Leisure International (“CSL”) is pleased to present this report regarding the market, building program, cost, financial and economic impact potential for a Major League Soccer (“MLS”) team and proposed soccer stadium to be located in the City of Elk Grove, California near the intersection of Kammerer Road and Highway 99. The attached report summarizes the study’s research and analyses and is intended to assist the City and other project representatives in making informed decisions regarding a potential MLS team and soccer stadium in Elk Grove, California. In addition, at the request of the City, an appendix has been added with a modification to our initial report to reflect a 15,000 seat MLS stadium, as well as an assessment of the market potential for a proposed North American Soccer League (“NASL”) team and soccer stadium.

The information contained in this report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the sports industry, and other factors, including certain information you have provided. All information provided to us by others was not audited or verified, and was assumed to be correct. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Ms. Laura S. Gill  
City Manager  
City of Elk Grove  
October 19, 2012,  
Page 2 of 2

We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

A handwritten signature in cursive script that reads "CSL International". The signature is written in black ink and is positioned below the text "Very truly yours,".

CSL International

## **Table of Contents**

---

EXECUTIVE SUMMARY .....	i
I. INTRODUCTION .....	1
II. MAJOR LEAGUE SOCCER OVERVIEW .....	3
III. MARKET AREA CHARACTERISTICS .....	16
IV. COMPETITIVE ANALYSIS .....	37
V. COMPARABLE FACILITIES .....	43
VI. ESTIMATED DEMAND .....	55
VII. ESTIMATED FINANCIAL OPERATIONS .....	63
VIII. ESTIMATED ECONOMIC AND FISCAL IMPACTS .....	81
IX. APPENDIX .....	92

## Executive Summary

---

This Executive Summary outlines the key highlights of the market, building program, cost, financial and economic impact analyses related to a proposed MLS team and soccer stadium to be located in Elk Grove, California. The City expanded the study scope to include a 15,000 seat MLS stadium and the viability of a NASL franchise.

This study is designed to assist the City of Elk Grove and other project representatives in making informed decisions regarding the potential development of the proposed MLS team and soccer stadium.

To assess the potential market, building program, cost, financial and economic impact parameters of the potential MLS team and soccer stadium, CSL conducted the following research and analyses:

- Analyzed local market area characteristics including the size and age of the local populace, household income, corporate base, attractions, accessibility and other such characteristics;
- Analyzed the physical, operational, financial and economic impact parameters of comparable soccer stadiums operating or planned for major metropolitan areas to provide general information background and to gain a programmatic perspective from which to assess potential activity at the proposed soccer stadium;
- Analyzed the physical and operational characteristics of existing and planned local facilities to assess the relation, interaction and/or impact they may have on the operations of the proposed soccer stadium;
- Interviewed potential users of the proposed soccer stadium to assess their interest in the proposed stadium, likelihood of using the facilities and specific event characteristics and facility requirements;
- Developed computer-based market, financial and economic impact models using assumptions developed through aforementioned research;
- Incorporated estimates of the economic impacts associated with the proposed stadium construction.

The remainder of this Executive Summary summarizes the key findings and conclusions related to the feasibility of the proposed soccer stadium as well as the potential net new economic impacts that could be generated by the entire project *not* including any additional related real estate components. The full report should be read in its entirety to obtain the background, methods and assumptions underlying these findings.

## Executive Summary

---

### Key Highlights:

- The Sacramento Market represents the fourth-largest metropolitan area in the State of California. Currently, the area is home to one professional sports team and boasts one of the highest population-to-professional-franchise ratios in the United States.
- The viability of the proposed stadium is supported by the size and demographic and socioeconomic profile of the Elk Grove metropolitan area and the high soccer participation rates characteristic with the Sacramento area. The Sacramento metropolitan area ranks seventh highest in participation rates among major metropolitan areas throughout the U.S., and United States Youth Soccer Association Northern California region ranks first out of 55 regions in terms of association registrants.
- The Sacramento market currently features only two viable concert venues: Power Balance Pavilion and Sleep Train Amphitheater. Power Balance Pavilion is located just north of downtown, while Sleep Train Amphitheater resides roughly 30 miles north of the metropolitan area's center and 50 miles north of Elk Grove.
- Based on discussions with event organizers and review of the historical operations of comparable MLS stadiums in the context of local competition from other area venues, it is anticipated that the proposed stadium could host approximately 43 events annually including MLS team games, international soccer matches, concerts and other soccer/sporting events. Total annual stadium attendance is estimated to approximate 550,000 annually. Total annual stadium attendance for the modified MLS facility is estimated to be approximately 518,000, and the NASL stadium with estimated total annual attendance of approximately 193,000.

**Estimated Financial Operations  
Proposed Soccer Stadium and MLS Team**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenues	\$18,318,000	\$18,912,000	\$19,478,000	\$20,063,000	\$20,664,000
Expenses	11,810,000	12,168,000	12,529,000	12,905,000	13,294,000
Operating Income <sup>(1)</sup>	<u>\$6,508,000</u>	<u>\$6,744,000</u>	<u>\$6,949,000</u>	<u>\$7,158,000</u>	<u>\$7,370,000</u>
Operating Margin	35.5%	35.7%	35.7%	35.7%	35.7%

(1) Operating income before debt.

- The combined revenues generated by the Elk Grove MLS team and the proposed soccer stadium are estimated to be approximately \$18.3 million in 2016 dollars, increasing to \$20.7 million in the fifth year of operations. Combined operating expenses of the MLS team and the proposed soccer stadium are estimated to approximate \$11.8 million in 2016 dollars, increasing to \$13.3 million within five years, resulting in an estimated net operating income of approximately \$6.5 million in 2016 before franchise or stadium debt. Net operating income is estimated to increase slightly to \$7.4 million within five years.
- Overall, the combined operations of the Elk Grove MLS team and the proposed soccer stadium appears to be viable assuming that the large majority of project funding is not secured by debt tied to team or stadium operations. The large majority of funding for the proposed project will likely need to come from other revenue sources such as a general fund lease based on the value of the encompassing site development or other sources outside the operations of the team and stadium.
- The proposed stadium construction cost is assumed to be \$108.4 million, including \$104.4 million for the cost of the stadium and \$4 million for purchase of the land. By comparison, Houston’s BBVA Compass stadium, finished in May 2012, cost an estimated \$101.3 million.
- The following table summarizes the estimated net new impacts associated with the \$104.4 million in gross construction expenditures associated with the proposed soccer stadium. These one-time, net new impacts reflect spending expected to occur in the City of Elk Grove, Sacramento SMSA or the State of California. Spending occurring outside these geographic areas is considered non-impacts.

**Net New Economic and Fiscal Impacts  
Construction**

<b>City of Elk Grove - Net New Impacts</b>	
Direct Spending	\$9,570,000
Total Output	\$13,117,000
Jobs	100
Personal Earnings	\$5,210,000
Tax Revenue	\$444,000
<b>Sacramento County - Net New Impacts</b>	
Direct Spending	\$40,455,000
Total Output	\$55,451,000
Jobs	400
Personal Earnings	\$22,026,000
Tax Revenue	\$472,000
<b>State of California - Net New Impacts</b>	
Direct Spending	\$54,375,000
Total Output	\$74,531,000
Jobs	500
Personal Earnings	\$29,605,000
Tax Revenue	\$3,048,000

- Of the approximately \$104.4 million in estimated gross construction expenditures, approximately \$9.6 million, or about 9.2 percent, is estimated to be net new to Elk Grove, California. This net new spending in Elk Grove is estimated to generate \$13.1 million in total output, supporting 100 full and part-time jobs during construction that generate approximately \$5.2 million in personal earnings. Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$444,000.
- Net new direct construction spending expected to occur in Sacramento County is estimated to be \$40.5 million, or about 38.8 percent of gross construction expenditures. The net new spending in Sacramento County is estimated to generate \$55.5 million in total output, supporting 400 full and part-time jobs during construction that generate approximately \$22 million in personal earnings. The County would not collect taxes on these earnings. It is important to note that the benefits estimated for Sacramento County are not mutually exclusive of the benefits generated to the City of Elk Grove as the geography of both governmental entities overlap to some degree.

## Executive Summary

---

- The State of California is expected to realize \$54.4 million in net new direct spending, representing approximately 52.1 percent of total project construction expenditures. Net new spending in the State of California is estimated to generate \$74.5 million in total output, supporting 500 full and part-time jobs during construction that generate approximately \$29.6 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$3 million. The benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or Sacramento County as the geography of each of the governmental entities overlap to some degree.
- The operations of the Elk Grove MLS team and the proposed stadium and surrounding real estate development will represent a beneficial source of *recurring* annual impacts for Elk Grove, Sacramento County and the State of California. The table on the following page depicts the total annual net new economic and fiscal impacts resulting from the operations of the proposed soccer stadium (including the MLS team and proposed soccer stadium). The impacts presented include both annual impacts (in 2016) as well as the net present value of expected impacts over a 30-year period.



## Executive Summary

### Estimated Net New Economic and Fiscal Impacts Operations

	Year 1 Operational Impacts	Net Present Value of 30-year Impacts
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$14,973,000	\$681,505,000
Total Output	\$20,905,000	\$951,311,000
Jobs <sup>(1)</sup>	239	239
Personal Earnings	\$9,294,000	\$423,267,000
Tax Revenues <sup>(2)</sup>	\$312,000	\$6,847,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$19,290,000	\$876,531,000
Total Output	\$27,322,000	\$1,241,292,000
Jobs <sup>(1)</sup>	291	291
Personal Earnings	\$12,996,000	\$590,631,000
Tax Revenues	\$107,000	\$2,353,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$10,137,000	\$460,417,000
Total Output	\$14,375,000	\$652,836,000
Jobs <sup>(1)</sup>	152	152
Personal Earnings	\$6,803,000	\$309,030,000
Tax Revenues	\$842,000	\$18,490,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

- Annual net new direct spending occurring in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$15 million. The net new spending in the Elk Grove market is estimated to generate \$20.9 million in total output, supporting 239 full and part-time jobs that generate approximately \$9.3 million in personal earnings. Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$312,000 and is based primarily on new sales tax revenues being generated.
- The cumulative net present value of net new spending expected to occur in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$681.5 million. The cumulative net new spending in Elk Grove is estimated to generate \$951.3 million in total output, supporting 239 full and part-time jobs each year that generate approximately \$423.3 million in personal earnings over a 30-year period. Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate \$6.8 million. This figure accounts for only revenues generated from team and stadium operations.
- Operating impacts generated to Sacramento County are estimated to include \$19.3 million in direct spending, \$27.3 million in total output, supporting 291 full and

## Executive Summary

---

part-time jobs that generate approximately \$13 million in personal earnings. Sacramento County does not levy any county-specific taxes, but will receive a one percent share of new sales tax revenues.

- The cumulative 30-year net present value of net new spending expected to occur in Sacramento County from the operations of the proposed soccer stadium is estimated to be \$876.5 million. The cumulative net new spending in Sacramento County is estimated to generate \$1.241 billion in total output, supporting 291 full and part-time jobs that generate approximately \$590.6 million in personal earnings over a 30-year period.
- Impacts generated to State of California are estimated to include \$10.1 million in direct spending, \$14.4 million in total output, supporting 152 full and part-time jobs that generate approximately \$6.8 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$842,000. Over a 30-year period, the project is estimated to generate to the State of California approximately \$460.4 million in net new direct spending, \$652.8 million in net new output, support 152 new full and part-time jobs that generate \$309 million in earnings. Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to be \$18.5 million.
- It is important to note a few things from the economic impact chart. Tax revenues listed do not include the potential revenues that could be generated by new taxes implemented to subsidize the cost of a new soccer stadium in Elk Grove such as ticket taxes, meal taxes, an increase in hotel tax, or other city or county taxes. Similarly, the table above does not break out sales taxes collected between City, County, and State. The State of California currently operates with a sales tax rate of 7.75%, 1.00% of which is distributed to the City of Elk Grove, and an additional 1.00% of which is distributed to Sacramento County.

## Executive Summary

Modified estimates of financial operations as well as the economic and fiscal impacts related to the proposed 15,000 seat MLS stadium are shown in the following section.

**Estimated Financial Operations  
Proposed Soccer Stadium and MLS Team**

	2016	2017	2018	2019	2020
Revenues	\$16,373,000	\$16,907,000	\$17,415,000	\$17,936,000	\$18,473,000
Expenses	11,526,000	11,875,000	12,229,000	12,596,000	12,975,000
Operating Income <sup>(1)</sup>	\$4,847,000	\$5,032,000	\$5,186,000	\$5,340,000	\$5,498,000
Operating Margin	29.6%	29.8%	29.8%	29.8%	29.8%

(1) Operating income before debt.

- The combined revenues generated by the Elk Grove MLS team and the proposed soccer stadium are estimated to be approximately \$16.4 million in 2016 dollars (down from \$18.3 million), increasing to \$18.5 million in the fifth year of operations (down from \$20.7 million). Combined operating expenses of the MLS team and the proposed soccer stadium are estimated to approximate \$11.5 million in 2016 dollars (down from \$11.8 million), increasing to \$13 million within five years (down from \$13.4 million), resulting in an estimated net operating income of approximately \$4.8 million in 2016 before franchise or stadium debt (down from \$6.5 million). Net operating income is estimated to increase slightly to \$5.5 million within five years (down from \$7.3 million).
- Similar to the initial report, the combined operations of the Elk Grove MLS team and the modified soccer stadium appears to be viable assuming that the large majority of project funding is not secured by debt tied to team or stadium operations. A significant amount of project funding will likely need to come from general fund lease based on the value of the encompassing site development or other sources outside the operations of the team and stadium.
- The proposed stadium construction cost is assumed to be \$82.9 million, including \$78.9 million for the cost of the stadium and \$4.0 million for purchase of the land. By comparison, the previously evaluated MLS stadium in Elk Grove cost \$108.4 million total, accounting for \$104.4 million in construction costs and \$4.0 million for the purchase of land.

## Executive Summary

- The table below summarizes the estimated net new impacts associated with the \$78.9 million in gross construction expenditures associated with the proposed soccer stadium. These one-time, net new impacts reflect spending expected to occur in the City of Elk Grove, Sacramento SMSA or the State of California.

### Net New Economic and Fiscal Impacts Construction

City of Elk Grove - Net New Impacts	
Direct Spending	\$7,235,000
Total Output	\$9,916,000
Jobs	70
Personal Earnings	\$3,939,000
Tax Revenue	\$335,000
Sacramento County - Net New Impacts	
Direct Spending	\$30,583,000
Total Output	\$41,920,000
Jobs	300
Personal Earnings	\$16,651,000
Tax Revenue	\$357,000
State of California - Net New Impacts	
Direct Spending	\$41,106,452
Total Output	\$56,344,000
Jobs	430
Personal Earnings	\$22,381,000
Tax Revenue	\$2,305,000

- \$7.2 million of the approximately \$78.9 million in estimated gross construction expenditures, or about 9.1 percent, is estimated to be net new to Elk Grove, California (down from \$9.6 million). \$9.9 million in total output (down from \$13.1 million) is estimated to be generated due to this net new spending in Elk Grove. 70 full and part-time jobs will be supported during construction (down from 100) that generate approximately \$3.9 million in personal earnings (down from \$5.2 million). Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$335,000 (down from \$444,000).

## Executive Summary

- Net new direct construction spending expected to occur in Sacramento County is estimated to be \$30.6 million, or about 38.8 percent of gross construction expenditures. These estimates are down from the original \$40.5 million. \$41.9 million in total output (down from \$55.5 million) is estimated to be generated in Sacramento County as a result of the net new spending. 300 full and part-time jobs will be supported during construction (down from 400) that generate approximately \$16.7 million in personal earnings (down from \$22.0 million). The County would not collect taxes on these earnings. It is important to note that the benefits estimated for Sacramento County are not mutually exclusive of the benefits generated to the City of Elk Grove as the geography of both governmental entities overlap to some degree.
- The State of California is expected to realize \$41.1 million in net new direct spending, representing approximately 52.1 percent of total project construction expenditures. When compared to the initial study, this estimate is down from \$54.4 million. Net new spending in the State of California is estimated to generate \$56.3 million in total output (down from \$74.5 million), supporting 430 full and part-time jobs during construction (down from 500) that generate approximately \$22.4 million in personal earnings (down from \$29.6 million). Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$2.3 million (down from \$3 million). The benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or Sacramento County as the geography of each of the governmental entities overlap to some degree.
- The table on the following page depicts the total annual net new economic and fiscal impacts resulting from the operations of the modified soccer stadium (including the MLS team and proposed soccer stadium). The impacts presented include both annual impacts (in 2016) as well as the net present value of expected impacts over a 30-year period.

**Estimated Net New Economic and Fiscal Impacts  
Operations**

	<b>Year 1 Operational Impacts</b>	<b>Net Present Value of 30-year Impacts</b>
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$14,136,000	\$643,383,000
Total Output	\$19,745,000	\$898,496,000
Jobs <sup>(1)</sup>	226	226
Personal Earnings	\$8,781,000	\$399,892,000
Tax Revenues <sup>(2)</sup>	\$295,000	\$6,471,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$18,356,000	\$834,012,000
Total Output	\$26,011,000	\$1,181,669,000
Jobs <sup>(1)</sup>	277	277
Personal Earnings	\$12,399,000	\$563,426,000
Tax Revenues	\$101,000	\$2,218,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$9,617,000	\$436,807,000
Total Output	\$13,643,000	\$619,572,000
Jobs <sup>(1)</sup>	145	145
Personal Earnings	\$6,464,000	\$293,636,000
Tax Revenues	\$795,000	\$17,467,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

- \$14.1 million in annual net new direct spending is estimated to occur in Elk Grove from the operations of the proposed soccer stadium (down from \$15 million). The net new spending in the Elk Grove market is estimated to generate \$19.7 million in total output (down from \$20.9 million), supporting 226 full and part-time jobs (down from 239) that generate approximately \$8.8 million in personal earnings (down from \$9.3 million). Total net new tax revenues of \$295,000 are expected to be generated to Elk Grove (down from \$312,000).
- The cumulative net present value of net new spending expected to occur in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$643.4 million (down from \$681.5 million). The cumulative net new spending in Elk Grove is estimated to generate \$898.5 million in total output (down from \$951.3 million), supporting 226 full and part-time jobs each year (down from 239) that generate approximately \$399.9 million in personal earnings over a 30-year period (down from \$423.3 million). Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate

## Executive Summary

---

- \$6.5 million (down from \$6.8 million). This figure accounts for only revenues generated from team and stadium operations.
- Operating impacts generated to Sacramento County are estimated to include \$18.4 million in direct spending (\$19.3 million), \$26 million in total output (down from \$27.3 million), supporting 277 full and part-time jobs (down from 291) that generate approximately \$12.4 million in personal earnings (down from \$13 million). Sacramento County does not levy any county-specific taxes, but will receive a one percent share of new sales tax revenues.
  - The cumulative 30-year net present value of net new spending expected to occur in Sacramento County from the operations of the proposed soccer stadium is estimated to be \$834 million (down from \$876.5 million). The cumulative net new spending in Sacramento County is estimated to generate \$1.182 billion in total output (down from \$1.241 billion), supporting 277 full and part-time jobs (down from 291) that generate approximately \$563.4 million in personal earnings over a 30-year period (down from \$590.6 million).
  - Impacts generated to State of California are estimated to include \$9.6 million in direct spending (down from \$10.1 million), \$13.6 million in total output (down from \$14.4 million), supporting 145 full and part-time jobs (down from 152) that generate approximately \$6.5 million in personal earnings (down from \$6.8 million). Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$795,000 (down from \$842,000). Over a 30-year period, the project is estimated to generate to the State of California approximately \$436.8 million in net new direct spending (down from \$460.4 million), \$619.6 million in net new output (down from \$652.8 million), support 145 new full and part-time jobs (down from 152) that generate \$293.6 million in earnings (down from \$309 million). Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to be \$17.5 million (down from \$18.5 million).

## Executive Summary

Below is an overview of the financial feasibility and economic and fiscal impact study performed for the proposed NASL team and stadium in Elk Grove.

**Estimated Financial Operations  
Proposed Soccer Stadium and NASL Team**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenues	\$3,801,000	\$4,294,000	\$4,800,000	\$4,944,000	\$5,092,000
Expenses	3,270,000	3,393,000	3,522,000	3,624,000	3,732,000
Operating Income <sup>(1)</sup>	<u>\$531,000</u>	<u>\$901,000</u>	<u>\$1,278,000</u>	<u>\$1,320,000</u>	<u>\$1,360,000</u>
Operating Margin	14.0%	21.0%	26.6%	26.7%	26.7%

(1) Operating income before debt.

- The combined revenues generated by the Elk Grove NASL team and the proposed soccer stadium are estimated to be approximately \$3.8 million in 2016 dollars, increasing to \$5.1 million in the fifth year of operations. Combined operating expenses of the MLS team and the proposed soccer stadium are estimated to approximate \$3.3 million in 2016 dollars, increasing to \$3.7 million within five years, resulting in an estimated net operating income of approximately \$531,000 in 2016 before franchise or stadium debt. Net operating income is estimated to increase to \$1.4 million within five years.
- Based on our estimations, the combined operations of the Elk Grove NASL team and the proposed soccer stadium appear to be viable, assuming that the large majority of project funding is not secured by debt tied to team or stadium operations. Similar to the MLS stadium, the large majority of funding for the proposed project will likely need to come from other revenue sources such as a general fund lease based on the value of the encompassing site development or other sources outside the operations of the team and stadium.
- The proposed stadium construction cost is assumed to be \$44.3 million, including \$40.3 million for the cost of the stadium and \$4 million for purchase of the land.



## Executive Summary

- The following table summarizes the estimated net new impacts associated with the \$40.3 million in gross construction expenditures associated with the proposed soccer stadium. These one-time, net new impacts reflect spending expected to occur in the City of Elk Grove, Sacramento SMSA or the State of California.

### Net New Economic and Fiscal Impacts Construction

City of Elk Grove - Net New Impacts	
Direct Spending	\$4,286,000
Total Output	\$5,875,000
Jobs	40
Personal Earnings	\$2,334,000
Tax Revenue	\$201,000
Sacramento County - Net New Impacts	
Direct Spending	\$17,228,000
Total Output	\$23,614,000
Jobs	170
Personal Earnings	\$9,380,000
Tax Revenue	\$189,000
State of California - Net New Impacts	
Direct Spending	\$18,824,928
Total Output	\$25,803,000
Jobs	190
Personal Earnings	\$10,249,000
Tax Revenue	\$1,275,000

- Of the approximately \$40.3 million in estimated gross construction expenditures, approximately \$4.3 million, or about 10.6 percent, is estimated to be net new to Elk Grove, California. This net new spending in Elk Grove is estimated to generate \$5.9 million in total output, supporting 40 full and part-time jobs during construction that generate approximately \$2.3 million in personal earnings. Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$201,000.
- Net new direct construction spending expected to occur in the Sacramento SMSA is estimated to be \$17.2 million, or about 42.7 percent of gross construction expenditures. The net new spending in the Sacramento SMSA is estimated to generate \$23.6 million in total output, supporting 170 full and part-time jobs during construction that generate approximately \$9.4 million in personal earnings.

## Executive Summary

---

It is important to note that the benefits estimated for the Sacramento SMSA are not mutually exclusive of the benefits generated to the City of Elk Grove.

- The State of California is expected to realize \$18.8 million in net new direct spending, representing approximately 46.7 percent of total project construction expenditures. Net new spending in the State of California is estimated to generate \$25.8 million in total output, supporting 190 full and part-time jobs during construction that generate approximately \$10.2 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$1.3 million. The benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or the Sacramento SMSA as the geography of each of the entities overlap to some degree.
- The table on the following page depicts the total annual net new economic and fiscal impacts resulting from the operations of the proposed NASL stadium and team. The impacts presented include both annual impacts (in 2016) as well as the net present value of expected impacts over a 30-year period.

**Estimated Net New Economic and Fiscal Impacts  
Operations**

	<b>Year 1 Operational Impacts</b>	<b>Net Present Value of 30-year Impacts</b>
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$4,138,000	\$221,644,000
Total Output	\$5,761,000	\$308,084,000
Jobs <sup>(1)</sup>	67	67
Personal Earnings	\$2,438,000	\$129,628,000
Tax Revenues <sup>(2)</sup>	\$92,000	\$2,444,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$5,148,000	\$267,895,000
Total Output	\$7,259,000	\$376,995,000
Jobs <sup>(1)</sup>	78	78
Personal Earnings	\$3,253,000	\$166,769,000
Tax Revenues	\$27,000	\$756,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$2,685,000	\$140,225,000
Total Output	\$3,789,000	\$197,531,000
Jobs <sup>(1)</sup>	41	41
Personal Earnings	\$1,681,000	\$86,586,000
Tax Revenues	\$210,000	\$5,764,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

- Annual net new direct spending occurring in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$4.1 million in Year 1. The net new spending in Elk Grove is estimated to generate \$5.8 million in total output, supporting 67 full and part-time jobs that generate approximately \$2.4 million in personal earnings. Tax revenue generated in Elk Grove is estimated to be around \$92,000.
- The net present value of net new spending expected to occur in Elk Grove from the operations of the proposed sports stadium is estimated to be \$221.6 million. The cumulative net new spending in Elk Grove is estimated to generate \$308.1 million in total output, supporting 67 full and part-time jobs that generate approximately \$129.6 million in personal earnings over a 30-year period. Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate \$2.4 million.

## Executive Summary

- Operating impacts generated to the Sacramento SMSA are estimated to include \$5.1 million in direct spending, \$7.3 million in total output, supporting 78 full and part-time jobs that generate approximately \$3.3 million in personal earnings. The counties in the Sacramento SMSA do not levy any county-specific taxes.
- The 30-year net present value of net new spending expected to occur in the Sacramento SMSA from the operations of the proposed soccer stadium is estimated to be \$267.9 million. The cumulative net new spending in the Sacramento SMSA is estimated to generate \$377 million in total output, supporting 78 full and part-time jobs that generate approximately \$166.8 million in personal earnings over a 30-year period.
- Impacts generated to State of California are estimated to include \$2.7 million in direct spending, \$3.8 million in total output, supporting 41 full and part-time jobs that generate approximately \$1.7 million in personal earnings. Total net new tax revenues expected to be generated to the State of California are estimated to approximate \$210,000. Over a 30-year period, the project is estimated to generate to the State of California approximately \$140.2 million in net new direct spending, \$197.5 million in net new output, support 41 new full and part-time jobs that generate \$86.6 million in earnings. Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to approximate \$5.8 million.

The following two tables have been prepared to assist project representatives in comparing each of the three concepts side-by-side. The first table provides a summary of each the MLS, the MLS Modified, and the NASL soccer stadium and team in the year 2016, assuming a stabilized year of operations, and includes a comparison of seating capacity, facility utilization, a summary of the building project cost, and estimated financial operations. The second table shows a comparison of net new economic and fiscal impacts for both construction and operations estimated for each of the three potential concepts.

**Summary of Proposed  
Soccer Stadium and MLS/NASL Team**

<b>Facility Utilization</b>			
	<b>MLS 2016</b>	<b>MLS Modified 2016</b>	<b>NASL 2016</b>
<b>Seating Capacity</b>	18,000	15,000	8,000
<b>Event Summary</b>			
MLS/NASL Games	18	18	14
Other Soccer Games	2	2	2
Concerts	8	8	3
Other Events	15	15	15
<b>Total Events</b>	<b>43</b>	<b>43</b>	<b>34</b>
<b>Average Attendance</b>			
MLS/NASL Avg.	15,000	13,500	4,800
Other Soccer Games	17,500	15,000	10,500
Concerts	17,500	17,500	14,500
Other Events	7,000	7,000	2,500
<b>Total Attendance</b>	<b>550,000</b>	<b>518,000</b>	<b>169,200</b>

<b>Summary of Building Costs</b>			
<b>Project Costs</b>			
Hard Costs	\$87,000,000	\$65,770,323	\$33,615,943
Soft Costs	\$17,400,000	\$13,154,065	\$6,723,189
<b>Subtotal: Construction Costs</b>	<b>104,400,000</b>	<b>78,924,387</b>	<b>40,339,131</b>
Land Acquisition	\$4,000,000	\$4,000,000	\$4,000,000
<b>Total Project Cost</b>	<b>\$108,400,000</b>	<b>\$82,924,387</b>	<b>\$44,339,131</b>

<b>Estimated Financial Operations</b>			
<b>Revenues</b>			
Total Team/Stadium	\$13,227,000	\$11,373,000	\$2,331,000
Total Non-Tenant Events	\$5,091,000	\$5,000,000	\$1,470,000
<b>Total Revenues</b>	<b>\$18,318,000</b>	<b>\$16,373,000</b>	<b>\$3,801,000</b>
<b>Expenses</b>			
Total Expenses - Team	\$6,400,000	\$6,400,000	\$1,518,000
Total Expenses - Stadium	\$5,410,000	\$5,126,000	\$1,752,000
<b>Total Expenses</b>	<b>\$11,810,000</b>	<b>\$11,526,000</b>	<b>\$3,270,000</b>
<b>Net Income from Operations</b>	<b>\$6,508,000</b>	<b>\$4,847,000</b>	<b>\$531,000</b>
Operating Margin	35.5%	29.6%	14.0%



**Net New Economic and Fiscal  
Construction and Operational Impacts**

City of Elk Grove - Net New Impacts									
Net New Economic and Fiscal Impacts Construction				MLS		MLS Modified		NASL	
	MLS	MLS Modified	NASL	Year 1 Operational Impacts	Net Present Value of 30-year Impacts	Year 1 Operational Impacts	Net Present Value of 30-year Impacts	Year 1 Operational Impacts	Net Present Value of 30-year Impacts
	Direct Spending	\$9,570,000	\$7,235,000	\$4,286,000	\$14,973,000	\$681,505,000	\$14,136,000	\$643,383,000	\$4,156,000
Total Output	\$13,117,000	\$9,916,000	\$5,875,000	\$20,905,000	\$951,311,000	\$19,745,000	\$898,496,000	\$5,785,000	\$308,146,000
Jobs <sup>(1)</sup>	100	70	40	239	239	226	226	67	67
Personal Earnings	\$5,210,000	\$3,939,000	\$2,334,000	\$9,294,000	\$423,267,000	\$8,781,000	\$399,892,000	\$2,451,000	\$129,664,000
Tax Revenue <sup>(2)</sup>	\$444,000	\$335,000	\$201,000	\$312,000	\$6,847,000	\$295,000	\$6,471,000	\$92,000	\$2,447,000

Sacramento County - Net New Impacts									
Direct Spending	\$40,455,000	\$30,583,000	\$17,228,000	\$19,290,000	\$876,531,000	\$18,356,000	\$834,012,000	\$5,163,000	\$267,954,000
Total Output	\$55,451,000	\$41,920,000	\$23,614,000	\$27,322,000	\$1,241,292,000	\$26,011,000	\$1,181,669,000	\$7,279,000	\$377,079,000
Jobs <sup>(1)</sup>	400	300	170	291	291	277	277	79	79
Personal Earnings	\$22,026,000	\$16,651,000	\$9,380,000	\$12,996,000	\$590,631,000	\$12,399,000	\$563,426,000	\$3,264,000	\$166,819,000
Tax Revenue <sup>(2)</sup>	\$472,000	\$357,000	\$189,000	\$107,000	\$2,353,000	\$101,000	\$2,218,000	\$27,000	\$758,000

State of California - Net New Impacts									
Direct Spending	\$54,375,000	\$41,106,452	\$18,824,928	\$10,137,000	\$460,417,000	\$9,617,000	\$436,807,000	\$2,693,000	\$140,270,000
Total Output	\$74,531,000	\$56,344,000	\$25,803,000	\$14,375,000	\$652,836,000	\$13,643,000	\$619,572,000	\$3,799,000	\$197,596,000
Jobs <sup>(1)</sup>	500	430	190	152	152	145	145	41	41
Personal Earnings	\$29,605,000	\$22,381,000	\$10,249,000	\$6,803,000	\$309,030,000	\$6,464,000	\$293,636,000	\$1,686,000	\$86,624,000
Tax Revenue <sup>(2)</sup>	\$3,048,000	\$2,305,000	\$1,275,000	\$842,000	\$18,490,000	\$795,000	\$17,467,000	\$211,000	\$5,779,000

Note: Estimates for each governmental entity are not mutually exclusive.

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

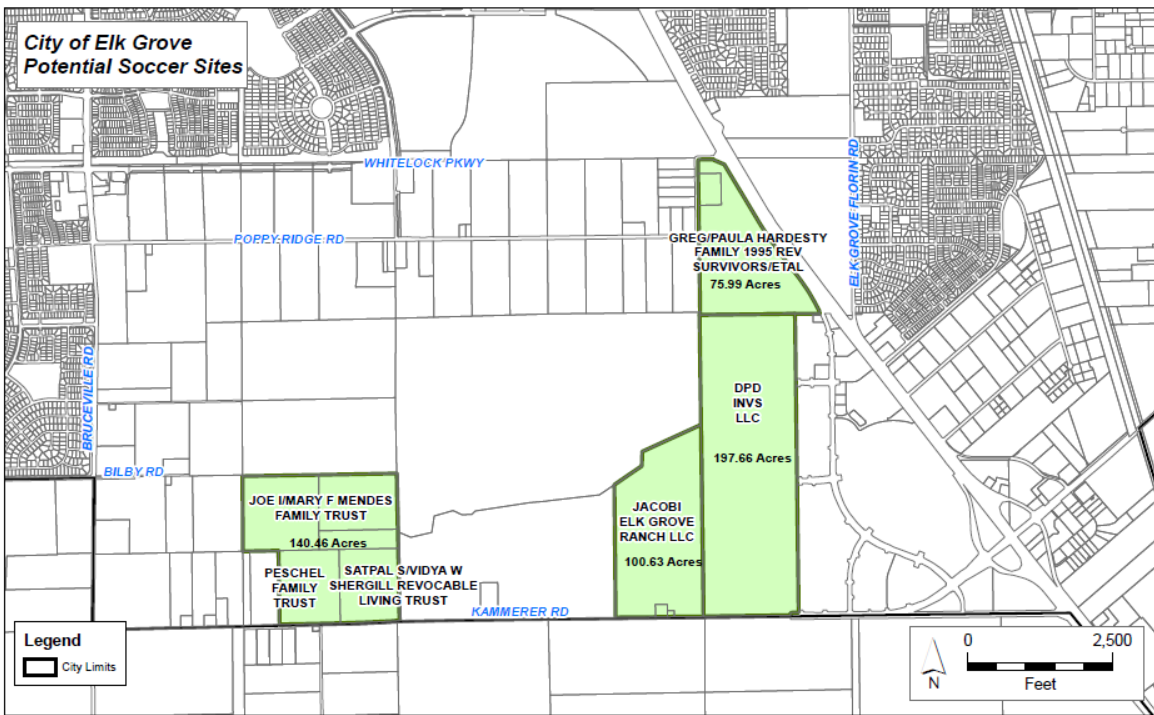
## I. Introduction

In 2011, MLS came off its most successful year in the league's 15-year history in terms of stadium attendance. Some of the most popular teams in the MLS reside on the West Coast of the United States, where soccer has steadily grown in recent years. The City of Elk Grove, a suburb of Sacramento, is currently being considered as the potential home of a new or relocated MLS franchise. MLS currently consists of 19 franchises, nine of which comprise the Western Conference.

Since July 2007, the MLS has awarded expansion franchises to six cities across the United States and Canada, expanding the league from 13 teams in 2006 to 19 at the start of the 2012 season. Of these six expansion teams, four reside on the West Coast, and the addition of the San Jose Earthquakes represents Northern California's sole MLS franchise and third for the state overall.

Research for the addition of an MLS franchise in Elk Grove, including the construction of a soccer-specific stadium, began in 2011. Officials from the City met with private investors to explore the possibility of constructing a soccer stadium on the southernmost limits of the City. The City has identified several possible areas for the development of the stadium north of Kammerer Road and just west of the Promenade shopping center, which is still under development.

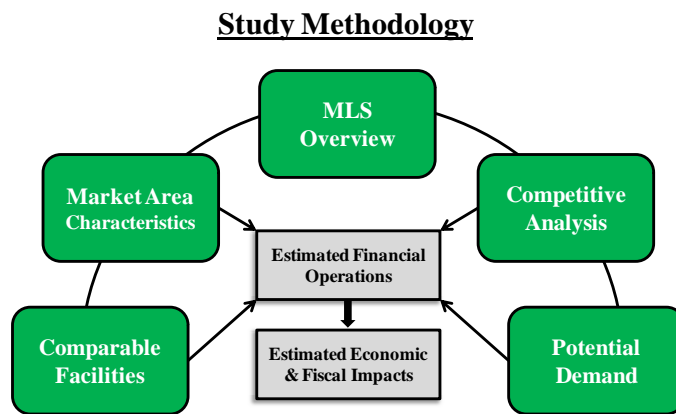
The exhibit below illustrates the various potential locations that could be used for the development of a soccer stadium in Elk Grove.



## I. Introduction

---

As an initial step in the process, The City engaged Conventions, Sports & Leisure International (“CSL”) to provide an independent assessment of the market, building program, cost, financial and economic impacts of an MLS team and soccer stadium. This study reflects a site in Elk Grove, California on one of several potential locations



near the intersection of Kammerer Road and Highway 99. The economic impacts that could be generated from the entire real estate development have been estimated in this report based on assumptions provided by project representatives.

The following report is presented to aid the City and other project representatives in making well-informed decisions as to the potential support for an MLS team and host soccer stadium and is divided into the following sections:

- Executive Summary
- I. Introduction
- II. Major League Soccer Overview
- III. Market Area Characteristics
- IV. Competitive Analysis
- V. Comparable Facilities
- VI. Potential Demand
- VII. Estimated Financial Operations
- VIII. Estimated Economic and Fiscal Impacts

This report has been prepared for the internal use of the City and other project representatives and should not be distributed to or relied on by any other party. The report has been prepared to assist project leaders in assessing the feasibility of an MLS team and soccer stadium in Elk Grove and should not be used for any other purpose. Neither the report nor its contents may be included or quoted in any offering circular or registration statement, prospectus or any other type of financing document or agreement.



## II. Major League Soccer Overview

It is important to consider the structure, operating model, and other aspects of the MLS when considering the feasibility of an MLS team and soccer stadium in Elk Grove. This provides an overview of the MLS across several important considerations, including:

- teams and locations;
- expansion/contraction/relocation;
- operating structure;
- fan demographics;
- attendance;
- stadiums; and
- media and sponsorship.

### Teams and Locations

Established in 1996, MLS is in the midst of its 17th season. MLS is currently comprised of 19 teams playing a 29-game regular season schedule that spans from the beginning of April through mid-to-late October and culminating in the MLS Cup Championship in mid November. The MLS conference structure is outlined below.

#### Western Conference

- LA Galaxy
- Chivas USA
- San Jose Earthquakes
- FC Dallas
- Colorado Rapids
- Real Salt Lake
- Seattle Sounders
- Portland Timbers
- Vancouver Whitecaps

#### Eastern Conference

- New England Revolution
- New York Red Bulls
- Houston Dynamo
- Columbus Crew
- Chicago Fire
- FC Toronto
- D.C. United
- Sporting Kansas City
- Philadelphia Union
- Montreal Impact



## **II. Major League Soccer Overview**

### **Expansion/Contraction/Relocation**

In 1996, Major League Soccer's original ten teams included; Columbus Crew, D.C. United, New England Revolution, Tampa Bay Mutiny, Colorado Rapids, Dallas Burn, Kansas City Wizards, Los Angeles Galaxy and San Jose Clash.

MLS expanded from its original 10 teams to 12 teams in 1998 with the addition of teams in Chicago and Miami. In January 2002, MLS contracted the Tampa Bay Mutiny and the Miami Fusion, leaving the league with 10 teams again for the 2002 season. According to league officials, the contraction of two teams benefited the league by cutting operating losses by more than \$10 million annually. After the contraction of the fledgling franchises in 2002, the league expanded by two teams in 2005 (Real Salt Lake and Chivas USA), AEG relocated the San Jose Earthquakes before the 2006 season (Houston Dynamo), and the league added an additional team in 2007 (Toronto FC).

In July 2007, MLS announced the award of an expansion franchise for San Jose, bringing the number of MLS teams to 14 by the 2008 season. Over the next four years, the MLS added five more teams, including the Seattle Sounders (2009), Philadelphia Union (2010), Portland Timbers (2011), Vancouver Whitecaps, and the Montreal Impact, which kicked off its inaugural season in April, 2012, bringing the number of MLS teams to 19 at the start of the 2012 season.

### **Operating Structure**

MLS is the only major professional sports league, including the MLS, NFL, NBA, MLB, and NHL, that is a single-entity limited liability company. Under the single-entity concept, the league owns the member clubs, negotiates stadium leases, national television deals, apparel contracts and national sponsorship agreements. It also signs all players and allocates them to teams throughout the league. With a hard salary cap and no free agency, teams have avoided the pitfall of overspending that afflicted the failed North American Soccer League of the 1970s and 1980s. The advantages of this type of structure are to limit financial disparities between large and small markets, integrated sponsorship and licensing, economies of scale in purchasing power and decisions made with the best interest of the league in mind.

## II. Major League Soccer Overview

The MLS structure consists of investors purchasing stakes in the league for the operating rights of an individual team. The investor-operators are responsible for hiring front office personnel, negotiating local media contracts and conducting local promotions. In return, each ownership group retains 67 percent of ticket revenue and 100 percent parking, concession, and other stadium revenues, subject to any third-party revenue sharing.

### MLS Financial Structure

	Team	MLS
Revenues:		
Gate receipts	66%	33%
Concessions	100%	0%
Parking	100%	0%
Local Sponsorships	100%	0%
National Sponsorships	0%	100%
Jersey Sponsorships	100%	0%
Other Stadium Revenues	100%	0%
National Media	0%	100%
Local TV & Radio	100%	0%
Expenses:		
Player Salaries <sup>(1)</sup>	0%	100%
Designated Player	100%	0%
Front-Office Expenses	100%	0%
Team Travel	100%	0%
Local Broadcast Expense	100%	0%
Rent	100%	0%
Game-Day Expenses	100%	0%
Stadium Expenses <sup>(2)</sup>	100%	0%

Note: Some revenues and expenses are shared between MLS franchise and the host stadium. The revenue and expense sharing presented herein is net of revenue and expense sharing between the stadium owner and the MLS team

(1) With the exception of any salary in excess of \$400,000 for a Designated Player. Salaries in excess of \$400,000 are the responsibility of the investor operator (team).

(2) Subject to local lease agreement

## II. Major League Soccer Overview

### *MLS Player Salaries*

The average MLS team payroll for 2011, the most recent data available, was approximately \$4.4 million. The table below outlines the total payroll by franchise for 2011.

<b>Team</b>	<b>Median Player Salary</b>	<b>Total Team Payroll</b>
New York Red Bulls	\$96,748	\$13,397,087
L.A. Galaxy	\$96,000	\$12,419,679
Toronto FC	\$71,833	\$4,262,445
Vancouver Whitecaps	\$65,000	\$3,570,853
FC Dallas	\$74,500	\$3,522,437
Real Salt Lake	\$108,675	\$3,517,957
Columbus Crew	\$66,375	\$3,471,861
Seattle Sounders	\$85,050	\$3,465,629
New England Revolution	\$73,250	\$3,432,636
D.C. United	\$71,000	\$3,324,519
Chicago Fire	\$80,917	\$3,296,892
Philadelphia Union	\$125,000	\$3,296,892
Sporting Kansas City	\$107,531	\$3,225,772
Houston Dynamo	\$97,500	\$3,199,080
Colorado Rapids	\$62,082	\$3,173,079
San Jose Earthquakes	\$72,000	\$2,710,775
Chivas USA	\$79,000	\$2,691,178
Portland Timbers	\$74,625	\$2,652,558
<b>AVERAGE</b>	<b>\$83,727</b>	<b>\$4,368,407</b>

As the chart indicates, MLS team payroll ranges from a low of \$2.7 million in Portland to a high of \$13.4 million in New York.

With the start of the 2007 season, the MLS implemented the Designated Player Rule. Under the provisions of the rule, the League allows each club to sign a Designated Player, whose salary is capped at \$415,000 (originally \$400,000). However, under the new rule, the player's salary can be higher than the League's salary cap, but with the team holding the financial responsibility of the balance of the salary. The Designated Player rule began as a three-year policy and was renewed after the 2009 season after being successfully deployed in the league. Eventually teams were given the right to trade their Designated Player spots to other teams. This second Designated Player spot, however, only counts as \$335,000 against the team's cap.

In its first five years of use, the Designated Player Rule has helped bring some of the leading players worldwide into the MLS. Under the rule, David Beckham signed with

## II. Major League Soccer Overview

the Los Angeles Galaxy in 2007, followed by several other internationally recognized players such as Thierry Henry, Rafael Marquez and Robbie Keane, who all signed contracts well in excess of \$415,000 per year base salary limit. By signing players of international fame, the MLS and its teams have bolstered the league's recognition, both in the United States and internationally. As a result, it has become more common for internationally recognized players to consider MLS as an option when deciding where to play out their professional careers.

### *Team Investor-Operators*

Over the past decade, the MLS has experienced a significant diversification in investor-operators. At one point, 80 percent of MLS teams were controlled by two investor-operators. Today, 17 different ownership groups are associated with the 19 MLS teams. The table below depicts the current investor-operators of the thirteen MLS teams.

### MLS Majority Ownership

<b>Team</b>	<b>Investor-Operator</b>
Chicago Fire	Andell Holding
Chivas USA	Jorge Vergara Madrigal
Colorado Rapids	Stan Kroenke
Columbus Crew	Hunt Sports Group
D.C. United	D.C. United Holding
FC Dallas	Hunt Sports Group
Houston Dynamo	AEG
L.A. Galaxy	AEG
Montreal Impact	Joey Saputo
New England Revolution	Robert Kraft
New York Red Bulls	Red Bull
Philadelphia Union	Keystone Sports and Entertainment
Portland Timbers	Peregrine Sports, LLC
Real Salt Lake	Dave Checketts
San Jose Earthquakes	Earthquakes Soccer, LLC
Seattle Sounders	Joe Roth
Sporting Kansas City	OnGoal, LLC
Toronto FC	Maple Leaf Sports and Entertainment
Vancouver Whitecaps	Greg Kerfoot

## II. Major League Soccer Overview

### Historical Attendance

The table below presents the stadium, year opened, seating capacity, reported attendance and average seat occupancy for each MLS team for the 2011 season.

**MLS Facilities and Attendance - 2011 Season**

Team	Stadium	Year Opened	Stadium Capacity		2011 Average Attendance	Attendance as Percent of Capacity	
			Total	Soccer		Total	Soccer
San Jose Earthquakes	Buck Shaw Stadium	1962	10,500	10,500	11,858	113%	113%
Seattle Sounders	CenturyLink Field	2002	67,000	38,500	38,496	57%	100%
Philadelphia Union	PPL Park	2010	18,500	18,500	18,259	99%	99%
Vancouver Whitecaps	BC Place	1983	54,320	21,000	20,406	38%	97%
Sporting Kansas City	Livestrong Sporting Park	2011	18,500	18,500	17,810	96%	96%
FC Toronto	BMO Field	2007	21,800	21,800	20,267	93%	93%
Portland Timbers	Jeld-Wen Field <sup>(1)</sup>	2010	20,323	20,323	18,827	93%	93%
Real Salt Lake	Rio Tinto Stadium	2008	20,008	20,008	17,591	88%	88%
LA Galaxy	Home Depot Center	2003	27,000	27,000	23,090	86%	86%
New York Red Bulls	Red Bull Arena	2010	25,189	25,189	19,749	78%	78%
Colorado Rapids	Dick's Sporting Goods Park	2007	18,086	18,086	13,781	76%	76%
Chicago Fire	Toyota Park	2006	20,000	20,000	14,273	71%	71%
D.C. United	RFK Stadium	1961	60,200	23,865	15,196	25%	64%
FC Dallas	FC Dallas Stadium	2005	21,193	21,193	12,861	61%	61%
Columbus Crew	Crew Stadium	1999	20,455	20,455	12,185	60%	60%
New England Revolution	Gillette Stadium	2002	60,000	22,385	13,222	22%	59%
Houston Dynamo	Robertson Stadium <sup>(2)</sup>	1942	32,000	32,000	17,694	55%	55%
Chivas USA	Home Depot Center	2003	27,000	27,000	14,830	55%	55%
<b>AVERAGE</b>		1996	30,115	22,572	17,800	70%	80%
<b>MEDIAN</b>		2004	21,497	21,097	17,643	74%	82%

Note: Sorted by attendance at percent of soccer seating capacity

(1) Jeld-Wen Field underwent a \$36 million renovation to convert the grounds to a soccer specific stadium in 2010

(2) The Houston Dynamo will play its games in newly constructed BBVA Compass Stadium beginning May, 2012

The average reported MLS game attendance for 2011 was 17,800, ranging from 11,858 attendees per game for San Jose to 38,469 attendees per game for the Seattle Sounders.

The average soccer seating capacity within MLS stadiums is 22,572 ranging from a low of 10,500 at Buck Shaw Stadium in San Jose to a high of 38,500 at CenturyLink Field in Seattle. It should be noted that CenturyLink Field is an NFL Stadium used by the Seattle Seahawks. The San Jose Earthquakes also share their field with the Santa Clara University Soccer program, and previously shared the field with the Santa Clara University Baseball and Football programs as well. It is not a soccer specific stadium.

The largest soccer-specific facility is the 27,000-seat Home Depot Center in Carson Hills, California. On average, reported attendance equaled 71 percent of total soccer capacity between both the LA Galaxy (86 percent) and Chivas USA (55 percent). For teams playing in larger stadiums, there is generally a significant difference between attendance and total capacity that creates a non-intimate environment and reduces the demand for

## II. Major League Soccer Overview

tickets, impacting the ability of teams to market season tickets. This has been the case for teams such as D.C. United and the New England Revolution.

The chart below provides a comprehensive breakdown of attendance by stadium type and team for all teams in the MLS since its inception in 1996, including teams that are no longer in the league due to contraction. The table delineates between soccer specific stadiums, NFL stadiums, and other multi-purpose stadium types.

	Average Attendance per Game by Season															
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Los Angeles Galaxy	28,916	20,626	21,784	17,632	20,400	17,387	19,047	21,983	23,809	24,204	20,814	24,252	26,009	20,416	21,437	23,335
New York Red Bulls	23,898	16,893	16,520	14,706	17,621	20,806	18,155	15,822	17,195	15,077	14,570	16,530	15,928	12,491	18,441	19,749
New England Revolution	19,025	21,298	19,188	16,735	15,463	15,654	16,927	14,641	12,226	12,525	11,786	16,787	17,580	13,732	12,987	13,222
Columbus Crew	18,950	15,041	12,275	17,696	15,451	17,511	17,429	16,250	16,872	12,916	13,294	15,230	14,622	14,447	14,642	12,185
San Jose Earthquakes	17,232	13,597	13,653	14,959	12,460	9,635	11,150	10,466	13,001	13,037			13,713	14,114	9,659	11,858
FC Dallas/Dallas Burn	16,011	9,678	10,948	12,211	13,102	12,574	13,122	7,906	9,088	11,189	14,982	15,145	13,024	12,441	10,815	12,861
DC United	15,262	16,698	16,008	17,419	18,580	21,518	16,519	15,565	17,232	16,664	18,215	20,967	19,835	16,088	14,532	15,196
Sporting Kansas City	12,878	9,058	8,073	8,183	9,112	10,954	12,255	15,573	14,816	9,691	11,083	11,586	10,686	10,053	10,287	17,810
Tampa Bay Mutiny	11,679	11,310	10,312	13,106	9,452	10,481										
Colorado Rapids	10,213	11,835	14,812	14,029	12,580	16,481	20,687	16,772	14,195	13,638	12,056	14,749	13,659	12,331	13,329	14,838
Chicago Fire			17,887	16,016	13,387	16,388	12,922	14,005	17,153	17,238	14,111	16,490	17,034	14,689	15,814	14,273
Miami Fusion			10,284	8,689	7,460	11,177										
Real Salt Lake										18,037	16,366	15,960	16,179	16,375	17,095	17,591
Chivas USA										17,080	19,840	14,305	15,114	15,092	14,575	14,830
Houston Dynamo											18,935	15,883	16,939	17,047	17,310	17,694
Toronto FC												20,130	20,120	20,344	20,453	20,267
Seattle Sounders														30,897	36,173	38,496
Philadelphia Union															19,254	18,259
Vancouver Whitecaps																20,406
Portland Timbers																18,827
<b>Average - All</b>	<b>17,406</b>	<b>14,603</b>	<b>14,312</b>	<b>14,282</b>	<b>13,756</b>	<b>15,047</b>	<b>15,821</b>	<b>14,898</b>	<b>15,559</b>	<b>15,108</b>	<b>15,504</b>	<b>16,770</b>	<b>16,460</b>	<b>16,037</b>	<b>16,675</b>	<b>17,872</b>

Soccer Specific Stadiums
NFL Stadiums
Other Stadiums

As shown in the chart above, prior to 2007, the majority of MLS franchises hosted their home games in NFL stadiums or other multi-purpose, non-soccer specific venues. With the MLS making efforts to expand beginning in 2005, several franchises (new and existing) opted for soccer specific facilities to host their events. Perhaps consequently, the MLS has enjoyed 5 of its most successful years in terms of average attendance in the last 5 years, eclipsing an average of 16,000 attendants per game in each season since 2007.

In 2011, 75 percent (12 of 18) of the MLS's franchises hosted their events in soccer specific venues, while only two teams, Seattle and New England, remained in NFL stadiums. During this season, the MLS recorded its highest overall attendance in the history of the league, averaging 17,872 spectators per game.

## **II. Major League Soccer Overview**

### **Stadium Status**

As a result of the analysis shown on the previous page, MLS and its investor-operators continue to make a concerted effort to secure soccer-specific facilities for all its teams. The following summarizes the current stadium situation for each MLS team:

- **Chicago Fire** – The Fire play in soccer-specific Toyota Park in Bridgeview, Illinois. The facility was completed in 2006 and seats 20,000 spectators, with a concert capacity of 28,000. The Fire previously played its home games in the 61,500-seat Soldier Field, home of the NFL Chicago Bears.
- **Chivas USA** – Since its inaugural season in 2005, Club Deportivo Chivas USA has played its home games at the Home Depot Center, which it shares with the Los Angeles Galaxy. The facility opened in 2003 and seats 27,000 spectators.
- **Colorado Rapids** – In 2007, the Rapids moved into Dick’s Sporting Goods Park which has a soccer seating capacity of 18,086 and a concert seating capacity of 26,000. The entire complex consists of team offices, local government offices, commercial development and 20 community fields. Prior to moving into Dick’s Sporting Goods Park, the Rapids played their home games at the 76,125-seat Sports Authority Field (formerly Invesco Field), home of the NFL Denver Broncos.
- **Columbus Crew** – Since 1999, the Crew have played their home games in the 22,485-seat Crew Stadium. Prior to moving into Crew Stadium the Crew played their home games at the 101,568-seat Ohio Stadium, home of the Ohio State University football program.
- **D.C. United** – Since the inaugural MLS season in 1996, D.C. United has played its home games at the 60,000-seat RFK stadium, former home of both the NFL’s Redskins and MLB’s Washington Nationals. The team has been actively seeking a new soccer stadium for several years.
- **FC Dallas** – Since August 2005, FC Dallas has played its home games at FC Dallas Park (formerly Pizza Hut Park) located in Frisco, Texas, a suburb of Dallas. The soccer specific venue has a seating capacity of 21,000 for soccer and 27,000 for concerts. The complex also encompasses 17 regulation-size soccer fields and a permanent stage for concerts. Prior to moving into Pizza Hut Park, FC Dallas played its home games at the 68,252-seat Cotton Bowl.
- **Houston Dynamo** – From its relocation to Houston in 2006 until the opening of its new stadium for the 2012 MLS season, the Houston Dynamo has played its home games in the 32,000-seat Robertson Stadium. The facility is located on the campus of the University of Houston and is home to the University’s football team. The Dynamo will play its first two months of the 2012 MLS season away until the anticipated opening of BBVA Compass Stadium in May, 2012.



## **II. Major League Soccer Overview**

- **Sporting Kansas City** – Formerly the Kansas City Wizards, Sporting Kansas City plays its home games in Livestrong Sporting Park which debuted in April, 2011. The stadium cost roughly \$200 million and seats 18,500 spectators. Livestrong Sporting Park has one of the most unique naming rights deals in sports, with Sporting Kansas City agreeing to donate no less than \$7.5 million to the Livestrong Foundation over its first six years of operation. Prior to the opening of Livestrong Sporting Park, Kansas City played its home games at the 79,451-seat Arrowhead Stadium, home of the NFL Kansas City Chiefs.
- **Los Angeles Galaxy** – Since 2003, the Galaxy have played their home games at the 27,000-seat Home Depot Center in Carson, California. The facility is the centerpiece of a sports complex on California State University Dominguez Hills' campus and includes the United States Soccer Federation National Training Academy, tennis stadium, velodrome, track and field complex, gymnasium and fitness facility. Prior to moving into the Home Depot Center, the Los Angeles Galaxy played their home games at the 92,542-seat Rose Bowl Stadium.
- **New England Revolution** – The Revolution play at Gillette Stadium, which opened up in 2002 and is also home to the NFL New England Patriots. The stadium has a capacity of 68,756 for football and seats 22,385 for soccer. It was architecturally designed to incorporate an MLS stadium within a larger facility. Prior to moving into Gillette Stadium, the Revolution played their home games at Foxboro Stadium. The Revolution are currently exploring options for the construction of a soccer-specific stadium, which could be built by 2016.
- **Portland Timbers** – The Portland Timbers play at Jeld-Wen Field, which they share with the Portland State Vikings football team. After the stadium renovation in 2010-2011, the MLS operational capacity became 20,438. Although the Timbers started in 1975, it wasn't until 2011 that they were elevated into MLS.
- **Philadelphia Union** – Since 2010 when the Union joined the league, they have played their home matches at PPL Park. PPL Park is a soccer-specific stadium located in Chester, Pennsylvania. It has a seating capacity of 18,500 for soccer games and 26,000 for concerts.
- **Real Salt Lake** – In 2008, Real Salt Lake moved into its new \$115 million 20,008-seat arena, Rio Tinto Stadium in Sandy, Utah. Real Salt Lake had previously hosted its home games at the University of Utah's Rice-Eccles Stadium which had an overall capacity of 45,000 seats and seated 24,521 for soccer.

## **II. Major League Soccer Overview**

- **New York Red Bulls** – Since 2010, the New York Red Bulls have played their home games in their new facility, the \$180 million Red Bull Arena in Harrison, New Jersey. The Arena is situated on the Passaic River across from Newark, New Jersey and seats 25,189 spectators for Red Bulls games, concerts, rugby matches and other events. Prior to 2010, the Metro Stars (as the team was formerly known) played their home games at the 80,000-seat Giants Stadium, home of both the NFL Giants and NFL Jets.
- **San Jose Earthquakes** – After a two year absence, the San Jose Earthquakes returned to the MLS in 2008 and continued to play their games at Buck Shaw Stadium in Santa Clara, California. Buck Shaw Stadium opened in 1962 and increased the seating capacity to 10,525 in 2007.
- **Seattle Sounders** – The Sounders were established in 2007 as an MLS expansion team. They currently play their games at CenturyLink Field which is a multi-purpose stadium in Seattle, Washington. The stadium has an overall seating capacity of 67,000, while seating up to 38,500 for MLS events.
- **Toronto FC** – Toronto FC plays its home games at the 21,800-seat soccer-specific BMO Field, which was completed in 2007 in time to host Toronto FC's inaugural season. The stadium hosts soccer and rugby events, as well as concerts and other family events.
- **Montreal Impact** – The Impact, based in Montreal, Quebec, were inducted into the MLS in 2010 and played their first-ever MLS game in March of 2012. Impact plays their home games at the Saputo soccer-specific Stadium in Montreal, Quebec. Today the stadium can only hold 13,034 fans; however it is to be expanded to 20,341 by June 2012.
- **Vancouver Whitecaps** – The Vancouver Whitecaps are based in Vancouver, British Columbia. They were accepted into the MLS in 2009. They currently play their home games at BC Place which is a multi-purpose stadium located in Vancouver, British Columbia. It also serves as the home for the BC Lions of the Canadian Football League. The capacity for soccer games is 21,000, however for football games they can seat up to 54,320 people.

## **II. Major League Soccer Overview**

---

### **Media and Sponsorship**

From its onset with the MLS's inaugural season in 1996, MLS signed broadcasting deals with ESPN and ABC, as well as Univision, Galavision, and TeleFutura for broadcasts in Spanish. Within the first few years of the deal, the Spanish networks gradually phased out broadcasts of MLS games, leaving ESPN and ABC as the sole providers.

In January of 2002, MLS announced that a new five-year deal had been reached with ABC and the ESPN networks to broadcast approximately 50 games per season. This deal was eventually replaced by the MLS's contract with Fox Soccer Network (formerly Fox Sports World) in 2003 which ran through 2011. This agreement included a deal to broadcast MLS games in Spanish on Fox Soccer Network's Spanish language channel, Fox Deportes.

The 2004 season saw a ratings increase of 11 percent for the league's ESPN2 broadcasts. The 2004 ABC broadcast also increased 30 percent over the 2003 season with a 1.3 rating. The success of the 2002 U.S. World Cup Team brought much needed attention to the sport nationally as an average of 3.8 million U.S. households watched the national team reach the quarterfinals for the first time in 60 years. It was ESPN's most-watched and highest-rated soccer event and also ESPN's most-viewed program ever in the second quarter of the year. Another successful run by the U.S. in 2006 had similar success and increased interest in the MLS. The league and broadcast partners use unique camera angles and hidden microphones to enhance the viewing experience of the game.

With the start of the 2007 season, the MLS began airing every soccer match on television, along with live streaming matches available on its website. Most of the matches were on major national networks. Examples include ESPN's MLS Primetime Thursday, which features a soccer match each week for its viewers. Fox Soccer Channel also expanded their Saturday air time to a three-hour format. The Fox channel features biographies of soccer players, to spur interest in the players. For instance, David Beckham, who signed with the Galaxy in 2007, was featured in a presentation called "Beckham Unwrapped."

In late 2011, the MLS announced that it had signed a new television contract with NBC. According to the terms of the agreement, NBC Sports Network (formerly Versus) agreed to broadcast 49 games per year on its family of networks, including 45 MLS games and five international matches for which the MLS owned the television rights. The deal cost NBC a reported \$12 million per year for three years. ESPN still owns the rights to broadcasting the MLS Cup through 2014. All media deals with the MLS expire in 2014.

## **II. Major League Soccer Overview**

---

### **Team Transactions**

The following represents recent transactions involving MLS teams:

- 2010 – Joey Saputo purchases franchise rights for the Montreal Impact to enter the MLS. The team eventually played its first game in April, 2012.
- 2009 – Merritt Paulson acquires an MLS franchise in Portland after agreeing to pay roughly \$40 million in franchise fees while the City of Portland funded the renovation of PGE Park (now Jeld-Wen Field)
- 2009 – Vancouver secures its franchise with Paul Barber as its CEO.
- 2008 – Philadelphia secures a franchise after agreeing to a \$47 million purchase package which included funding for the 18,500-seat PPL Park in Chester, PA.
- 2007 – MLS awards Seattle Sounders a franchise after Paul Allen, Joe Roth, and Adrian Hanauer purchased the franchise for \$30 million.
- 2007 – MLB Oakland A's owner Lewis Wolff purchased expansion team in San Jose for \$20 million.
- 2007 – AEG entered into a preliminary agreement to sell the Chicago Fire to Andell Holdings for \$30 to \$35 million.
- 2007 – AEG sold D.C. United for \$33 million to investors Victor MacFarlane, Brian Davis, and John Hendricks.
- 2006 – OnGoal purchases the Kansas City Wizards from Hunt Sports Group for \$20 million.
- 2006 – AEG's MetroStars sold to Red Bull who changed the team's name to Red Bull New York. The transaction is reportedly the highest price paid in MLS history.
- 2006 – Maple Leaf Sports and Entertainment purchases an expansion franchise, subsequently named Toronto FC.
- 2006 – AEG purchases operating rights to Houston Dynamo.
- 2005 – Global Sports & Entertainment purchases the operating rights of DC United from AEG for \$26 million.

## **II. Major League Soccer Overview**

---

- 2004 – MLS Announces Real Salt Lake and CD Chivas USA as expansion teams at a cost of \$10 million each.
- 2003 – Kroenke Sports Enterprises purchased the operating rights of the Colorado Rapids from AEG.
- 2002 – Hunt purchases investor-operator rights for the Dallas Burn, now known as FC Dallas.
- 2002 – Silicon Valley Sports & Entertainment and AEG form a joint partnership and purchase the investor-operator rights for the San Jose Earthquakes.
- 2002 – MLS contracts the Miami Fusion and the Tampa Bay Mutiny, leaving the league with 10 teams for the 2002 season.
- 2001 – AEG takes over operator rights of MetroStars for a reported \$25 million.
- 2001 – AEG takes over operator rights of D.C. United for undisclosed amount.
- 1997 – Expansion fee of \$20 million paid for operating rights of the Miami Fusion.
- 1997 – Expansion fee of \$5 million (an option was exercised by an existing investor-operator) paid for operating rights of the Chicago Fire.
- 1995 – Initial investment of \$5 million for each of the ten original MLS teams.

### **III. Market Area Characteristics**

An important component in assessing the potential success of the proposed MLS team and soccer stadium is the demographic and socioeconomic profile of the local market. The strength of a market in terms of its ability to attract events, draw participants and spectators, and generate revenues is measured, to some extent, by the size of the regional market area population, corporate base and its spending characteristics.

The demographic and socioeconomic characteristics analyzed in this report are discussed in the following sections:

- Local Market Overview;
- MLS Market Comparisons; and,
- Summary.

The demographic and socioeconomic data presented for comparable markets is based on Core Based Statistical Areas (“CBSA”). This unit of measure has been used as a method of standardizing each market and allowing comparisons of the relative sizes of each market. As defined by the U.S. Census Bureau:

- Metropolitan statistical areas have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
- Micropolitan statistical areas are a new set of statistical areas that have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

#### **Local Market Overview**

The primary market area for the proposed MLS team and soccer stadium is expected to comprise the Sacramento CBSA, within which the City of Elk Grove resides. Located in the northern part of California’s vast Central Valley on the Sacramento and American Rivers, the Sacramento CBSA is comprised of five counties. According to the United States Census Bureau, the area is the state’s fourth largest metropolitan area and the 25<sup>th</sup> largest metropolitan area in the United States.

### III. Market Area Characteristics

The remainder of this section presents demographic and socioeconomic characteristics of the primary market area including:

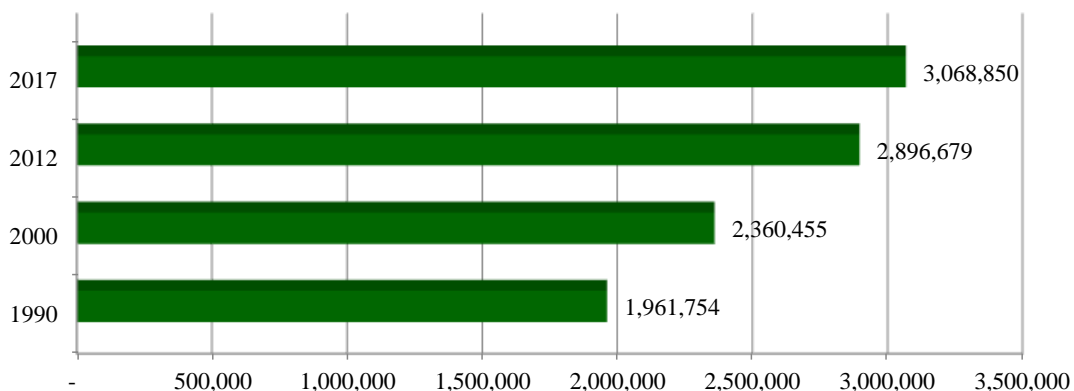
- population;
- population growth;
- age;
- ethnicity;
- income;
- cost of living; and,
- corporate base.

All demographic and socioeconomic data was provided by Claritas, a private-sector company that provides demographic and socioeconomic data based on information obtained by the United States Census Bureau.

#### Population

The current and future population of a market can impact the quantity of events, spectators and participants that could be attracted to the proposed soccer stadium at the proposed facility site. The graphic below illustrates the historical and projected population of the Sacramento CBSA.

**Sacramento CBSA Population**



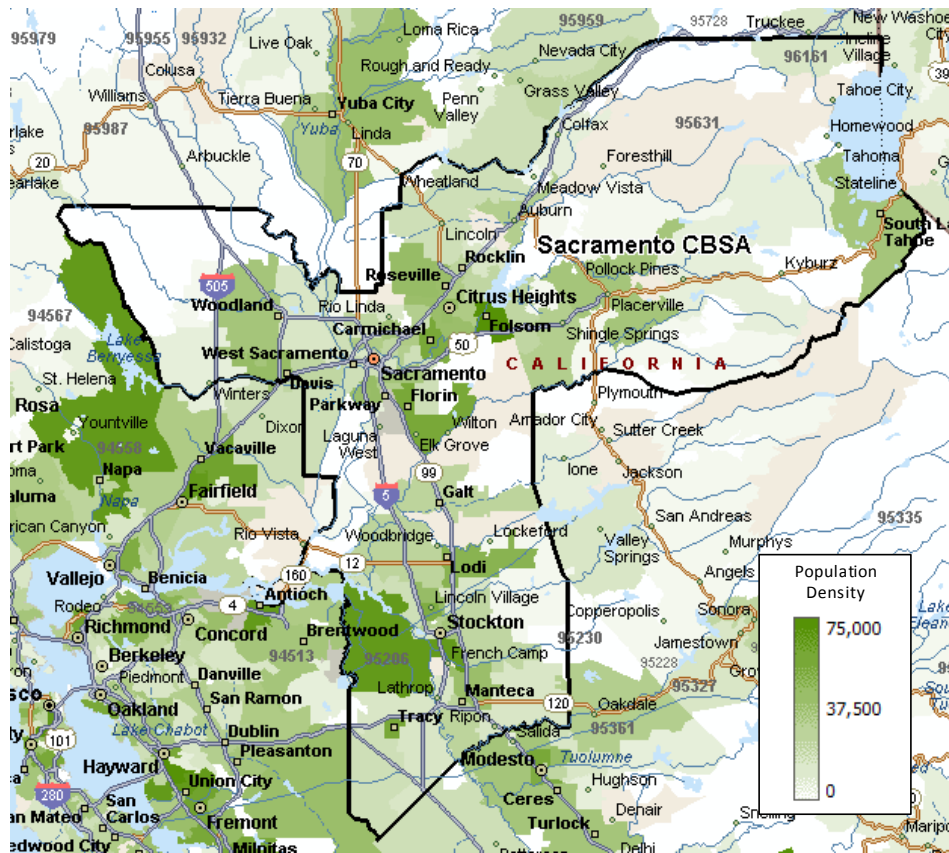
Source: Claritas

### III. Market Area Characteristics

The Sacramento CBSA population has grown from 1.9 million in 1990 to approximately 2.9 million in 2012, making it the fourth largest metropolitan area in California and the 25<sup>th</sup> largest metropolitan area in the United States.

The following map highlights the population density of the Sacramento CBSA, which measures the number of people per zip code within the metropolitan area.

**Population Density within Sacramento CBSA**



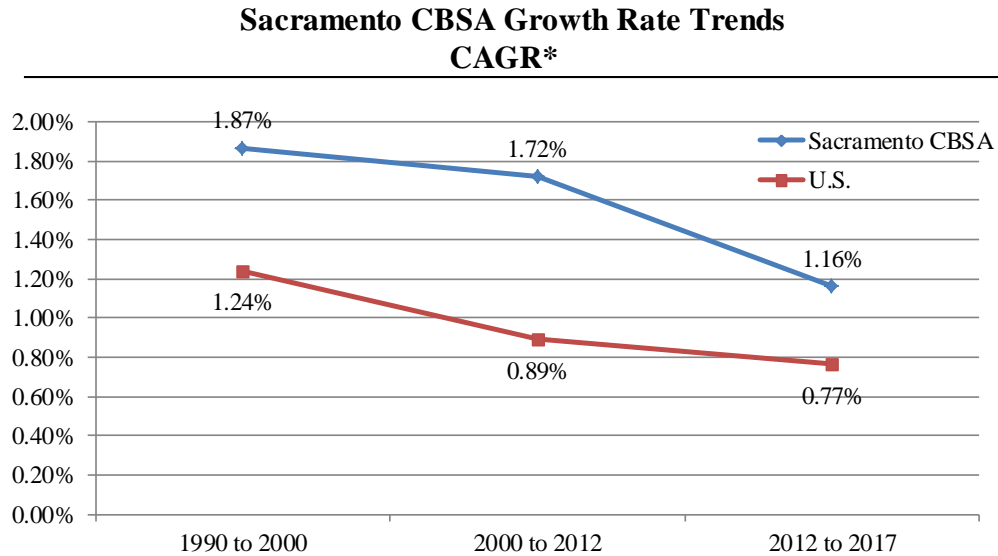
As indicated in the map, the southern portions of the Sacramento market directly north of Elk Grove comprise some of the most densely populated areas in the region. Population density also increases to the northeast and northwest areas surrounding Sacramento proper.



### III. Market Area Characteristics

#### Population Growth

The historical and future growth rate of the local market area can provide insight into the market potential for the proposed MLS team and soccer stadium. The graphic below summarizes the historical and projected population annualized growth rates of the Sacramento CBSA compared to the national average.



\*CAGR = Compound Annual Growth Rate  
Source: Claritas, CSL International

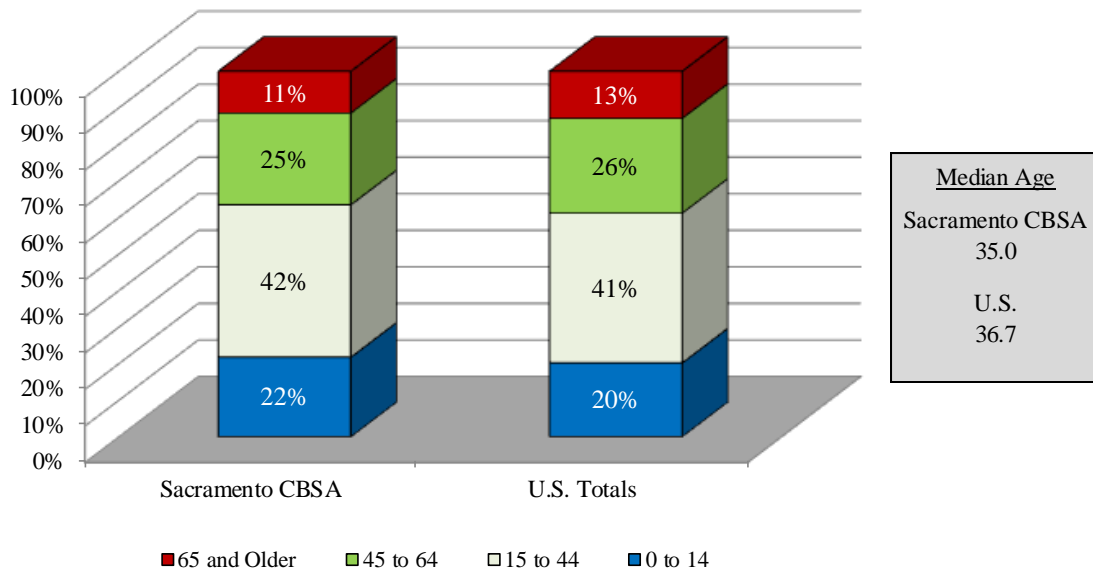
From 1990 to 2000, the annualized historical growth rate of the Sacramento CBSA outpaced the national average by about 51 percent. In recent years (2000 to 2012), although the Sacramento CBSA’s growth rate has declined somewhat, it has exceeded the national average by 93 percent over that span. In the near-term future, the Sacramento CBSA’s projected five-year annual growth rate is expected to continue to outpace the U.S. by roughly 51 percent.

#### Age

Another demographic characteristic that is important to the overall viability the proposed MLS team and soccer stadium is the age of the local population. Generally, sports and entertainment events attract patrons of various ages with the core group of patrons clustered in the 15 to 44 age group. The graphic on the following page summarizes the percentage of residents falling into various age groups and the overall median age of the populace in the Sacramento CBSA as compared to the U.S.

### III. Market Area Characteristics

#### Age Distribution



Source: Claritas

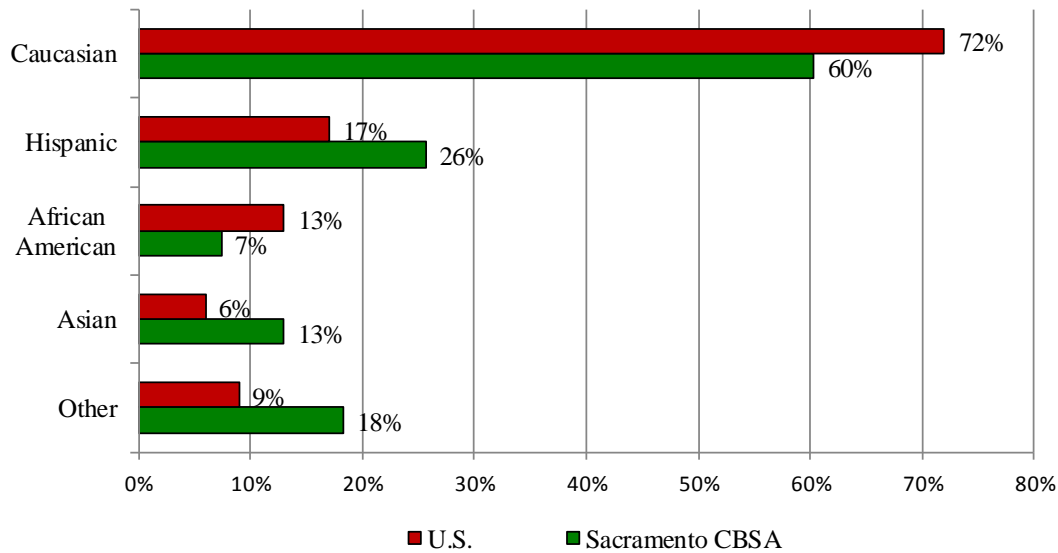
The Sacramento CBSA median age of 35.0 is below the national median age of 36.7. Approximately 42 percent of the Sacramento market population falls within the core group of sports and entertainment patrons, ages 15-44, which is the most coveted age bracket targeted by sports organizations and marketing efforts in the United States.

#### Ethnicity

The ethnic make-up of the local market can impact the ability of a market to support an MLS team and the types of event programming that could be successful at the proposed soccer stadium. Soccer is one of the most popular sports in the world and has a wide appeal to various ethnic backgrounds. The chart on the following page compares the ethnic profile of the Sacramento CBSA to the U.S. as a whole.

### III. Market Area Characteristics

#### Ethnicity



Source: Claritas

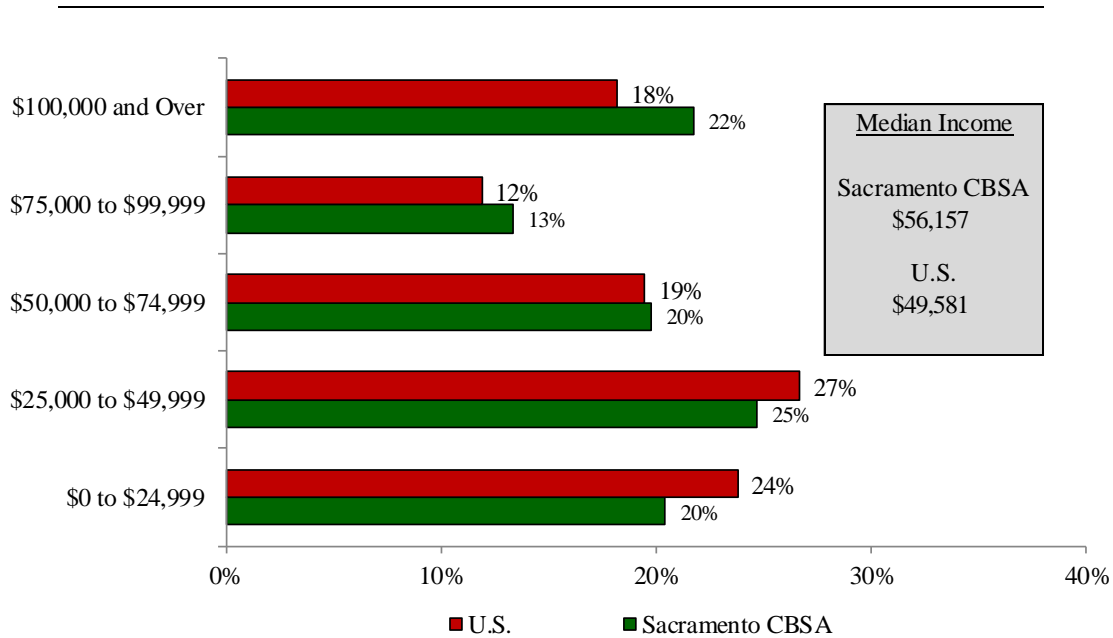
Approximately 60 percent of residents in Sacramento market are Caucasian, which is 12 percent lower than the United States total of 72 percent. The percentage of African American residents in the Sacramento area also slightly trails the national average. As a whole, the Sacramento market has a substantial Hispanic population, and its Asian population is over twice the national average.

#### Income

An important socioeconomic characteristic that provides insight into a market’s ability to allocate discretionary income to various participatory or spectator sports and entertainment activities is household income. The graph on the following page summarizes the key household income statistics of the Sacramento metropolitan area in comparison to the U.S. average.

### III. Market Area Characteristics

#### Household Income



Source: Claritas

The Sacramento CBSA has a higher percentage of household incomes in categories \$50,000 and above. Overall, the median household income of the Sacramento CBSA is \$56,157, compared to the national median household income of \$49,581, providing indication that residents of the Sacramento CBSA may have more discretionary dollars to spend on entertainment such as soccer than the average U.S. household.

#### Cost of Living

The cost of living in the Sacramento metropolitan area is above the national average. Specifically, the cost of living index for the Sacramento area is 113.6 compared to a national average of 100. It should be noted that the median income, when compared to the cost of living, results in a slight negative with income being +13.3% and cost of living being +13.6%. This slightly higher cost of living might limit local residents' propensity to allocate discretionary income toward sporting and entertainment activities, but this factor is largely offset by the significantly higher median income of residents of the Sacramento market.

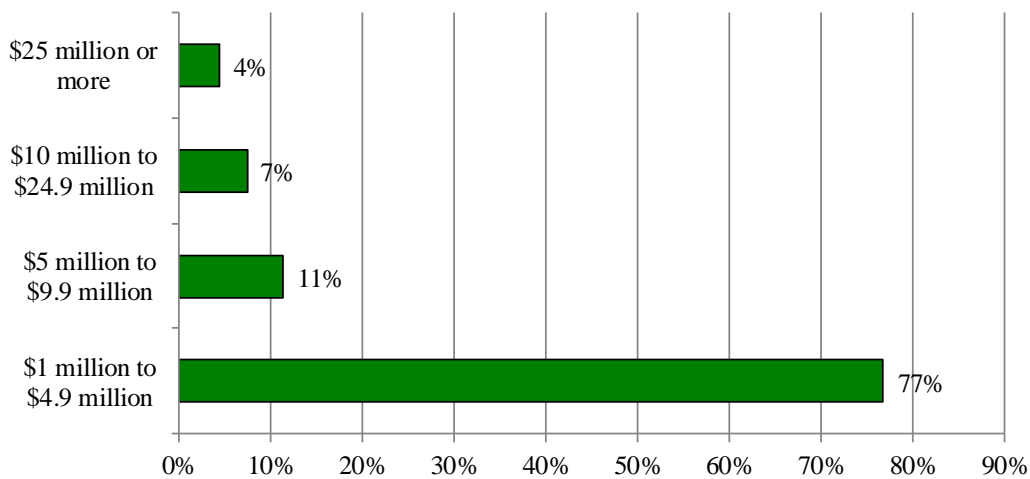
### III. Market Area Characteristics

#### Corporate Base

In addition to the demographic and socioeconomic profile of local residents, it is important to consider the corporate depth of the local market. Local corporations will play an important role in purchasing private suites, season tickets, naming rights and advertising/sponsorship opportunities at the proposed soccer stadium.

The local corporate base is comprised of those companies that are most likely to have the financial ability to purchase tickets, club seats, loge seats, luxury suites, or advertising sponsorships. In order to qualify, local companies were screened to include corporate headquarters, single locations, and branches with over 10 employees and annual sales of at least one million dollars. Overall, a total of roughly 8,079 single business locations or corporate headquarters locations and branch locations were identified that met the aforementioned criteria. The table below summarizes the percentage of corporate headquarters and single locations by annual sales for the Sacramento metropolitan area.

#### Corporate Base by Annual Sales



Note: Includes businesses with a minimum of \$1 million in annual sales and 10 employees

Source: Hoovers

As shown in the above exhibit, nearly 77 percent of corporations in the Sacramento metropolitan area report annual sales of between \$1 and \$4.9 million, while four percent of corporations report annual sales in excess of \$25 million.

### III. Market Area Characteristics

#### MLS Market Comparisons

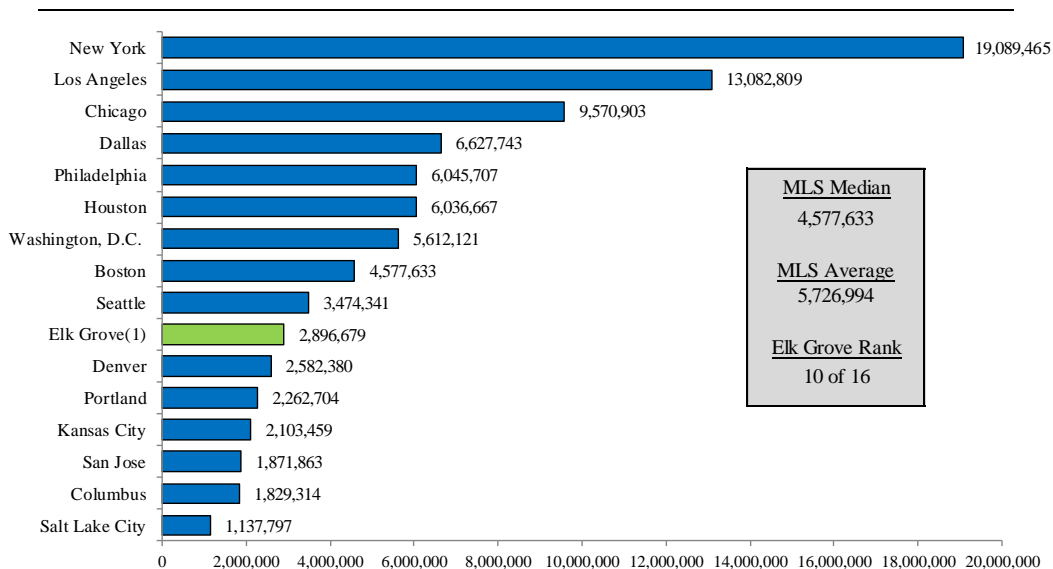
It is important to analyze the demographic and socioeconomic characteristics of the Elk Grove market in the context of other markets that support soccer stadiums and MLS teams. The remainder of this section presents a comparative analysis of the following demographic and socioeconomic characteristics for each MLS market:

- population;
- sports franchise per market;
- registered soccer players;
- age;
- ethnicity;
- income;
- corporate base; and,
- companies per franchise.

#### Population

As previously mentioned, the level of population from which to draw upon can impact the attendance attracted by an Elk Grove MLS franchise and other events hosted at the proposed soccer stadium. The chart below summarizes the population of MLS markets.

**MLS Market Population Comparison**



<sup>(1)</sup>This report defines Elk Grove's market as the Sacramento, CA CBSA

Note: this chart does not include data for the Montreal, Vancouver or Toronto Metropolitan Areas

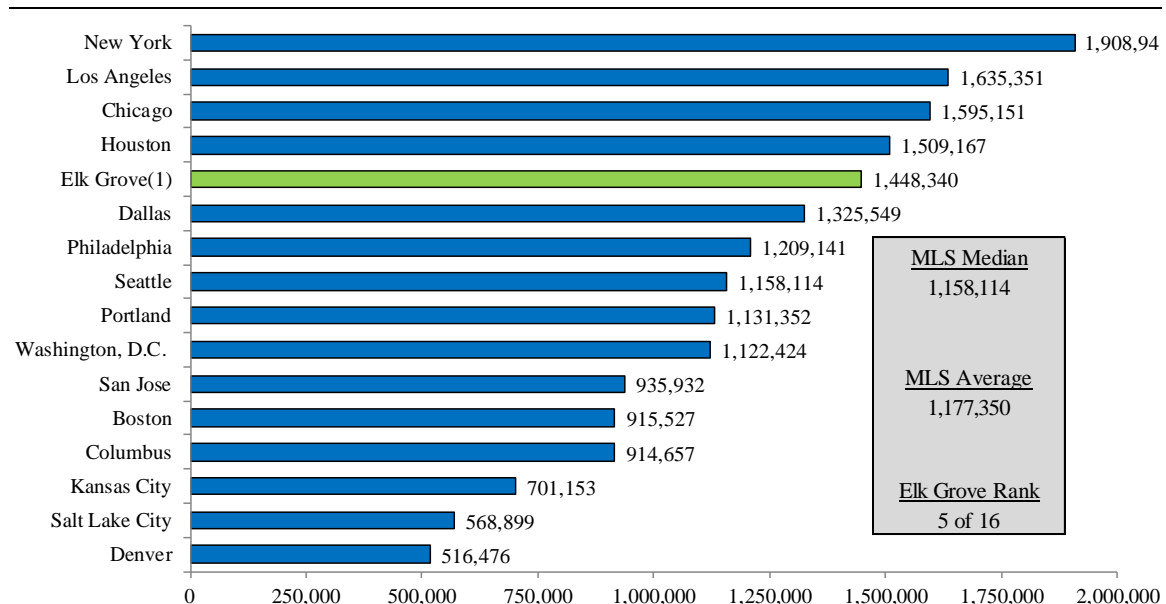
### III. Market Area Characteristics

The Elk Grove market ranks tenth largest out of sixteen MLS markets in terms of population, ranking higher than Denver, Portland, Kansas City, San Jose, Columbus and Salt Lake City. The average MLS market, excluding Elk Grove, has a population of approximately 5.7 million, while the median MLS market population is approximately 4.6 million. In comparison, the Elk Grove market has a population of approximately 2.9 million people.

#### Sports Franchises per Market

The number of major professional sports franchises in competition for a finite amount of resources within a market can impact the viability of each franchise; therefore, a comparison of the population per major sports franchise in each MLS market was prepared. For purposes of this analysis, major professional sports franchises were assumed to include franchises from the following leagues: Major League Soccer (MLS), National Football League (NFL), Major League Baseball (MLB), National Basketball Association (NBA) and the National Hockey League (NHL). The chart below illustrates the population per major sports franchises in each MLS market and assumes the acquisition of an MLS franchise in Elk Grove.

**MLS Market Population-Per-Franchise Comparison**



<sup>(1)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

Source: Claritas, CSL International

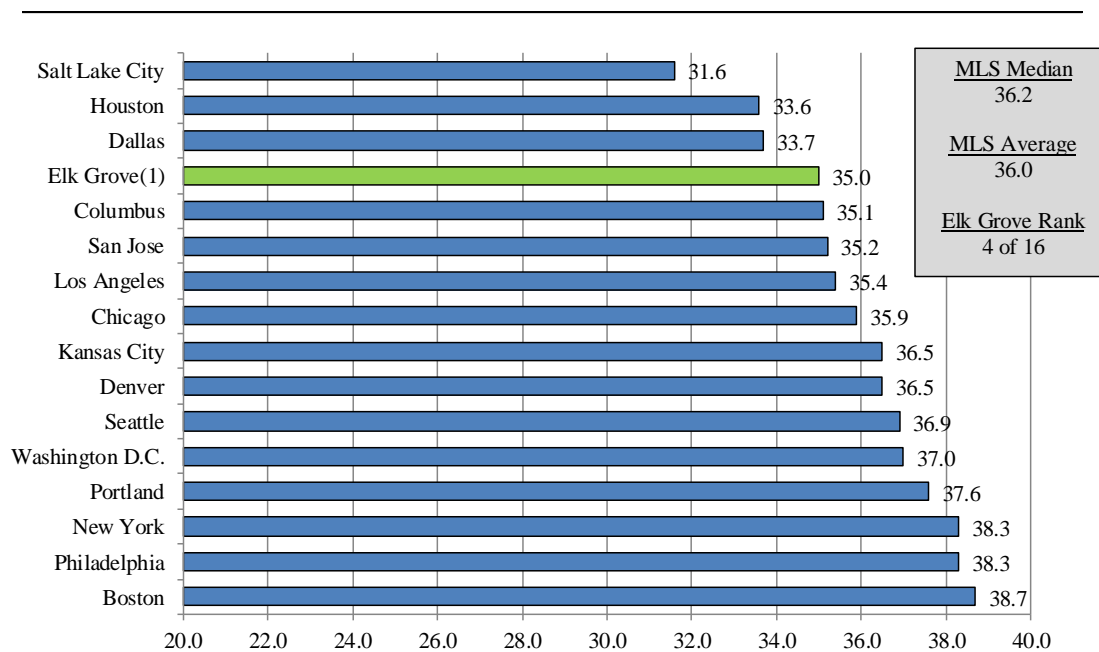
### III. Market Area Characteristics

As the chart on the previous page, the Elk Grove market would face less professional sports competition than most other MLS markets (two teams versus an average of 4.4 teams). Sacramento consists of roughly 1.5 million residents per professional sports franchise, significantly higher than both the median (1,137,797) and average (1,191,946) amongst all MLS markets. Ranked fifth out sixteen, Sacramento performs very well against other MLS markets in population-to-franchise ratio.

#### Age

The age of the local population can be important to the overall viability of the proposed MLS team and soccer stadium, since the 15 to 44 age group is regarded as the group that is most likely to attend spectator events. MLS strives to provide a family-oriented product, drawing many young fans to its games. Therefore, markets with relatively young populations may be more likely to support an MLS team and soccer stadium. The chart below presents a comparison of the median age of each MLS's market's populace.

**MLS Market Median Age Comparison**



<sup>(1)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

Source: Claritas

With a median age of 35.0 years, Sacramento ranks as the fourth youngest MLS market out of sixteen. The median age of MLS markets ranges from a low of 31.6 years of age in Salt Lake City to a high of 38.7 years of age in Boston. Overall, the median age of MLS markets is 36.0 years of age.



### III. Market Area Characteristics

#### Ethnicity

As previously mentioned, the ethnicity of the local market can impact the ability of a market to support an MLS team and the resulting viability of a proposed soccer stadium. The graphic below provides an ethnicity comparison among MLS markets.

**MLS Market Ethnicity Comparison**

	White	African American	Asian	Other <sup>(1)</sup>	Hispanic
Salt Lake City	82%	2%	3%	6%	17%
Portland	81%	3%	6%	5%	11%
Boston	80%	7%	6%	3%	9%
Kansas City	80%	12%	2%	3%	8%
Columbus	79%	14%	3%	3%	4%
Denver	77%	5%	3%	5%	23%
Seattle	73%	6%	11%	7%	8%
Philadelphia	69%	20%	5%	2%	7%
Chicago	65%	17%	5%	3%	20%
Dallas	64%	14%	5%	4%	28%
<b>Elk Grove<sup>(2)</sup></b>	<b>60%</b>	<b>7%</b>	<b>13%</b>	<b>18%</b>	<b>26%</b>
New York	59%	17%	9%	5%	22%
Houston	58%	17%	6%	4%	35%
Washington D.C.	56%	26%	9%	4%	13%
Los Angeles	49%	7%	14%	6%	45%
San Jose	47%	3%	31%	6%	27%
<b>MEDIAN</b>	67%	10%	6%	4%	18%
<b>AVERAGE</b>	67%	11%	8%	5%	19%

Note: Sorted by Caucasian population

<sup>(1)</sup> "Other" consists of Pacific Islander, Native American, multi-racial persons and all other races not specifically mentioned

<sup>(2)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

Source: Claritas

As shown in the table above, the Elk Grove market is a racially diverse market. With racial minorities accounting for 40% of the population, the Elk Grove market trails only New York, Houston, Washington, D.C., Los Angeles and San Jose in this regard. The average MLS market is comprised of 67 percent Caucasians and 33 percent minority ethnicities. Furthermore, Elk Grove has the fifth highest population of Hispanics out of sixteen markets surveyed. With 26 percent of the population recorded as Hispanic, Elk Grove is roughly 8 percent more than the median MLS market.

#### Income

As previously mentioned, the household income characteristics of a given market can serve as an indicator of the market's ability to spend discretionary income on sports and entertainment activities. Markets with relatively high household income levels may be

### III. Market Area Characteristics

better able to support a sports franchise through the purchase of tickets, premium seating, and other items. The following table summarizes the adjusted median household income of each MLS market, accounting for the cost of living in each respective market.

#### MLS Market Adjusted Household Income Comparison

	<u>Rank</u> <sup>(2)</sup>	<u>Median HH Income</u>	<u>Cost of Living</u>	<u>Adjusted Income</u>
Seattle	2	\$73,467	119.3	\$61,559
Houston	12	\$54,081	91.1	\$59,373
Dallas	11	\$55,943	94.2	\$59,365
Denver	6	\$59,668	104.6	\$57,041
Columbus	15	\$51,646	90.8	\$56,899
Washington, D.C.	1	\$80,854	142.3	\$56,831
Kansas City	13	\$53,901	98.6	\$54,684
Portland	8	\$58,789	112.3	\$52,333
Chicago	7	\$59,569	115.7	\$51,497
Boston	3	\$67,153	135.3	\$49,615
<b>Elk Grove<sup>(1)</sup></b>	<b>10</b>	<b>\$56,157</b>	<b>113.9</b>	<b>\$49,304</b>
Salt Lake City	16	\$46,420	97.8	\$47,451
Philadelphia	14	\$53,229	126.2	\$42,162
Los Angeles	9	\$56,946	135.7	\$41,964
San Jose	4	\$62,537	154.4	\$40,513
New York	5	\$61,660	182.9	\$33,712
<b>MEDIAN</b>		<b>\$57,868</b>	<b>114.8</b>	<b>\$51,915</b>
<b>AVERAGE</b>		<b>\$59,501</b>	<b>119.7</b>	<b>\$50,894</b>

Note: Sorted by Cost of Living-Adjusted Median Household Income

<sup>(1)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

<sup>(2)</sup> Based on 16 MLS markets unadjusted median household income; excludes Canada

Source: Claritas, United States Census Bureau

The Elk Grove market ranks tenth highest among MLS markets with an adjusted median household income of approximately \$49,304. The MLS average adjusted household income is \$50,894 and the MLS median adjusted household income is \$51,915.

#### Corporate Base

In addition to the demographic and socioeconomic profile of local residents, it is important to consider the corporate depth of the local market. Local corporations often play a significant role in purchasing season tickets, premium seating, advertising, and sponsorship opportunities at sports venues. The table on the following page summarizes the total inventory of companies based in each MLS market.

### III. Market Area Characteristics

#### MLS Market Corporate Base Comparison

	<b>\$1 Million to \$4.9 Million</b>	<b>\$5 Million to \$9.9 Million</b>	<b>\$10 Million to \$24.9 Million</b>	<b>\$25 Million or More</b>	<b>Total</b>
New York	40,790	7,546	5,491	3,584	57,411
Los Angeles	28,176	5,289	3,785	2,292	39,542
Chicago	18,325	3,629	2,858	1,931	26,743
Philadelphia	12,002	2,114	1,640	1,137	16,893
Washington D.C.	11,865	2,130	1,587	1,087	16,669
Dallas	11,307	2,037	1,640	1,165	16,149
Boston	11,173	2,146	1,672	1,075	16,066
Houston	10,211	1,885	1,601	1,209	14,906
Seattle	6,953	1,236	941	529	9,659
Elk Grove <sup>(1)</sup>	6,201	915	600	363	8,079
Denver	5,549	929	683	473	7,634
Portland	4,505	790	648	368	6,311
San Jose	3,988	851	577	405	5,821
Kansas City	3,966	713	596	412	5,687
Columbus	3,295	599	422	322	4,638
Salt Lake City	2,475	498	353	240	3,566
<b>MEDIAN</b>	<b>8,582</b>	<b>1,561</b>	<b>1,264</b>	<b>802</b>	<b>12,283</b>
<b>AVERAGE</b>	<b>11,299</b>	<b>2,082</b>	<b>1,568</b>	<b>1,037</b>	<b>15,986</b>

Note: Does not include Canadian MLS Markets

<sup>(1)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

Source: Hoovers

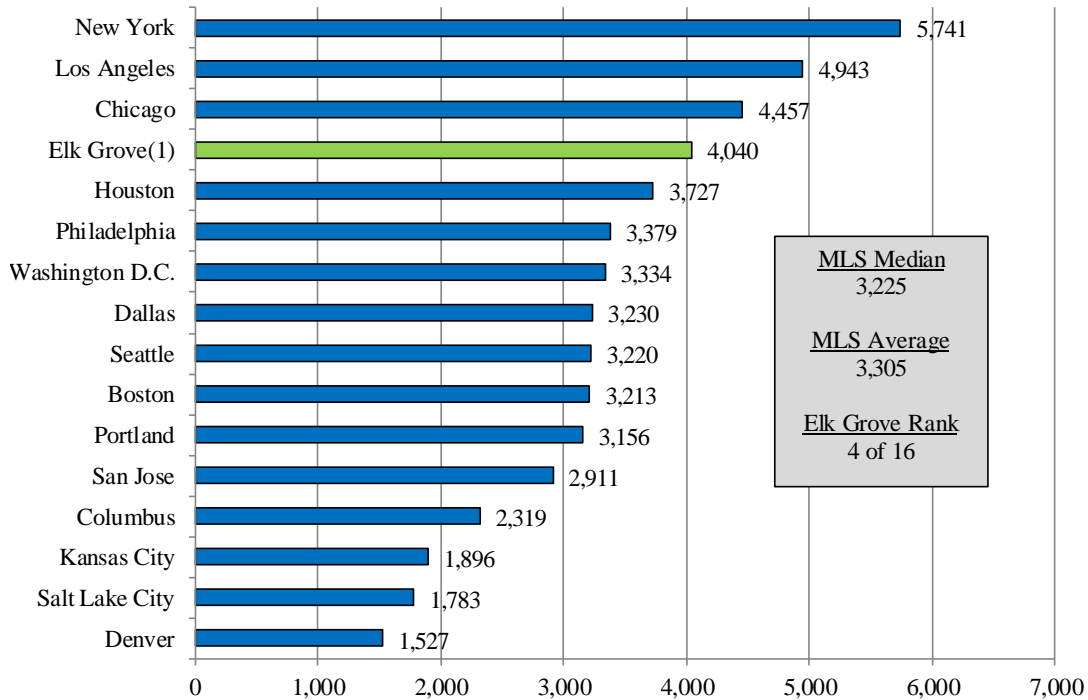
The Sacramento metropolitan area has 8,079 companies, ranking tenth highest among American MLS markets. In comparison, the average MLS market has a corporate base of 15,986 companies, with a median corporate inventory of 12,283 companies.

#### Companies per Franchise

While the market's total corporate base is an important consideration in predicting the success of the proposed MLS team and soccer stadium, it is also important to consider the level of competition from other professional sporting options for businesses in the market. Each franchise represents possible competition for the entertainment spending budget of local companies. The exhibit on the following page compares the number of companies per franchise in each MLS market.

### III. Market Area Characteristics

#### MLS Market Corporations-per-Professional Franchise Comparison



Note: Major professional sports franchises include those from the NFL, MLB, NBA, MLS, and NHL; excludes Canadian markets

(1) This report defines Elk Grove's market as the Sacramento, CA CBSA

Source: Hoovers, CSL International research

In terms of companies per major sports franchise, Elk Grove ranks fourth highest among American MLS markets with 4,040 companies per franchise. The number of companies per major sports franchise in MLS markets ranges from a low of 1,527 companies per franchise in Denver to a high of 5,741 companies per franchise in New York City. Overall, the median number of companies per major sports franchise in MLS markets is 3,225.

#### **Elk Grove Local Market**

In addition to assessing the market characteristics of the greater Sacramento CBSA, it is important to consider the local characteristics of the City of Elk Grove, including demographic information, socioeconomic data, and recent local development. The chart on the next page provides a comparison of the Elk Grove Market compared to the greater Sacramento CBSA and the United States as a whole.

### III. Market Area Characteristics

#### City of Elk Grove Market Comparison

	City of Elk Grove	Sacramento CBSA	United States
<b>Population</b>	155,937	2,896,679	313,095,504
<b>Age</b>			
Median	32.1	35	36.9
0-17	29%	25%	24%
18-34	25%	24%	23%
35-54	27%	28%	28%
55 and older	18%	23%	24%
<b>Household Income</b>			
Median	\$70,830	\$56,157	\$49,581
Less than \$25,000	8%	20%	24%
\$25,000-\$50,000	39%	25%	27%
\$50,000-\$75,000	26%	20%	19%
\$75,000-\$100,000	18%	13%	12%
\$100,000 or more	27%	22%	18%
<b>Ethnicity</b>			
White	43%	60%	72%
African-American	11%	7%	13%
Hispanic	21%	26%	17%
Asian	28%	13%	6%
Other	18%	19%	9%

Sources: Claritas, Department of Finance State of California

As shown in the chart above, Elk Grove is on par with both the Sacramento CBSA and the United States in terms of population aged 18-34 at 25 percent. This is the age bracket most heavily coveted by marketers and promoters in the spectator sport industry. Furthermore, Elk Grove contains the largest population of 0-17 year olds, which serves as an indicator of how the market could grow in the future. The age group demographic breakdowns for the City of Elk Grove are consistent with those for Sacramento or the U.S. shown on page 20.

Elk Grove's median income of \$70,830 is significantly higher than either the Sacramento CBSA or the United States as whole. Furthermore, 71 percent of Elk Grove residents reported an income of over \$50,000, compared to 55 percent and 49 percent for Sacramento and the United States respectively.

Finally, Elk Grove is a far more diverse sample than either the United States as a whole or Sacramento, with 43% of the population recorded as being white versus 60% and 72% from Sacramento and the United States respectively. Elk Grove has a thriving Asian population, and its Hispanic population is on par with that of the greater Sacramento area.

### **III. Market Area Characteristics**

In summary, Elk Grove contains a younger, wealthier, more diverse population than the Sacramento metropolitan area and the United States as a whole, which could serve to drive added local support to the addition of an MLS team and soccer stadium.

#### *City of Elk Grove Growth*

In addition to its market characteristics, it is important to consider the economic and structural growth of the City of Elk Grove as well in looking at the market for a new MLS stadium in the region. Elk Grove had begun construction of large retail projects just west of Highway 99 on the City's southern border. Construction of the 1.1 million square foot open air mall project began in 2007, but was halted in 2008 after General Growth Properties, the developer, filed for Chapter 11 bankruptcy. As of March 2012, plans to resume the project are being evaluated.

The addition of large retail space will ultimately mean hundreds of millions of dollars in new revenue for the area. Current potential stadium locations put a new MLS facility in close proximity to this retail space, which could lead to the city being a prime location for economic activity, with an MLS stadium being a significant benefactor of the additional commercial activity.

The following page contains a map of the planned land uses for areas in Elk Grove located north of Kammerer Road and west of Highway 99. Highlighted areas represent proposed retail expansion, space for office developments, as well as mixed-use districts and residential living. Please note the area labeled SC, which highlights a land area that could potentially accommodate a large sports complex and MLS stadium, along with a mix of commercial uses.



### III. Market Area Characteristics

#### Regional Soccer Popularity

An additional factor to consider when assessing the demand for an MLS stadium in the Elk Grove region is to consider the regional popularity and cultural infusion of soccer into the population of the market. Soccer as a spectator draw is a sport driven by those who participate in the game. The graphics that follow demonstrate the popularity of soccer as it relates to fan participation, and subsequently the popularity of soccer in the Elk Grove region.

#### Registered Youth Soccer Players

As stated above, a large percentage of potential attendees at MLS games and other soccer-related events at a proposed soccer stadium will naturally have an association with soccer. The table below presents a summary of the number of registered youth soccer players in the 55 geographic areas that comprise membership of U.S. Youth Soccer, the governing body for youth soccer in the United States.

2010 Youth Soccer Registrants

Rank	Region	State Registrants	Rank	Region	State Registrants
1	<b>California North</b>	<b>197,239</b>	29	Kentucky	37,221
2	<b>Massachusetts</b>	<b>174,952</b>	30	Tennessee	36,081
3	<b>New Jersey</b>	<b>142,121</b>	31	Iowa	32,730
4	<b>Texas North</b>	<b>140,231</b>	32	<b>Missouri</b>	<b>31,538</b>
5	<b>Virginia</b>	<b>136,802</b>	33	Arizona	29,882
6	<b>California South</b>	<b>136,574</b>	34	Louisiana	29,510
7	<b>Pennsylvania East</b>	<b>129,939</b>	35	<b>Kansas</b>	<b>27,522</b>
8	<b>New York East</b>	<b>115,790</b>	36	Rhode Island	25,012
9	<b>Washington</b>	<b>113,918</b>	37	Mississippi	24,000
10	Florida	100,008	38	South Carolina	21,337
11	Michigan	86,085	39	Nebraska	20,804
12	<b>Texas South</b>	<b>84,216</b>	40	Arkansas	20,426
13	Georgia	76,662	41	New Mexico	20,336
14	Connecticut	75,342	42	New Hampshire	19,086
15	<b>Illinois</b>	<b>73,626</b>	43	West Virginia	17,589
16	Minnesota	73,332	44	South Dakota	15,656
17	North Carolina	71,019	45	Alabama	15,029
18	<b>New York West</b>	<b>70,091</b>	46	Nevada	12,612
19	<b>Colorado</b>	<b>66,399</b>	47	Idaho	11,700
20	<b>Ohio South</b>	<b>61,071</b>	48	Delaware	11,140
21	<b>Maryland</b>	<b>59,671</b>	49	Vermont	10,623
22	Indiana	55,314	50	Montana	10,402
23	Wisconsin	54,591	51	Maine	9,437
24	<b>Ohio North</b>	<b>54,499</b>	52	North Dakota	7,109
25	Pennsylvania West	51,515	53	Alaska	6,675
26	Oklahoma	40,218	54	Wyoming	5,901
27	<b>Oregon</b>	<b>39,339</b>	55	Hawaii	5,503
28	<b>Utah</b>	<b>38,000</b>			

Note: Bolded regions represent regions where an MLS team operates.

Source: United States Youth Soccer Association



### III. Market Area Characteristics

As shown in the chart on the previous page, Northern California youth soccer registrants total close to 200,000, making it the largest state association in the nation in terms of USYSA memberships. It should also be noted, that the Elk Grove Youth Soccer League has grown to over 6,000 registered youth soccer players and 415 teams; making it one the largest leagues in the largest district in the state. Bolded regions represent regions in which an MLS team operates; the Northern California area is currently home to the San Jose Earthquakes.

The Sacramento CBSA has been one of the nation’s leaders in soccer participation over the past five years. In 2007, the Soccer Industry Council of America released a study comparing soccer participation rates across all the major metropolitan areas in the United States. The chart below depicts rates of participation as a portion of overall population.

**Soccer Participation by Top Metropolitan Areas<sup>(1)</sup>**

<b>Rank</b>	<b>Market</b>	<b>Number of Participants</b>	<b>Participants Per 100 People</b>
1	Cincinnati	202,000	10.8
2	Orlando	123,000	10.5
3	St. Louis	303,000	10.2
4	Indianapolis	116,000	10.1
5	Boston	485,000	9.6
6	Minneapolis/St. Paul	289,000	9.3
7	Sacramento	180,000	9.2
8	Norfolk	131,000	7.9
9	Columbus	91,000	7.7
10	Los Angeles	957,000	7.7
11	Kansas City	123,000	7.2
12	Dallas	374,000	7.2
13	San Diego	247,000	7.0
14	Houston	279,000	6.9
15	Seattle	248,000	6.9
<b>U.S. Average</b>			<b>2.1</b>

(1) Statistics from 2007 survey, most recent year the survey was conducted

Source: Soccer Industry Council of America

As the chart shows, the Sacramento CBSA ranked seventh out of all U.S. metropolitan areas in terms of soccer participation amongst its population with an estimated 9.2 participants per 100 people.

### III. Market Area Characteristics

#### Summary

As previously mentioned, the demographic and socioeconomic characteristics of a market are an important component in assessing the success of an MLS team and new stadium in both the greater Sacramento market and the City of Elk Grove locale. The strength of a market in terms of its ability to attract events and spectators and generate revenues is predicated on the size of the regional market area population, corporate base and its spending characteristics in the context of competition within the market.

The table below summarizes the demographic and socioeconomic rankings of the Sacramento market versus other MLS markets. It is important to note that in this chart, Elk Grove refers to the Sacramento CBSA.

#### Summary of MLS Market Area Characteristics

Criteria	Elk Grove <sup>(2)</sup>	Rank <sup>(3)</sup>	Market High	Market Median	Market Low
Population	2,896,679	10	19,089,465	4,577,633	1,137,797
Population per Franchise	1,448,340	5	1,908,947	1,158,114	516,476
Median Age	35	4	31.6	36.2	38.7
Percent Non-Caucasian	40%	6	53%	33%	18%
Percent Caucasian	60%	11	82%	67%	47%
Adjusted Median HH EBI <sup>(1)</sup>	\$49,304	11	\$61,559	\$51,915	\$33,712
Corporate Base Inventory	8,079	10	57,411	12,283	3,566
Corporations per Franchise	4,040	4	5,741	3,225	1,527

(1) Estimated median Household Earned Buying Income adjusted for cost of living

(2) Refers to the Sacramento CBSA

(3) Based on 16 MLS Markets; excludes Canadian markets

Sources: Claritas, U.S. Census Bureau, Hoover's, CSL International research

The demographic and socioeconomic characteristics of the Elk Grove area are considered together with soccer participation trends, the historical operations of MLS teams/stadiums operating in similar size markets, projected operations of a new or relocated MLS franchise in Elk Grove, and discussions with local, regional and national soccer officials to estimate potential demand for the proposed MLS team and soccer stadium in Elk Grove.

## **IV. Competitive Analysis**

The market potential for the proposed MLS team and soccer stadium will be affected by the number and type of facilities and teams competing for the limited supply of events, spectators and participants within the marketplace. As such, the purpose of this section is to assess existing and planned facilities and sports teams in the Elk Grove market and surrounding regional area that could provide some level of competition to an Elk Grove MLS team, and the proposed soccer stadium to attract events and/or the discretionary spending of local and regional residents.

The multi-purpose nature of the proposed stadium indicates that the facility will likely compete, to some degree, with a variety of local and regional sports and entertainment facilities including:

### Facilities:

- Raley Field;
- Hornet Stadium;
- Banner Island Ballpark;
- Sleep Train Amphitheater;
- Stockton Arena;
- Power Balance Pavilion; and
- California Exposition and State Fair;

### Stadiums

Stadiums are generally utilized for activities such as soccer, football, baseball, lacrosse, concerts, tractor pulls, motocross and other such activities. While it is expected that soccer-specific facilities would compete with the proposed stadium for potential soccer spectators, it should be noted that there are no soccer specific stadia larger than 1,500 seats in the market at this time. The primary competition from these facilities is expected to be for the entertainment dollar and to a lesser extent concerts and other traveling shows.

### Raley Field

Built in 2000, Raley Field is the home of the Sacramento River Cats, the Triple-A affiliate team of Major League Baseball's Oakland Athletics. The stadium was constructed on the site of dilapidated railways and warehouses in West Sacramento across the river from the California State Capitol. The privately financed \$46.5 million stadium was built in eight and a



## **IV. Competitive Analysis**

half months, but extended periods of bad weather forced the River Cats on a season opening one month-long road trip, as completion was delayed 45 days. The completion time however was estimated to be about two years. The home opening day was May 15, 2000.

The stadium has 11,093 permanent seats and grass berms in both right and left field for a total capacity of 14,014. Its original capacity was 14,611 and was decreased to 14,414 in 2005 with the addition of a party deck. It further decreased in 2010 with the opening of the Diamond Club behind home plate. Naming rights for the field were sold to the Raley's Supermarkets, headquartered in West Sacramento, for \$15 million over 20 years, at the time, one of the highest naming rights deals in Triple-A baseball.

### Hornet Stadium

Hornet Stadium is part of Sacramento State University's Alex G. Spanos Sports Complex and serves as the host facility of the Sacramento State Hornets football and track teams. Built in 1969, the stadium underwent a major renovation in 1992 which expanded the maximum seating capacity to roughly 26,000. Since



scaling back seating in 1997, the stadium currently seats approximately 21,200 and is the largest stadium in the Big Sky Conference. It should be noted that a regulation soccer field (75 yards wide by 120 yards long) will not fit in Hornet Stadium, due to constraints of the built-in track. In 2010, the Stadium underwent a major renovation to the field, replacing the existing grass field with synthetic turf. The introduction of this new playing surface has also eliminated the use of the stadium as a concert venue. The stadium is also surrounded by two new campus recreation and wellness facilities. The Broad Fieldhouse opened in 2008 and features locker rooms and coaches offices for the Hornet football and track & field programs, as well as a 6,000 square foot weight room, training room and equipment room. The Well opened its doors in September of 2010 and is a \$77 million campus recreation and wellness center.

Hornet Stadium has also been the home of several professional football teams. The Sacramento Surge of the World Football League used the stadium for its home games in 1992. From 1993-1994, the Canadian Football League's Sacramento Gold Miners played its home games in the stadium, and beginning in 2010 Hornet Stadium became the official home of the United Football League's Sacramento Mountain Lions.

## IV. Competitive Analysis

### *Banner Island Ballpark*



Banner Island Ballpark is located in downtown Stockton, California, and is home to the Stockton Ports of the Class A California League. The ballpark has a total capacity of 5,200, with approximately 4,200 fixed seats and four 16-person suites. The \$24.0 million ballpark is part of a revitalization project for the downtown Stockton waterfront, and was built concurrently with the adjacent Stockton

Arena. The ballpark is owned by the City of Stockton and operated by Spectator Management Group.

Approximately 90 total events are held at the ballpark on an annual basis, including 70 Ports games. Non-tenant events held at the ballpark include beer festivals, weddings and fraternity or sorority formals; however, the venue is not ideal for accommodating concerts and other large scale events due to its limited seating capacity. However, due to the stadium development agreement with the City, the Ports are only allowed to host a maximum of 20 non-tenant events at the ballpark in a given year.

The \$24.0 million ballpark was funded by a \$1.2 million upfront contribution from team ownership and \$22.8 million in funds from the City of Stockton. The Ports agreed to a 20-year lease with the City for the use of the ballpark in 2005. Banner Island Ballpark is the unofficial name of the ballpark, which is located in the Banner Island area of Stockton. The City of Stockton owns the naming rights to the ballpark and is currently seeking a naming rights partner. The Ports will receive 20 percent of all naming rights revenues.

## **IV. Competitive Analysis**

### **Amphitheaters**

Amphitheaters are live performance venues that typically incorporate fixed and lawn seating. Amphitheatres are generally utilized for concerts and other live performances. Depending on the geographic location of an amphitheatre, they are primarily used during the summer months.

#### **Sleep Train Amphitheatre**

Opened in 2000 and owned by Live Nation, Sleep Train Amphitheatre (formerly Sandstone Amphitheatre) in Wheatland, California provides a variety of rock, alternative, pop, country, jazz and rhythm & blues concerts along with special events and festivals. Sleep Train Amphitheater is approximately 35 miles from downtown Sacramento and the access roads to the facility are inadequate. Both the traveling distance and rural location have created logistical issues for concert patrons.



The facility's operating season runs from mid-spring to mid-fall each year, and hosted 11 events during the 2011 season. The amphitheatre features a seating capacity of 18,500 seats, with 8,000 permanent seats and 10,500 unreserved lawn seats.

### **Arenas**

Multi-purpose arenas are utilized for a wide-range of indoor activities including basketball, hockey, indoor football, concerts, motor sports, family shows, tradeshow, meetings and other such events. These facilities are utilized year round and generally host 80 to 250 events depending on the location, size, and management philosophies of the facility. While it is not expected that arenas would compete with the proposed soccer stadium in Elk Grove to host the same events on a consistent basis, there are local and regional arenas that are expected to compete with the proposed soccer stadium to attract spectators, corporate sponsors and their entertainment dollars.

#### **Stockton Arena**

Stockton Arena was built in 2005 and is located in the California Central Valley between Sacramento and Fresno. It can seat 8,600 to 11,800 patrons depending on configuration. Stockton Arena has 24 luxury suites, 344 Club seats, 5,000 square feet of conference space,



## **IV. Competitive Analysis**

and an NHL regulation ice sheet.

The \$63 million arena is part of a revitalization project for the downtown Stockton waterfront, and was built concurrently with the adjacent Banner Island Ballpark. The arena is owned by the City of Stockton and is operated by Spectator Management Group.

It is the home venue of the Stockton Thunder, an ECHL professional hockey team, and the California Eagles American professional indoor football team. Former tenants include the Stockton Lightning (Arena Indoor Football), the Stockton Cougars (Professional Arena Soccer League), and the Stockton Wolves (independent indoor football).

The future of the venue is in question because of the City of Stockton's economic standing. The city might be heading towards bankruptcy due to a large amount of debt it cannot service. However, City Council recently voted to undergo mediation to avoid bankruptcy in the immediate time.

### *Power Balance Pavilion*

Power Balance Pavilion is a 17,317-seat arena located in the northern area of the City of Sacramento, California. The facility is owned and operated by Maloof Sports and Entertainment, also the owners of the Sacramento Kings. The arena has also hosted the WNBA's Sacramento Monarchs (1997-2009), the American Football League's Sacramento Attack, and the Continental Indoor Soccer League's Sacramento Knights (1992-1997). The arena opened in 1988 at the cost of \$60 million. It was originally named ARCO Arena and seated 16,517 spectators, and currently features 30 luxury suites and 412 club seats. In 2011, the stadium reached a new deal with Power Balance Technologies Inc., changing the stadium name to Power Balance Pavilion.



Power Balance Pavilion hosts roughly 160 spectator events annually. In addition to Kings home games, the building hosts concerts, rodeos, motocross performances, UFC fights, and other sports and entertainment shows. In terms of concerts, Power Balance Pavilion is one of Northern California's most popular tour destinations, drawing large shows for some of music's most popular artists and performances.

The Maloof family and the City of Sacramento have attempted to negotiate a deal that would bring a new \$391 million arena to the downtown Sacramento rail yards area to replace Power Balance Pavilion.

## **IV. Competitive Analysis**

As recently as February, 2012, a tentative deal between Maloof Sports & Entertainment and the City of Sacramento had been reached, however this deal was then canceled by Maloof Sports & Entertainment in late April 2012.

Currently, there have been discussions of a Power Balance Pavilion renovation, but the future of the facility has yet to be determined. Without the approval and construction of a new arena in Sacramento or a renovated facility for the Kings to play in, there is speculation that the team would consider relocating to a different market, but no official plans to do so have been set in motion.

### **Other Facilities**

#### *Cal Expo*

Cal Expo is a 350-acre state fairgrounds and large scale, multi-use facility located on Exposition Boulevard in the City of Sacramento. It has hosted the annual California state fair since its inaugural year in 1909, and its original grounds were just outside the city limits on Stockton Boulevard. Population growth and attendance forced the fair to its current location in 1968, and the Cal Expo has grown to more than one million visitors annually. In its lifetime, Cal Expo has been expanded by over 270 acres, and currently boasts 18 rental facilities, 15,000 parking spaces, and one of three operational monorails in the country.



In addition to the annual state fair, Cal Expo hosts a number of other events including car and RV shows, conventions, banquets, and festivals. The Cal Expo is also home to a 4,000 seat rodeo arena which holds rodeo events, monster truck shows, motorcycle races and horse shows. Raging Waters Sacramento is also located on the grounds and features more than 25 water attractions, slides, pools and other activities. Cal Expo is also the West Coast's destination for harness racing, with Cal Expo hosting harness racing meets almost year-round with 117 race days in 2011, and 134 in 2010. In addition, the racetrack hosts thoroughbred horse racing meets during the California State Fair in July, as well as motorcycle racing and concerts throughout the year. The racetrack grandstand has seating for 22,000 (The Miller Lite Grandstand), and features a one-mile dirt track, on-site parking, sports bar, tele-theater, Clubhouse and Turf Club.



## V. Comparable Facilities

The purpose of this section is to present an overview of existing and proposed MLS stadiums and other comparable stadiums to provide a benchmark from which to assess the potential operational performance and event levels of the proposed soccer stadium in Elk Grove. An assessment of the physical, operational and financial characteristics of comparable stadiums is a critical component in assessing the market potential of the proposed soccer stadium.

To date, nine MLS stadiums have either been built or undergone significant renovations in the past five years. In addition, a few MLS markets are in the process of developing new stadiums. The case studies presented herein provide both historical and projected perspectives from which to evaluate the potential operational performance and event levels of the proposed soccer stadium in Elk Grove.

Physical, financial, operating and funding statistics were reviewed for the following comparable stadiums:

- BBVA Compass Stadium;
- BMO Field;
- Crew Stadium;
- Dick’s Sporting Goods Park;
- FC Dallas Stadium;
- Home Depot Center;
- Livestrong Sporting Park;
- PPL Park;
- Rio Tinto Stadium;
- Red Bull Park; and,
- Toyota Park.

### BBVA Compass Stadium



Location:	Houston, TX
Year Opened:	2012
Seating Capacity:	21,600 seats
Suites:	34
Club Seats:	900
Owner:	City of Houston/Harris County
Operator:	AEG
Cost:	\$65.8 million (construction) \$15.5 million (land) \$20.0 million (infrastructure)
Financing:	68% private 32% public

## V. Comparable Facilities

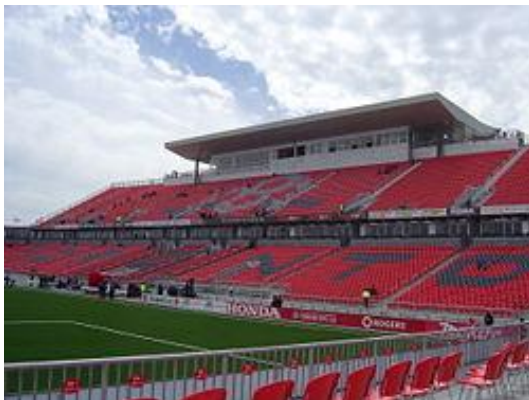
BBVA Compass Stadium is the MLS's newest stadium, having hosted its first MLS match between the Houston Dynamo and D.C. United on May 12<sup>th</sup>, 2012. The 22,000 seat stadium hosts home games for the MLS's Houston Dynamo, in addition to concerts, rugby matches, and other special events.

The \$103.3 million stadium was funded through a combination of city, county, and private sources. The City of Houston and Harris County combined efforts to purchase the \$15.5 million plot of land in Houston's East End for the stadium, while the city paid an additional \$20 million towards infrastructure improvements related to the project. Construction costs of the stadium were approximately \$67.8 million. Harris County and the City of Houston agreed to share ownership of the stadium.

The Houston Dynamo agreed to pay the rest of the stadium costs, and BBVA Compass Bank provided financing for a portion of the loan.

BBVA Compass Stadium offers 34 suites priced at around \$50,000 per year, requiring a minimum 3-year term with a 3% price escalator. The stadium also offers 900 club seats ranging in price from \$1,725 to \$1,825 on the 100- and 200-levels which require only a 1-year contract. The stadium also offers seats in the 213-seat Presidents Club, a private club terrace option at \$3,500 per seat per season with a minimum 2-year lease required.

### BMO Field



Location:	Toronto, ONT
Year Opened:	2007
Seating Capacity:	20,000 seats
Suites:	30
Club Seats:	500
Owner:	City of Toronto
Operator:	MLSE Ltd.
Cost:	\$61 million
Financing:	29% private 71% public

BMO Field, home of FC Toronto, opened on April 28, 2007. BMO Field seats 20,195 people and is owned by the City of Toronto and operated by Maple Leaf Sports and Entertainment Ltd.

BMO Field features 30 suites priced between \$25,000 and \$40,000, all of which are sold for the current soccer season. The stadium has 500 club seats ranging in price from \$1,060 to \$1,700.

Funding for the \$61 million facility included both private and public sources. Maple Leaf Sports and Entertainment Limited funded \$17.5 million. The Canadian Federal

## V. Comparable Facilities

Government contributed \$26.3 million, the Province of Ontario contributed \$7.8 million, and the City of Toronto contributed \$9.5 million. Naming rights were sold to the Bank of Montreal for \$26.3 million US dollars for 10 years. The naming rights were sold on August 31, 2006 and will expire in 2016.

The facility will host soccer and rugby as well as concerts and other special events in the years to come. In 2008, the MLS hosted its All-Star Game at BMO Field, and the 2012 MLS Cup will be held at the stadium. In its five years in operation, the stadium has been one of the most successful stadiums in the MLS, averaging 20,263 spectators at FC Toronto games between 2007 and 2011.

### Crew Stadium



Location:	Columbus, OH
Year Opened:	1999
Seating Capacity:	22,485 seats
Suites:	20
Club Seats:	1,282
Owner:	Hunt Sports Group
Operator:	Hunt Sports Group
Cost:	\$31 million*
Financing:	100% private 0% public

\*Excludes land and parking

Located in Columbus, Ohio, Crew Stadium is the home of the MLS Columbus Crew. Opened in 1999, it was the first Major League Soccer stadium built specifically for soccer in the United States and is currently the oldest soccer-specific stadium in the MLS. The team had previously held its home games in Ohio Stadium at Ohio State University. The facility seats 22,485 spectators and cost approximately \$31 million, which was privately financed by Hunt Sports Group.

The team pays \$50,000 in land rent and \$120,000 in parking a year. The stadium has the capacity to expand up to 45,000 seats. It originally had 20 loges and no luxury suites, but before the 2004 season, a portion of the loges were converted to suites in a two-phase project which also included the building of the Huntington Club. The stadium currently includes 18 suites, two party suites, eight loges, the 125-seat Huntington Club and 1,157 club seats. The suites seat 12 to 18 people and are priced at \$22,500 (12 seats), \$25,000 (14 seats) and \$30,000 (18 seats) for three to five-year terms. A party suite hosting 18 fans costs \$2,000 per game. Open air loges seat 12 to 14 fans and lease for \$1,060 to \$1,230 per season.

Events that have been hosted at the stadium include MLS Crew Games, MLS All-Star Game, MLS Cup 2001, Ohio State University (OSU) Football Spring Preview, National Collegiate Athletic Association (NCAA) Men's College Cup, Major League Lacrosse,

## V. Comparable Facilities

Ohio High School Athletic Association (OHSSA) State Soccer Championships, U.S. Open Cup, an OSU Men’s soccer game, FIFA Women’s World Cup USA 2003, U.S. Men’s and Women’s National Team soccer matches including World Cup qualifying action, international soccer matches, and concerts like Rascal Flatts, and the 2005 Kickoff Classic set.

Although the Columbus Crew is located in the smallest MLS market, it has been one of the most successful MLS teams to date. Much of the success of the team has been attributed to the fact that the Crew play in a soccer-specific stadium where the team controls the revenue sources. Average attendance for the Crew has ranged from a low of 12,915 to a high of 17,695 since the completion of their stadium, with an average of approximately 15,273 from 1999 to 2011.

### Dick’s Sporting Goods Park



Location:	Commerce City, CO
Year Opened:	2007
Seating Capacity:	18,458 seats
Suites:	21
Club Seats:	208
Owner:	Commerce City
Operator:	Kroenke Sports
Cost:	\$131.2 million
Financing:	50% private 50% public

On April 17, 2007, the Colorado Rapids moved into Dick’s Sporting Goods Park. The \$131 million facility sits on 360 acres of land and is home to an 18,458-seat soccer stadium, youth soccer fields, retail development, and a new Commerce City civic center. The project was approved unanimously by the Commerce City Council and won voter approval for a \$64 million bond issue. Construction broke ground on September 28, 2005.

The complex is available for use year-round for youth soccer, NFL training camps and as many as ten concerts annually with a built in stage and concert capacity of 26,000 seats.

The City funded its portion of the stadium by issuing bonds, of which \$52 million was paid from existing city revenues, and the remaining \$12 million from revenue generated by the stadium. Also, \$43 million in Urban Renewal Development Bonds were issued and continues to be repaid through revenue generated from the commercial, retail and entertainment usage.

## V. Comparable Facilities

Kroenke Sports Enterprises (KSE), the facility operator, committed \$20 million towards construction and infrastructure improvements. KSE also guaranteed \$45 million in bonds that it requested in conjunction with the project.

Dick's Sporting Goods Park offers 20 suites at an average annual price of \$25,000. The stadium also offers 200 club seats at an average price of \$1,000 per year. In its first five years of operation, Dick's Sporting goods has averaged 13,800 spectators per Rapids Game. In addition, Dick's Sporting Goods has had immense success hosting concerts, consistently hosting as many as ten concerts in a year.

### FC Dallas Park (Formerly Pizza Hut Park)



Location:	Frisco, TX
Year Opened:	2005
Seating Capacity:	21,000 seats
Suites:	18
Club Seats:	1,583
Owner:	City of Frisco
Operator:	Hunt Sports Group
Cost:	\$106.5 million
Financing:	48% private 52% public

FC Dallas Park, formerly Pizza Hut Park, a 21,000 seat stadium, officially opened August 6<sup>th</sup>, 2005 and is home to FC Dallas. It is part of a \$106.5 million soccer complex located in Frisco, Texas. The complex consists of the stadium plus 17 tournament grade fields for youth and high school soccer. The stadium has a permanent stage at one endzone, capable of facilitating major concerts and other entertainment events. The field is below ground and includes a 6,000 square foot stadium club along with 18 luxury suites. Two fields closest to the stadium are reserved for FC Dallas and the Frisco Independent School District. The FC Dallas training field is natural grass, and the Frisco ISD field features a synthetic turf field along with a press box and bleacher seating for 600 fans.

The City of Frisco owns the stadium and collects \$100,000 annually in rent from Hunt Sports Group. Hunt Sports Group performs all necessary maintenance for 20 years. In return, Hunt Sports maintains control of all revenue generated at the complex including naming rights which Pizza Hut purchased for \$25 million over a 20-year period. However, as of January 1, 2012, Pizza Hut pulled its name from the stadium citing its renewed marketing focus.

FC Dallas Park currently offers luxury suite packages at an average of \$35,000 per year. Its roughly 1,600 club seats are available for season packages with prices starting at \$954 and go as high as \$5,400 for WinStar Club Loge seating. Season seats can be had for as low as \$241, with the average season ticket package being \$425 per year.

## V. Comparable Facilities

The multi-purpose stadium, also available for concerts, public entertainment and community events, is located on approximately 120 acres just north of the Frisco Town Square. AEG Live, the nation's second largest concert promoter, coordinates the musical entertainment bookings. FC Dallas Park has a concert seating capacity of approximately 27,000.

The North Texas State Soccer Association (NTSSA), the largest joint youth and adult soccer association in the United States with 320,000 members, is headquartered in FC Dallas Park. NTSSA has entered into a strategic partnership with FC Dallas Park that brought NTSSA sponsored tournaments to the facility. US Youth Soccer, the largest member of the US Soccer Federation with 3.2 million registered soccer players, also relocated to the facility. Additionally, Baylor Health Care System established a 6,000 square foot rehabilitation center adjacent to the FC Dallas offices in the northwest corner of the stadium.

### Home Depot Center



Location:	Carson Hills, CA
Year Opened:	2003
Seating Capacity:	27,000 seats
Suites:	43
Club Seats:	0
Owner:	AEG
Operator:	AEG
Cost:	\$95 million*
Financing:	100% private 0% public

\*Part of a \$150 million project

The Los Angeles Galaxy and Club Deportivo Chivas USA play their home games in Carson Hills at the Home Depot Center. Developed privately by AEG, the complex opened in 2003 and is part of a National Training Center/Sports Complex on the campus of California State University, Domingo Hills.

The \$150 million private-public joint venture (\$95 million of which was dedicated towards construction of the stadium) is home to a 27,000-seat soccer-specific stadium, a 13,000-seat tennis stadium, a 20,000-seat track & field facility, an indoor velodrome, jogging trail, sports medicine/therapy center and gymnasium. Designated as a U.S. Olympic Training Site, the Home Depot Center is the nation's most complete training facility for Olympic, amateur and professional athletes. It is also home to Athletes' Performance Los Angeles, a nationally recognized training center for elite and professional athletes and is the summer training campsite for the San Diego Chargers (NFL). Tennis courts, soccer training fields and a three-mile jogging trail with twelve fitness stations around the perimeter of the development are among the amenities available to local residents.

## V. Comparable Facilities

The stadium has 42 suites priced from \$25,000 to \$70,000 a year with leases ranging from three to ten years. Suite holders also get early access to tickets for Staples Center events. Additionally, the stadium rents event suites for individual games, whose ticket prices range from \$50 to \$200. The Home Depot Center offers 1,500 club seats as well, with an average annual price of \$3,750.

The Home Depot has a \$70 million, ten-year naming rights contract for the complex. Part of the deal called for \$30 million in building materials to be purchased from Home Depot.

The Home Depot Center averages 60 ticketed events per year with approximately 40 events being MLS-related. Approximately 700,000 visit the stadium for MLS games annually. Under an agreement with the local community and University, the Home Depot Center is limited to holding a maximum of six concerts a year.

### Jeld-Wen Field



Location:	Portland, OR
Year Opening:	2011*
Seating Capacity:	20,323 seats
Suites:	24
Club Seats:	1,144
Owner:	City of Portland
Operator:	Peregrine Sports, LLC.
Cost:	\$36 million*
Financing:	14 % private 86 % public

\*Stadium relaunched as a soccer stadium following \$31 renovations in 2010

Originally constructed in 1926, Jeld-Wen Field, formerly PGE Park (2001-2010), Civic Stadium (1966-2001), and Multnomah Stadium (1926-1965), is a soccer stadium that became the home facility of the Portland Timbers upon their induction into the MLS before the start of the 2011 MLS season. The stadium has served as the host facility for a number of minor league baseball teams, American professional and college football teams, and professional soccer teams.

In 2010, the stadium underwent a \$36 million renovation which converted the stadium into primarily a soccer facility, although the stadium is still the home stadium of the Portland State University Viking football team. The Portland Timbers previously competed in the United Soccer League under the same name, but were officially made a member franchise of the MLS at the start of the 2011 MLS season.

Jeld-Wen field has a seating capacity of 20,323 expandable to roughly 22,000 for concerts. The stadium features 24 suites which sold for an average of \$40,000 for the 2011 season. The stadium also features 1,144 club seats which sold at an average price of

## V. Comparable Facilities

\$1,550 in 2011. Other features of the stadium include 74 square meters of LED video board and pitchside display screens that measure 152 meters long. In its inaugural season, Jeld-Wen field initially sold out its early season games before expanding the stadium to include roughly 2,000 additional seats. It finished the season with an average attendance of 18,827 spectators per game, filling an average of roughly 93% of its stadium capacity.

### Livestrong Sporting Park



Location:	Kansas, KS
Year Opening:	2011
Seating Capacity:	18,500 seats
Suites:	36
Club Seats:	3,400
Owner:	Kansas Unified Development, LLC.
Operator:	Global Spectrum
Cost:	\$200 million
Financing:	25% private 75% public

The \$200 million home stadium of Sporting Kansas City (formerly the Kansas City Wizards), Livestrong Sporting Park, opened in May, 2011 during the MLS regular season with a seating capacity of roughly 18,500 for MLS games, expandable to up to 25,000 for concerts. The stadium achieved the bulk of its funding from the issuance of \$150 million in Sales Tax Revenue Bonds (STAR Bonds), with the remaining \$50 being financed by the ownership group. The stadium would be the Sporting Kansas City's third home in its 17-year history, having hosted its home games in Arrowhead Stadium from 1996 to 2007 and in Community America Park (a ballpark) from 2007 to 2011.

The stadium offers 36 private suites along with three premium club areas, the Stadium Club, Members Club, and Field Club, along with two suite-level lounges. The stadium offers 3,400 club seats, substantially more than any other soccer-specific facility in the MLS.

Livestrong Sporting Park also features one of the most unique stadium naming rights deals in professional sports. Sporting Kansas City agreed to use the Livestrong name on its stadium and pledged donations to the Livestrong foundation for an amount no less than \$7.5 million over a 6-year period. The deal was heralded as an exceptionally effective marketing tool during the stadium's inaugural season of operation.

In its inaugural season, Livestrong Sporting Park enjoyed immense success, averaging 17,810 spectators per game. The stadium also hosted a number of concerts, including the music festival Farm Aid which included several headliner bands and artists. Additionally,



## V. Comparable Facilities

Livestrong Sporting Park hosted six international friendly matches, including five men’s matches and one women’s.

### PPL Park



Location:	Chester, PA
Year Opening:	2010
Seating Capacity:	18,500 seats
Suites:	53
Club Seats:	1,000
Owner:	Delaware County, PA
Operator:	City of Chester
Cost:	\$120 million
Financing:	42% private 58% public

PPL Park is the 18,500-seat home stadium of the MLS’s Philadelphia Union. The stadium was built as part of a revitalization project for the City of Chester, Pennsylvania, which also planned the two-phase development of over 400 townhomes and apartments, 435,000 square feet of office space, a 200,000 square foot convention center, 1,350 car parking facility, and over 40,000 square feet of retail space. Funds allocated for the construction of the stadium included a combined \$70 million in funding from Delaware County and the Commonwealth of Pennsylvania, along with \$50 million contributions from the Philadelphia Union.

The team, which owned the naming rights to the stadium as part of its deal with Delaware County, sold the naming rights to Allentown-based PPL Energy Corporation for \$20 million over 11 years.

The stadium includes 1,200 club seats sold at an average price of \$1,100 each per season. The stadium also offers 30 private suites selling at an average price of \$50,000 per season.

The stadium contains state-of-the-art LED screens, security systems, and other electronics provided by Panasonic Corporation, one of its major sponsors. Additionally the stadium has sideline sun shades, in-facility restaurants and bars, and a built-in concert stage.

The stadium also includes several features specifically designed to cater to its Philadelphia fan base. The stadium entrance leads into a 2,000-seat section reserved for the “Sons of Ben” Union soccer club. An estimated 60 percent of spectators have a full view of the Commodore Barry Bridge which crosses above the Delaware River, and the stadium’s exterior includes a brick and natural stone façade, mimicking the area’s traditional style of architecture.

## V. Comparable Facilities

### Red Bull Arena



Location:	Harrison, NJ
Year Opening:	2008
Seating Capacity:	25,000 seats
Suites:	30
Club Seats:	1,000
Owner:	New York Red Bulls
Operator:	New York Red Bulls
Cost:	\$200 million
Financing:	80% private 20% public

The \$200 million Red Bull Arena opened in 2010 as the new home of the New York Red Bulls (formerly Red Bull New York and the New York Metro Stars). The arena is located in Harrison, New Jersey and seats approximately 25,000. The team previously played its home games at the 80,000-seat Giants Stadium in East Rutherford, New Jersey.

The construction of Red Bull Arena was delayed several times over the course of the initial planning phases, ultimately pushing its opening back from 2006 to 2010. In August 2005, AEG and the City of Harrison announced an agreement had been reached regarding the future of a soccer specific home for the team. However, plans were further delayed when concerns over environmental cleanup in the area halted plans to break ground. In 2007, as construction was expected to be fully underway, Austria-based energy drink producer Red Bull GmbH purchased the team, then known as the MetroStars, and renamed it Red Bull New York. Red Bull eventually purchased AEG's \$100 million stake in the new stadium as well when the two sides could not come to an agreement over various aspects of the stadium, and the Red Bull brand was applied to the stadium.

The stadium includes 30 luxury suites (10 in the lower level, 20 in the upper level) priced at an average of \$70,000 per season. The stadium's 1,000 club seats sell at an average of \$3,000 per season. Once a point of contention between the Red Bulls and AEG, Red Bull Arena ultimately did not include a permanent concert stage. The team instead opted for full 360-degree seating. The stadium features a translucent canopy and roof overhang which covers roughly two-thirds of the spectators.

The agreement called for the town of Harrison to acquire the land necessary for the stadium construction, which cost approximately \$40 million. The city financed this acquisition by issuing the sale of general obligation bonds. This ultimately financed the original land acquisition, as well as environmental remediation, capitalized interest, related redevelopment expenses and transactional costs. The Hudson County Improvement Authority acquired the necessary land to construct a 1,500 space public parking garage. The Improvement Authority issued tax-exempt bonds to finance the

## V. Comparable Facilities

project. Originally, AEG provided approximately \$80 million for full funding for the construction of the stadium including environmental remediation overruns, stadium construction cost overruns and ongoing operating costs of the stadium, including debt service on the bonds. When the New York Red Bulls took over ownership of the team and private interest in the stadium, these debts were passed onto the team.

The New York Red Bulls have exclusive rights to manage and operate the stadium including the scheduling of concerts, international soccer games and other events at the stadium to generate revenues.

### Rio Tinto Stadium



Location:	Sandy, UT
Year Opened:	2008
Seating Capacity:	20,000 seats
Suites:	32
Club Seats:	904
Owner:	Salt Lake County
Operator:	Real Salt Lake
Cost:	\$117.5 million
Financing:	62% private 38% public

Rio Tinto Stadium opened in September 2008. In addition to hosting Real Salt Lake home and playoff games, the 20,000-seat stadium is used for various events such as World Cup qualifier games, international soccer matches, youth and collegiate sports, community festivals, concerts, and various other events.

The stadium features 32 suites with as few as 15 seats and as many as 35, priced at an average of \$50,000 per year. The stadium also includes four party suites rented on an individual basis. In addition, the stadium offers 904 club seats priced at an average of \$1,750 per season. Rio Tinto Stadium is surrounded by additional development facilities including hotels, a broadcast studio, housing, offices, and retail stores.

Funding for the \$117.5 million facility included both private and public sources. Real Salt Lake contributed roughly \$72.5 million, which mostly went toward construction costs. Ten percent of the team's contribution was used for the construction of soccer fields surrounding the complex. The State of Utah approved \$35 million in funding, is being repaid via a transient room tax. The State's contribution was used for land and infrastructure such as roads, sidewalks and sewer lines. Sandy City committed to \$10 million towards the project through the use of redevelopment agency funds, which were used for project-related costs, including land, infrastructure and parking. There was no increase in city taxes to help fund Sandy's portion.

## V. Comparable Facilities

### Toyota Park



Location:	Bridgeview, IL
Year Opened:	2006
Seating Capacity:	20,000 seats
Suites:	42
Club Seats:	1,100
Owner:	Village of Bridgeview
Operator:	AEG
Cost:	\$98 million
Financing:	0% private 100% public

Toyota Park, home to the Chicago Fire, opened in 2006 and has a seating capacity of 20,000. The \$98 million, 60-acre complex is located in the Chicago suburb of Bridgeview, Illinois. Toyota Park was 100% publicly funded, under the condition that earmarked stadium revenues are sufficient to pay debt service. The original price tag of \$70 million was increased due to increased steel costs and the desire to accommodate expanded parking facilities and a permanent concert stage. The site houses the Fire's offices as well as a training center.

The stadium has 20,000 permanent seats with the capability to expand to 30,000 seats, a capacity made possible by the use of portable seating on the field. The stadium also includes 42 luxury suites which sold at an average price of \$45,000 in 2011. The stadium also offers 1,100 club seats sold at an average price of \$1,200 per season. Other stadium features include a soccer pub, food courts, retail displays, a media center, training rooms, four locker rooms and meeting rooms.

Bridgeview owns the stadium with the Fire serving as a tenant and paying rent in the amount of \$300,000 a year which it pays from revenues received via advertising and naming rights agreements. The Fire shares ticket, concession, parking and luxury suite revenue with Bridgeview. In 2006, Toyota agreed to a 10-year naming rights agreement with the Village of Bridgeview and the name was changed from Bridgeview Stadium to Toyota Park.

The stadium attracts the local community which is home to roughly 6 million people of Latino or European descent. In 2011, the stadium recorded an average attendance of 14,273 spectators per game, or roughly 71 percent of its capacity.

## **VI. Estimated Demand**

The purpose of this section is to summarize the market potential for the proposed MLS team and soccer stadium. The estimated potential event mix and attendance levels for the proposed soccer stadium presented in this section are based on the results of an analysis of comparable facilities, the number and types of competing facilities in the local and regional marketplace, the demographic and socioeconomic characteristics of the local marketplace and discussions with potential facility users. The results of potential user surveys and resulting potential demand for the proposed MLS team and soccer stadium are presented in the following sections:

- Stadium utilization;
- Field utilization; and,
- Summary

### **Stadium Utilization**

The proposed home for an MLS team in Elk Grove is envisioned to be an 18,500-seat soccer specific stadium. It is anticipated that the stadium will serve as the home of an Elk Grove MLS team and a variety of other events including international soccer matches, concerts, and possible high school football/soccer matches and championship games.

In order to assess potential demand for the proposed stadium, the physical and operational characteristics of comparable stadiums were analyzed to determine the number and types of events typically held at soccer-specific stadiums. Characteristics of existing sports and entertainment facilities in the Elk Grove market were considered to determine the level of competition a new stadium could face in attracting events and fan spending. Finally, interviews were conducted with a variety of potential stadium users. Organizations interviewed regarding potential stadium usage included, but were not limited to:

- New or relocated MLS Franchise in Elk Grove/Sacramento;
- Concert and show promoters;
- Sacramento State University;
- Big Sky Conference (BSC);
- National Collegiate Athletic Association (NCAA);
- National Association of Intercollegiate Athletics (NAIA); and
- California Youth Soccer Association (CYSA)

## VI. Estimated Demand

### *MLS Team in Elk Grove*

It is expected that the proposed soccer stadium would become the new home of an MLS franchise in Elk Grove using “Sacramento” in its team name. The addition of an MLS franchise in Elk Grove would bring the League’s total number of teams to 20. The MLS’s Eastern Conference currently has ten franchises compared the Western Conference’s nine, so the addition of a Western Conference Team would even the totals between the Conferences.

The MLS has recently pursued efforts to expand the size of its league. As this report mentions previously, several new stadiums have been constructed in an effort by the league and its franchises to increase the reach and popularity of the sport. The MLS has been steadily expanding over the course of the last seven years, with ten new teams being introduced to the league during that time. Of the ten teams added to the league since 2005, five have played their home games in soccer-specific stadiums: Toronto FC, Portland Timbers, Real Salt Lake, Philadelphia Union, and Chivas USA. The chart below provides a breakdown of attendance figures for these five teams since their induction into the MLS.

**Soccer-Specific Venue Attendance - New MLS Teams**

<u>Team</u>	<u>Location</u>	<u>Facility</u>	<u>Year Opened</u>	<u>Seating Capacity</u>	<u>Average Attendance</u>	<u>Percent of Capacity</u>
Philadelphia	Philadelphia, PA	PPL Park	2010	18,500	18,756	101.4%
Toronto FC	Toronto, ONT	BMO Field	2007	21,800	20,263	92.9%
Portland Timbers <sup>(1)</sup>	Portland, OR	Jeld-Wen Field	2011	20,323	18,827	92.6%
Real Salt Lake	Salt Lake City, UT	Rio Tinto Stadium	2008	20,006	17,020	85.1%
Chivas USA <sup>(2)</sup>	Los Angeles, CA	Home Depot Center	2005	27,000	14,783	54.8%
<b>MEDIAN</b>			<b>2008</b>	<b>20,323</b>	<b>18,756</b>	<b>92.6%</b>
<b>AVERAGE</b>			<b>2008</b>	<b>21,526</b>	<b>17,930</b>	<b>85.4%</b>

(1) Portland entered the league in 2011 and played its home games at recently renovated Jeld-Wen Field

(2) Chivas USA Entered the league in 2005 and played its home games at the Home Depot Center, which was built in 2003

Source: CSL International research

As the chart above indicates, newly inducted teams that play in soccer-specific stadiums have performed very well since entering the league, filling nearly 93 percent of their stadiums on average. These numbers are skewed negatively by the performance of Chivas USA, which shares its L.A. market with arguably the MLS’s most successful franchise, the Los Angeles Galaxy, along with several other professional sports teams. On the other hand, the Philadelphia Union, which entered the league in 2010 and plays its home games at PPL Park, has sold out nearly all of its home games over the past two seasons, including standing room seats. In general, over the last seven years, teams in viable markets have been able to build stadiums with around 20,000 seats and fill over 90 percent of their seats.

## **VI. Estimated Demand**

---

### *Concerts*

Generally, the busiest seasons for outdoor concerts are the summer and spring. According to promoters within the concert industry, artists prefer to book the majority of their shows in the summer months utilizing outdoor venues such as amphitheaters. This is because many artists and live-entertainment promoters feel there is an excess of competition during the autumn and winter months for the arena-touring circuit due to sporting events being held in conjunction at the arenas. The touring schedule is a major component to be considered when acts decide on what type of venue to book.

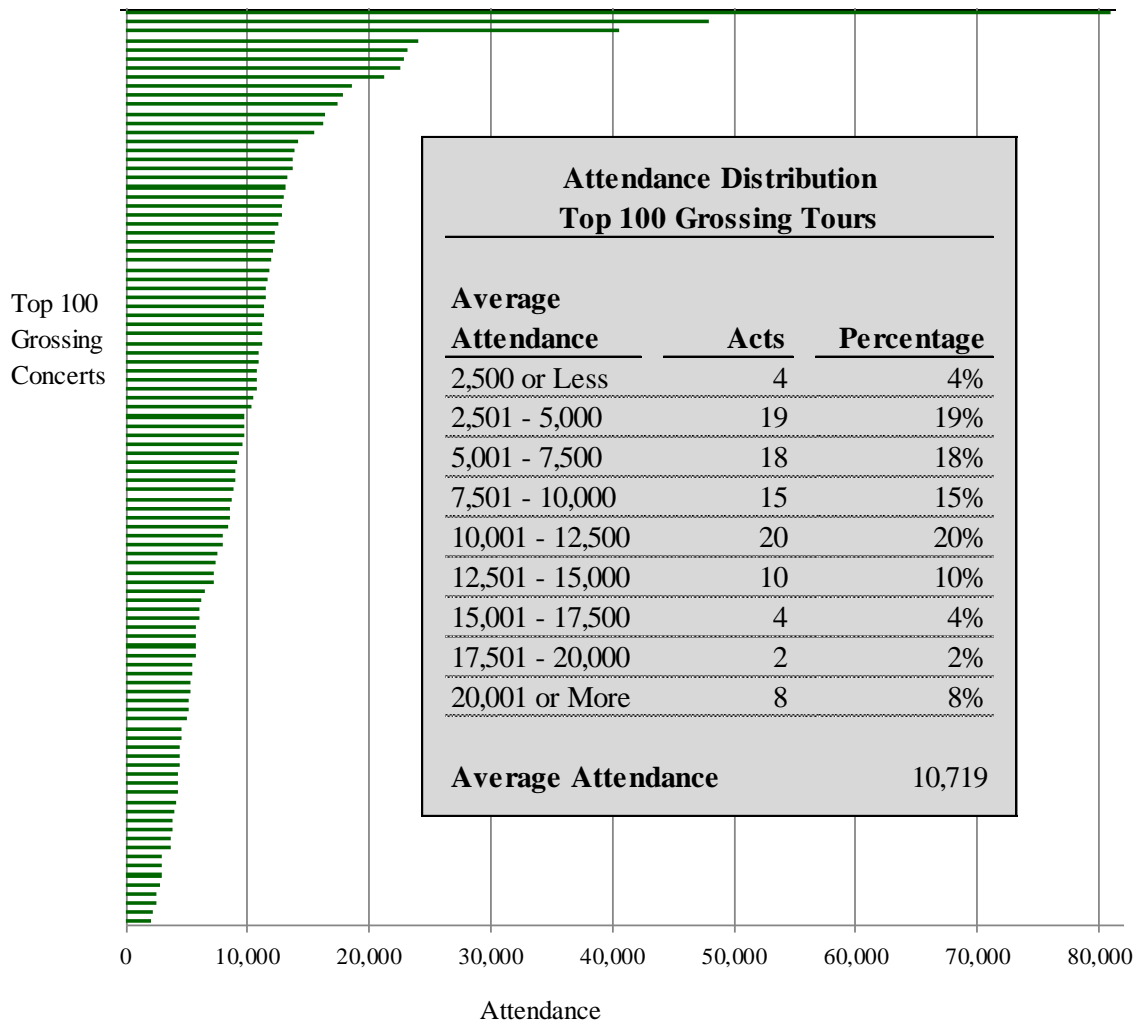
Many acts specify that they are primarily touring a spring/summer-circuit targeting outdoor venues and settings versus traveling on the arena-circuit. Tours often travel with stage equipment which can accommodate either venue, but there are certain artists who tour with the intention of only targeting outdoor venues, amphitheaters or mid-size theater and soccer stadiums.

Trends in the industry related to various venues available for acts to perform at have changed over the years. Due to the increasing level of venue development, artists and shows have a number of more options than in times past. Venues vary from mega-theaters, amphitheaters, arenas, to clubs and recently soccer stadiums are available.

The chart on the following page summarizes the average paid attendance distribution for the top 100 tours in 2011.

**VI. Estimated Demand**

**Average Attendance per Performance - Top 100 Paid Concert Tours (2011)**



Source: Pollstar

As illustrated in the exhibit above, average attendance for the top 100 paid concert tours was 10,719. Approximately 56 percent of the top 100 tours recorded average paid attendance of 10,000 or less, while 30 percent of the top 100 tours drew average paid attendance in the range of 10,000 to 15,000. Approximately 14 percent of the top 100 tours recorded average paid attendance greater than 15,000.

The proposed soccer stadium will likely host several concerts each year. Many newer soccer-specific stadiums such as FC Dallas Park, PPL Park, Livestrong Sporting Park, and Dick’s Sporting Goods Park are equipped with a built-in stage for such events.

In order to analyze the impact of concerts at the proposed soccer stadium in Elk Grove, it is useful to examine the concert events at existing soccer-specific stadiums as well as in the local market.



## **VI. Estimated Demand**

### *Soccer-Specific Stadiums*

Soccer-specific stadiums have become popular concert destinations for acts requiring larger capacities than amphitheatres. Soccer-specific stadiums are able to accommodate 25,000 to 30,000 patrons while amphitheatres generally hold between 15,000 and 20,000. AEG, which built the soccer-specific Toyota Park in Bridgeview, Illinois, and also coordinates concerts at FC Dallas Stadium and The Home Depot Center, could be a potential concert promoter for the proposed soccer stadium in Elk Grove.

The Home Depot Center, a soccer-specific stadium with a built in stage for concerts, hosted two concerts in 2011 and has a concert capacity of 27,000. Under an agreement with the local community and CSD, The Home Depot Center is limited to holding a maximum of six concerts a year.

Crew Stadium, located in Columbus, Ohio, is another soccer-specific stadium that has the capability to host concerts, but did not have a built in stage until they added one in 2008. Although the stadium is primarily used for soccer events, it has had success by increasing the number of concerts hosted. In 2011, Crew Stadium hosted six concerts and averaged over 25,000 attendees per concert. Crew Stadium has an agreement in place with AEG to bring the Rock on the Range music festival to the facility every summer. The concert consists of roughly 20 headliner classic rock artists performing over a 3-day weekend.

Livestrong Sporting Park, which opened in 2011, hosts concerts with a seating capacity of up to 25,000. The park was designed with the hope of being a viable concert venue since its conception and has a state of the art stage with lighting built into one end of the stadium. In its first year of operation, Livestrong Sporting Park hosted three major concerts, including Farm Aid, which features ten headliner bands over the course of one day. Farm Aid is scheduled to take place at Livestrong Sporting Park in 2012 and beyond.

Toyota Park is located in Chicago and is another facility that features a concert-friendly design. The facility accommodates roughly 30,000 seats, with portable seating available if necessary. In 2011, Toyota Park hosted five major concerts events, including Chuckfest, a three-day music festival featuring rock and country bands accompanied by barbecue catering and beer exhibits.

FC Dallas Stadium, which opened in August, 2005, also includes a built in stage with a concert capacity of 27,000. FC Dallas Stadium hosted three major concerts in 2011.

## **VI. Estimated Demand**

### *Elk Grove Area Concert Venues*

The proposed soccer stadium in Elk Grove will compete for acts with other venues within Sacramento area. The primary concert venues in the area are the Power Balance Pavilion and Sleep Train Amphitheatre.

Sleep Train Amphitheater, which would provide the most direct competition for open air concerts, is located in Wheatland, California roughly 30 miles north of downtown Sacramento. The amphitheatre has a capacity of 18,500 and is owned by Live Nation, which also books the acts at the venue. In 2011, the amphitheatre hosted eleven major shows averaging about 13,000 attendees per show which is 70 percent of capacity.

Power Balance Pavilion, located five miles northwest of downtown Sacramento, is able to host events throughout the year and has a basketball capacity of 17,317. Seating can be configured to host concerts and other events that are capable of greater capacity with the use of floor seats and standing room only areas. In 2011, the arena hosted 31 concert events. Power Balance Pavilion currently enjoys a large portion of the concert market for the Sacramento area due to its lack of local competition, with the only sizeable concert venue in the area being Sleep Train Amphitheatre, which, as stated above, is actually 30 miles north of Sacramento.

The Elk Grove area features a few other venues that occasionally host concerts. Raley Field, located in West Sacramento, is the home of the Sacramento River Cats Triple-A baseball team. The venue also hosts concerts and shows, pulling in five major performances in 2011. Hornet Stadium, home of the Sacramento State Hornets football team, has hosted concerts in the past but is generally not regarded as a concert venue.

The proposed soccer stadium will likely host concerts during the spring and summer season, operating from May to October. Based on discussions with concert promoters and a review of local market and comparable facility concert activity, it is estimated that the stadium could host approximately eight concerts each year with an average attendance of 20,000.

### *Sacramento State University*

The Sacramento State University men's soccer team currently plays at Hornet Field in Sacramento, a 1,500-seat soccer stadium on campus. The team plays seven to nine home games a year and requires a scoreboard/visual timing device, grandstands, secure field for charging admissions and restroom facilities. Sacramento State is committed to playing their games either on-campus or as close to campus as possible.

Sacramento State currently operates as a member of the Big West Conference, which includes 8 other teams from across the State of California. The University of Hawaii is

## **VI. Estimated Demand**

expected to join in late-2012, bringing its total membership to ten teams. The teams currently play their divisional playoff games at the various schools, and select different locations for their conference championship games.

### *NCAA*

Representatives of the NCAA were contacted to discuss the possibility of bringing an NCAA soccer championship event to the proposed stadium. Among the key factors the NCAA analyzes in choosing an appropriate site for its championships include the presence of a facility with seating for 10,000 to 30,000 spectators, good weather, and strong local support for the event. The NCAA requires that a school serves as the host institution for the championships. The men's and women's college cups have been held at other MLS facilities such as Crew Stadium and The Home Depot Center.

### *NAIA*

Representatives of the National Association of Intercollegiate Athletics (NAIA) indicated that the proposed stadium could potentially host a men's or women's national soccer championship. While representatives indicated interest in the facility, concern was raised that an 18,500-seat facility may be too large for their needs. Normally, accommodation for 1,000 to 2,000 patrons is sufficient for a championship tournament. As such, the Association may prefer to hold the championship at one of the complex's ancillary fields, assuming adequate seating could be accommodated around the field.

### *California Youth Soccer Association (CYSA)*

Since its first year of inception in 1969, with membership numbers just topping 100,000, CYSA has grown to largest state youth soccer organization in the United States, counting nearly 200,000 members ages 5-19. CYSA comprises nine districts, with 128 registered leagues, tens of thousands of volunteers and administrators, plus over 24,000 coaches.

Representatives of the CYSA-Cal North were contacted to discuss the possibility of bringing various competitions, tournaments, and other events to the proposed MLS stadium complex. CYSA-Cal North sanctions over 100 annual tournaments, 4 major cup competitions, as well as an annual SoccerExpo. The Director of Marketing, Dan McCann, indicated that the association could greatly benefit from a new MLS stadium with adjoining fields, noting that "The ability to partner with a facility of this magnitude will provide Cal North the opportunity to bring large scale regional and national events to the area, while providing the local economy with additional tourism revenue."

Chairman of the Board, Dr. Pete Zopfi believed that, "Having a state-of the-art soccer stadium and field complex located in the soccer rich area of Elk Grove will benefit thousands of youth soccer players and their families throughout Cal North".

## **VI. Estimated Demand**

### Estimated Demand

The proposed MLS stadium could attract a significant number of attendees annually. The table below summarizes the estimated annual event activity and attendance that could be hosted at the proposed stadium.

#### **Events and Fan Spending**

<u>Event Type</u>	<u>Annual Events</u>	<u>Average Attendance</u>	<u>Total Attendance</u>
MLS Games	18	15,000	270,000
Other Soccer Games	2	17,500	35,000
Concerts	8	17,500	140,000
Other Events	15	7,000	105,000
<b>TOTAL</b>	<b>43</b>		<b>550,000</b>

Overall, it is estimated that the proposed stadium could host approximately 43 events per year including MLS games, concerts, other soccer games and other non-soccer events such as football, lacrosse, motor sports, religious events and other such events. In total, it is estimated that the proposed stadium could attract 550,000 annual attendees, or approximately 13,000 per stadium event.

## **VII. Estimated Financial Operations**

The purpose of this section is to present estimated operating revenues and expenses associated with the proposed MLS team and soccer stadium. The assumptions used in this analysis are based on the results of the market analysis, industry trends, knowledge of the marketplace, historical operations of an MLS soccer specific stadium, and financial results from comparable MLS teams and soccer stadiums.

This presentation is designed to assist project representatives in estimating the financial attributes of the proposed MLS team and soccer stadium and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will be differences between estimated and actual results which may be material.

Key assumptions used to estimate the potential financial operations of the City's proposed MLS team and soccer stadium include, but are not limited to the following:

- Assumes an 18,500-seat multi-use stadium with a permanent concert stage will be completed by 2016.
- The proposed soccer stadium will be developed as a quality, state-of-the-art venue and would accommodate the needs of various users as well as meet MLS standards and will be located near the intersection of Kammerer Road and Highway 99.
- The yet-to-be-determined Elk Grove MLS team will serve as the primary tenants in the proposed soccer stadium.
- The soccer stadium will be owned by a public sector entity and will be exempted from paying property taxes.
- The Elk Grove MLS team will operate the stadium and will retain all revenues and pay all operating expenses, subject to MLS or third-party event revenue sharing.
- The Elk Grove region will generate ticket, concessions, novelty, and advertising/sponsorship levels that are generally consistent with other MLS franchises with new stadiums in similar market sizes.
- Ample parking will be available to accommodate demand (on-site or off-site within walking distance).

The table on the following page presents the estimated operating revenues and expenses associated with the proposed MLS team and soccer stadium during the first five years of operations.

**VII. Estimated Financial Operations****Estimated Operating Revenues and Expenses  
City of Elk Grove Proposed MLS Team and Stadium**

	2016	2017	2018	2019	2020
<b>Revenues</b>					
<i>Team/Stadium</i>					
Ticket Sales	\$4,410,000	\$4,542,000	\$4,679,000	\$4,819,000	\$4,963,000
Luxury Suites	307,000	316,000	326,000	336,000	346,000
Club Seats	785,000	809,000	833,000	858,000	884,000
Naming Rights	1,063,000	1,094,000	1,127,000	1,161,000	1,196,000
Stadium Sponsorships	2,125,000	2,189,000	2,254,000	2,322,000	2,392,000
Food & Beverage	1,164,000	1,199,000	1,234,000	1,271,000	1,310,000
Merchandise	132,000	136,000	140,000	144,000	148,000
Parking	666,000	745,000	767,000	790,000	814,000
Sponsorships (incl. jersey)	2,500,000	2,575,000	2,652,000	2,732,000	2,814,000
Ticketing Rebates	0	0	0	0	0
Broadcasting	75,000	77,000	80,000	82,000	84,000
<b>Total Team/Stadium</b>	<b>13,227,000</b>	<b>13,682,000</b>	<b>14,092,000</b>	<b>14,515,000</b>	<b>14,951,000</b>
<i>Non-Tenant Events</i>					
Stadium Rent	1,418,000	1,460,000	1,504,000	1,549,000	1,595,000
Food & Beverage	1,474,000	1,509,000	1,554,000	1,601,000	1,649,000
Merchandise	403,000	415,000	427,000	440,000	453,000
Parking	998,000	1,024,000	1,054,000	1,086,000	1,118,000
Ticketing Rebates	798,000	822,000	847,000	872,000	898,000
<b>Total Non-Tenant Events</b>	<b>5,091,000</b>	<b>5,230,000</b>	<b>5,386,000</b>	<b>5,548,000</b>	<b>5,713,000</b>
<b>Total Revenues</b>	<b>18,318,000</b>	<b>18,912,000</b>	<b>19,478,000</b>	<b>20,063,000</b>	<b>20,664,000</b>
<b>Expenses</b>					
<i>Team Expenses</i>					
Team Operations	1,250,000	1,288,000	1,326,000	1,366,000	1,407,000
Designated Player Expense	0	0	0	0	0
Corporate Sales	650,000	670,000	690,000	710,000	732,000
Advertising	750,000	773,000	796,000	820,000	844,000
Broadcasting	250,000	258,000	265,000	273,000	281,000
Ticket Sales	600,000	618,000	637,000	656,000	675,000
Community Relations	100,000	103,000	106,000	109,000	113,000
Ticket Services	300,000	309,000	318,000	328,000	338,000
General Admin	1,000,000	1,030,000	1,061,000	1,093,000	1,126,000
League Subsidy	1,500,000	1,545,000	1,591,000	1,639,000	1,688,000
<b>Total Expenses - Team</b>	<b>6,400,000</b>	<b>6,594,000</b>	<b>6,790,000</b>	<b>6,994,000</b>	<b>7,204,000</b>
<i>Stadium Expenses</i>					
General & Administrative	1,350,000	1,391,000	1,432,000	1,475,000	1,519,000
Operations	865,000	891,000	918,000	945,000	974,000
Utilities	800,000	824,000	849,000	874,000	900,000
Insurance - Property	135,000	139,000	143,000	148,000	152,000
Insurance - Other	165,000	170,000	175,000	180,000	186,000
Sales & Marketing	275,000	283,000	292,000	300,000	310,000
Client Services	220,000	227,000	233,000	240,000	248,000
Ticketing	200,000	206,000	212,000	219,000	225,000
Event Services	125,000	129,000	133,000	137,000	141,000
Event Expenses	1,170,000	1,205,000	1,241,000	1,278,000	1,317,000
Taxes	50,000	52,000	53,000	55,000	56,000
Other	55,000	57,000	58,000	60,000	62,000
<b>Total Expenses - Stadium</b>	<b>5,410,000</b>	<b>5,574,000</b>	<b>5,739,000</b>	<b>5,911,000</b>	<b>6,090,000</b>
<b>Total Expenses</b>	<b>11,810,000</b>	<b>12,168,000</b>	<b>12,529,000</b>	<b>12,905,000</b>	<b>13,294,000</b>
<b>Net Income from Operations</b>	<b>\$6,508,000</b>	<b>\$6,744,000</b>	<b>\$6,949,000</b>	<b>\$7,158,000</b>	<b>\$7,370,000</b>

## **VII. Estimated Financial Operations**

The combined revenues generated by the proposed MLS team and soccer stadium are estimated to be approximately \$18.3 million in 2016 dollars, increasing to \$20.7 million within five years. Combined operating expenses of the team and stadium are estimated to approximate \$11.8 million in 2016 dollars, increasing to \$13.3 million within five years.

Overall, the combined operations of the Elk Grove MLS team and the proposed soccer stadium are estimated to generate a net operating income before franchise or stadium debt of approximately \$6.5 million in 2016, representing an approximate 35 percent operating margin. Net operating income is estimated to increase slightly to \$7.4 million within five years.

The remainder of this section presents detailed assumptions underlying the financial analysis in the following components:

- Revenues:
  - MLS Team
  - Soccer Stadium
  
- Expenses:
  - MLS Team
  - Soccer Stadium

### **Revenues**

The proposed Elk Grove MLS team and the soccer stadium will derive operating revenues through a variety of sources including ticket sales, rent, sponsorships/advertising, naming rights, premium seating, concessions, catering, merchandise, and parking, among other sources. For purposes of this analysis, the revenues have been allocated among two different areas (team and stadium) in a manner consistent with other similar MLS soccer developments. This section summarizes the estimates for each potential revenue source for each of the entities.

#### **Elk Grove MLS Team Revenue**

For purposes of this analysis, The Team revenues are estimated to be generated from ticket sales, concessions, catering, merchandise, parking, sponsorships and broadcasting.

**VII. Estimated Financial Operations**Ticket Sales

Ticket revenue is typically one of the largest revenue sources for an MLS team. The table below depicts the net ticket revenue estimated to be generated to the Elk Grove MLS team in 2016 assuming a stabilized year of operations.

**Ticket Sales  
Elk Grove MLS**

	Elk Grove MLS
Events	18
Average Paid Attendance	15,000
Total Annual Paid Attendance	270,000
Weighted Average Ticket Price	\$24.50
Gross Ticket Sales	\$6,615,000
MLS Share	33.3%
Net Ticket Sales	\$4,410,221
Elk Grove MLS Share of Net Ticket Sales	100.0%
Elk Grove MLS Revenue	\$4,410,221

As shown in the exhibit, it has been estimated that the team could generate approximately \$4.4 million in net ticket sales, assuming an average of 18 games (regular season), 15,000 average paid attendees per game and a \$24.50 weighted average ticket price. Net ticket sales presented herein factor in a 33 percent allocation of gross ticket sales to MLS.

Based on discussions with current MLS teams, it may be an option to have parking charges incorporated into the ticket price in order to streamline parking ingress on game days and minimize staffing and operations cost of parking lots during game days. For purposes of this report, parking charges have been calculated separately from ticket sales.



## **VII. Estimated Financial Operations**

### Concessions

Concessions revenue consists of food and beverage sales during the MLS games to the general admission seating areas on the public concourse, but excludes the high-end food and beverage service in premium seating areas of the stadium. The chart below summarizes the net concessions revenue estimated to be generated to the Elk Grove MLS team in 2016 assuming a stabilized year of operations.

### **Concession Revenue Elk Grove MLS**

	Elk Grove MLS
Events	18
Average Non-Premium Turnstile Attendance <sup>(1)</sup>	13,808
Total Annual Non-Premium Attendance	248,544
Concession Spending Per Attendee	\$12.00
Gross Concession Revenue	\$2,982,528
Profit Margin	38.0%
Net Concession Revenue	\$1,133,361
Team/Stadium Share	100.0%
Team/Stadium Concession Revenue	\$1,133,361

(1) Excludes club seat and suite patron attendees.

As depicted above, it has been estimated that the Elk Grove MLS team could generate approximately \$1.1 million in net concession revenue, assuming a \$12.00 average spending per attendee, a 38 percent profit margin. The team and stadium will share 100 percent of net concessions revenues from the MLS games.

### Catering

Catering revenue consists of food and beverage sales during the MLS games to areas restricted to suite holders and club seat holders. The food and beverage service in these areas is often more high-end than general stadium concessions. The table on the following page summarizes the net catering revenue estimated to be generated to the MLS team in 2016 assuming a stabilized year of operations.

## VII. Estimated Financial Operations

### Catering Revenue Elk Grove MLS

	Elk Grove MLS		
	Club Seats	Private Suites	Total
Events	18	18	18
Average Premium Turnstile Attendance	1,000	192	1,192
Total Annual Premium Attendance	18,000	3,456	21,456
Catering Spending Per Attendee	\$0.00	\$35.00	\$5.64 <sup>(1)</sup>
Gross Catering Revenue	\$0	\$120,960	\$120,960
Profit Margin	25.0%	25.0%	25.0%
Net Catering Revenue	\$0	\$30,240	\$30,240
Team/Stadium Share	100.0%	100.0%	100.0%
Team/Stadium Catering Revenue	\$0	\$30,240	\$30,240

(1) It is assumed that catering spending for club seat holders is included in their annual seat cost.

As shown above, the Elk Grove MLS team is estimated to generate approximately \$30,240 in net suite catering revenue, assuming a weighted average of \$35.00 in spending per attendee, with an average 25.0 percent profit margin. The team and stadium will share 100% of net catering revenues for the MLS games. It has also been anticipated that the club seats will include a portion of their ticket revenue to purchase catering at cost for their attendees and will not add to the catering revenues.

### Merchandise

Merchandise sales revenue consists of t-shirts, caps, balls, souvenirs, programs and other miscellaneous items that are sold during the Elk Grove MLS team games. The chart on the following page summarizes the net merchandise revenue estimated to be generated to the Elk Grove MLS team.

## VII. Estimated Financial Operations

### Merchandise Revenue Elk Grove MLS

	Elk Grove MLS
Events	18
Average Turnstile Attendance <sup>(1)</sup>	15,000
Total Annual Attendance	270,000
Merchandise Spending Per Capita	\$3.25
Gross Merchandise Revenue	\$877,500
Profit Margin	15.0%
Net Merchandise Revenue	\$131,625
Stadium Share	0.0%
Team Share	100.0%
Stadium Merchandise Revenue	\$0
Team Merchandise Revenue	\$131,625

(1) Includes both general admission and premium seating attendance.

The Elk Grove MLS team is estimated to generate approximately \$131,625 in net merchandise sales, assuming an average of 18 games (regular season), 15,000 average turnstile attendees per game and an average of \$3.25 in merchandise spending per attendee. Average operating margins associated with sports merchandise sales is approximately 15 percent. It is assumed the team would retain all net merchandise revenues sold during their games.

#### Parking

The table on the following page presents the estimated net annual parking revenue that could be generated by the Elk Grove MLS team for the MLS games.

## VII. Estimated Financial Operations

### Parking Revenue Elk Grove MLS

	Elk Grove MLS
Events	18
Average G.A. Turnstile Attendance (1)	13,808
Average Attendees per Car	2.8
Estimated Parking Demand per Event	4,931
Annual Parking Demand	88,766
Average Parking Charge per Car	\$10.00
Gross Parking Revenue	\$887,657
Operating Margin	75.0%
Net Parking Revenue	\$665,743
Stadium Share	100.0%
Stadium Revenue	\$665,743

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

Net annual parking revenue generated to the Elk Grove MLS team is estimated to be approximately \$665,743. For purposes of this analysis, it is assumed that one parking pass will be included, at no charge, for every four suite seats sold. The average parking charge for the remaining parking spaces to be sold to the general public is estimated to be \$10.00 per car. The profit margin for parking operations is estimated to be 75 percent of gross parking revenue. The profit margin allocation reflects the cost of labor, materials and supplies to operate the parking lots.

Parking demand is based on an assumption of an average of 2.8 people per car and that sufficient parking is available, under operating control of the stadium, to meet parking demand.

#### Sponsorships

MLS teams operating in new soccer-specific stadiums have realized substantial increases in sponsorship and advertising sales. Typically, the permanent and temporary signs generate the largest amount of advertising revenue, while other revenue is generated from entrance sponsorships, in-game promotions, scoreboard signage and electronic messages.

One such sponsorship opportunity that has arisen in recent years is a jersey sponsorship. Most MLS teams have capitalized on jersey sponsorships in order to generate additional

## VII. Estimated Financial Operations

team revenue. Currently the MLS features 19 teams, 14 of which have revenue-generating jersey sponsorships. The teams that currently do not feature a jersey sponsorship deal are the Colorado Rapids, FC Dallas, New England Revolution, Sporting Kansas City, and The New York Red Bulls use Red Bull as their official jersey sponsor, but they do not generate revenue from the sponsorship since the team is owned by Red Bull.

The chart below provides a list of the teams currently with jersey sponsorships and the annual values of their deals.

### MLS Jersey Sponsorships

<b>Team</b>	<b>Annual Revenue</b>
L.A. Galaxy	\$4,500,000
Montreal Impact	\$4,000,000
Seattle Sounders	\$4,000,000
Toronto FC	\$4,000,000
Philadelphia Union	\$3,000,000
DC United	\$2,800,000
Chicago Fire	\$2,600,000
San Jose Earthquakes	\$2,500,000
Vancouver Whitecaps	\$2,200,000
Chivas USA	\$2,000,000
Houston Dynamo	\$1,900,000
Portland Timbers	\$1,900,000
Real Salt Lake	\$1,000,000
Columbus Crew	\$800,000
<b>AVERAGE</b>	<b>\$2,657,143</b>

As the chart above indicates, sponsorship deals in the MLS range from \$800,000 for the Columbus Crew to \$4.5 million for the L.A. Galaxy, averaging roughly \$2.7 million in annual jersey sponsorship revenues.

Based on a review of sponsorship levels achieved by other MLS teams and the market characteristics of the Elk Grove marketplace, it is estimated that the Elk Grove MLS team and stadium could generate \$3.75 million in gross sponsorship revenue. Sponsorship fulfillment costs are estimated to account for 5 percent of gross sponsorships sales and includes the cost to service the sponsorship and the value of various inventory included in the package that could include, but is not limited to tickets and/or premium seating and other such benefits. As a result, net annual sponsorship revenues generated by the Elk Grove MLS team are estimated to be approximately \$3.5 million.

## VII. Estimated Financial Operations

### Broadcast

MLS teams can generate revenue from broadcasting their games locally via television or radio. Nationally televised games are subject to a league agreement and retained by MLS. According to MLS representatives, the revenue generated from local broadcasting is substantially offset by the cost incurred to broadcast away games. Based on discussions with MLS representatives, it has been assumed that net broadcasting revenues of \$75,000 would be generated by the Elk Grove MLS Team.

### Soccer Stadium Revenues

For purposes of this analysis, stadium revenues are estimated to be generated from rent, private suite premiums, club seat premiums, non MLS game concessions, catering, merchandise, parking, founding partners (sponsorships) and naming rights.

### Rental Income

It is anticipated that the proposed stadium would host a variety of events. Based on the results of the market analysis, it is estimated that 43 events could be hosted at the stadium including events such as MLS team games, concerts, international soccer games, and other soccer and non-soccer events such as football games, lacrosse games, motocross, special religious services, and other such events. The graphic below summarizes the annual rental income estimated to be generated to the proposed stadium

#### **Rental Income Proposed Soccer Stadium**

	Elk Grove MLS	Concerts	International Soccer	Other Events	Total
Events	18	8	2	15	43
Average Paid Attendance	15,000	17,500	17,500	7,000	12,791
Total Annual Paid Attendance	270,000	140,000	35,000	105,000	550,000
Weighted Average Ticket Price	\$24.50	\$50.00	\$25.00	\$15.00	\$29.21
Gross Ticket Sales	\$6,615,000	\$7,000,000	\$875,000	\$1,575,000	\$16,065,000
Stadium Share of Net Ticket Sales	0.00%	15.00%	15.00%	15.00%	0.0%
Stadium Rental Income	\$0	\$1,050,000	\$131,250	\$236,250	\$1,417,500

Note: The stadium share of net ticket sales for the MLS Team is 0 percent of the net amount after a 33 percent allocation to MLS and the remaining amount allocated to the team.

## VII. Estimated Financial Operations

It is estimated the proposed stadium could generate approximately \$1.4 million in rental income in 2016. Rental assumptions are based on a review of historical rental structures at comparable facilities and local competitive facilities. For purposes of this study, stadium rental rates were estimated as a percentage of ticket sales and are estimated to be 15.0 percent for concerts, international soccer and other events. It should be noted that the Elk Grove MLS team ticket revenue was accounted for in the team's revenue and not shared with the stadium in the model.

### Luxury Suite and Club Seat Premiums

Preliminary stadium planning indicates that the proposed stadium will have 1,288 premium seats, consisting of 288 luxury suites seats (18 suites at 16 seats each) and 1,000 club seats. The chart below presents the estimated luxury suite and club seat premiums estimated to be generated to the proposed stadium based on a review of premium seating programs at other MLS stadiums in the context of local market demographic and socioeconomic characteristics.

#### **Luxury Suite and Club Seat Premiums Proposed Soccer Stadium**

	Luxury Suites	Club Seats
Inventory	18	1,000
Number Sold	12	1,000
Average Annual Price	\$40,000	\$2,000
Less: MLS Ticket Revenue	(\$14,400)	(\$900)
Less: Food and Beverage Cost	\$0	(\$315)
Premium per Unit	\$25,600	\$785
Estimated Annual Premium Revenue	\$307,200	\$785,000

Note: Luxury suites are assumed to have 16 seats in each suite.

As depicted above, it is estimated that a new stadium could generate approximately \$307,200 in luxury suite premiums and \$785,000 in club seat premiums.

For purposes of this analysis, it is estimated that the average suite price will be \$40,000 per suite per season, and will include tickets to all MLS team home games. It has been assumed that each of the suites will include 16 seats. The ticket revenue from these ticket sales are included in the ticket revenue estimates presented earlier and have been deducted from the suite price to arrive at the net premium revenue. Based on the

## VII. Estimated Financial Operations

estimated ticket prices detailed previously, the resulting net private suite premium is estimated to approximate \$25,600 per suite.

As with private suites, the ticket value for club seating has been included in ticket revenue, while the premium charged for club seats are reflected as additional revenue to the stadium. It has been assumed that club seats will be priced at \$2,000 per season. Club seat prices would result in a net premium of \$785 per seat after the deduction for the value of tickets and built-in food and beverage credits.

### Concessions

Concessions revenue consists of food and beverage sales to the general admission seating areas on the public concourse, but excludes the high-end food and beverage service in premium seating areas of the stadium. The table on the following presents the estimated concession revenue that could be generated at the proposed soccer stadium.

#### Concessions Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
Events	8	2	15	25
Average General Admission Turnstile Attendance <sup>(1)</sup>	17,308	17,308	7,000	11,123
Total Annual General Admission Attendance	138,464	34,616	105,000	278,080
Concession Spending Per Capita	\$18.00	\$12.00	\$7.50	\$13.29
Gross Concessions Revenue	\$2,492,352	\$415,392	\$787,500	\$3,695,244
Profit Margin	42.0%	38.0%	30.0%	39.0%
Net Concessions Revenue	\$1,046,788	\$157,849	\$236,250	\$1,440,887
Stadium Share	100.0%	100.0%	100.0%	100.0%
Stadium Concessions Revenue, net	\$1,046,788	\$157,849	\$236,250	\$1,440,887

(1) Excludes suite and club seating.

As depicted above, the stadium is estimated to generate approximately \$1.4 million in net annual concession from non-tenant events. It is assumed that the stadium would retain 100 percent of net concession revenue, after allocation for a profit margin of 39.0 percent. The profit margin allocation reflects the cost of product, labor and profit for a third-party private concessionaire to operate the food and beverage service.

Based on a review of per capita concessions spending levels at other soccer-specific stadiums and other sports facilities throughout the country, it is estimated that per capita concessions spending could range from \$3.50 to \$20.00, depending on the type of event.



## VII. Estimated Financial Operations

### Catering

Catering revenue consists of food and beverage sales at the stadium to areas restricted to suite holders and club seat holders. The food and beverage service in these areas is often more high-end than general stadium concessions. The graphic below presents the estimated catering revenue that could be generated at a new stadium for all non-tenant events. It should also be noted that the club seat portion of catering was not included, as those seats may be sold as general seats to non-tenant events at the stadium.

#### **Catering Revenue Proposed Soccer Stadium**

	Concerts	International Soccer	Other Events	Total
<b>Suite Catering:</b>				
Events	8	2	15	25
Average Suite Turnstile Attendance	192	192	96	134
Total Annual Suite Attendance	1,536	384	1,440	3,360
Suite Catering Spending Per Attendee	\$45.00	\$35.00	\$20.00	\$33.14
Gross Suite Catering Revenue	\$69,120	\$13,440	\$28,800	\$111,360
Profit Margin	30.0%	25.0%	30.0%	29.4%
Net Suite Catering Revenue	\$20,736	\$3,360	\$8,640	\$32,736
Stadium Share	100.0%	100.0%	100.0%	100.0%
<b>Stadium Suite Catering Revenue</b>	<b>\$20,736</b>	<b>\$3,360</b>	<b>\$8,640</b>	<b>\$32,736</b>

Suite annual catering revenue generated to the stadium is estimated to be approximately \$32,736. It is assumed that the stadium would retain 100 percent of net catering revenue after allocation for a profit margin of 29.4 percent. The profit margin allocation reflects the cost of product, labor and profit for a third-party private caterer.

Based on a review of per capita catering spending levels at other soccer-specific stadiums and other sports facilities throughout the country, it is estimated that per capita catering spending range would approximate \$33.00 for suite patrons.

### Merchandise

Merchandise sales revenue consists of T-shirts, caps, souvenirs, programs and other miscellaneous items that are sold during events hosted at the proposed soccer stadium. The graphic on the following page presents the estimated net annual merchandise revenue that could be generated to the proposed soccer stadium.

## VII. Estimated Financial Operations

### Merchandise Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
Events	8	2	15	43
Average Turnstile Attendance (1)	17,500	17,500	7,096	12,824
Total Annual Attendance	140,000	35,000	106,440	551,440
Merchandise Spending Per Capita	\$12.00	\$3.50	\$2.00	\$5.25
Gross Merchandise Revenue	\$1,680,000	\$122,500	\$212,880	\$2,892,880
Profit Margin	20.0%	20.0%	20.0%	18.5%
Net Merchandise Revenue	\$336,000	\$24,500	\$42,576	\$534,701
Stadium Share	100.0%	100.0%	100.0%	75.4%
Stadium Merchandise Revenue	\$336,000	\$24,500	\$42,576	\$403,076

(1) Includes both general admission and premium seating attendance.

Net annual merchandise revenue for non-tenant events generated for the new stadium is estimated to be approximately \$403,000. It is assumed the Elk Grove MLS team would retain all net merchandise revenue associated with their events, but the stadium would retain all net merchandise revenue generated from concerts, international soccer, and other events. The profit margin for merchandise sales is estimated to be 18.5 percent of gross merchandise sales. The profit margin allocation reflects the cost of product, labor to operate merchandise stands, and revenues shared with event promoters.

Based on a review of per capita merchandise spending levels at other soccer-specific stadiums and other sports facilities throughout the country, it is estimated that per capita merchandise spending would range approximate \$1.00 to \$15.00 per person, depending on the type of event.

#### Parking

Parking can represent a significant revenue source for stadium operations. The exhibit on the following page presents the estimated net annual parking revenue that could be generated at the proposed soccer stadium.

**VII. Estimated Financial Operations****Parking Revenue  
Proposed Soccer Stadium**

	Elk Grove MLS	Concerts	International Soccer	Other Events	Total
Events	18	8	2	15	43
Average G.A. Turnstile Attendance <sup>(1)</sup>	13,808	17,308	17,308	7,000	12,247
Average Attendees per Car	2.8	2.8	2.8	2.8	2.8
Estimated Parking Demand per Event	4,931	6,181	6,181	2,500	4,374
Annual Parking Demand	88,766	49,451	12,363	37,500	188,080
Average Parking Charge per Car	\$10.00	\$15.00	\$10.00	\$12.00	\$11.71
Gross Parking Revenue	\$887,657	\$741,771	\$123,629	\$450,000	\$2,203,057
Operating Margin	75.0%	75.0%	75.0%	75.0%	75.0%
Net Parking Revenue	\$665,743	\$556,329	\$92,721	\$337,500	\$1,652,293
Stadium Share	100.0%	100.0%	100.0%	100.0%	100.0%
Stadium Parking Revenue	\$665,743	\$556,329	\$92,721	\$337,500	\$1,652,293

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

Net annual parking revenue generated at the proposed soccer stadium is estimated to be approximately \$1.7 million. For purposes of this analysis, it is assumed that one parking pass will be included, at no charge, for every four suite seats sold. The average parking charge for the remaining parking spaces to be sold to the general public is estimated to be \$11.71 per car. The profit margin for parking operations is estimated to be 75.0 percent of gross parking revenue. The profit margin allocation reflects the cost of labor, materials and supplies to operate the parking lots.

Parking demand is based on an assumption of an average of 2.8 people per car and that sufficient parking is available, under operating control of the stadium, to meet parking demand.

**Naming Rights**

Recently, many facilities have been able to generate significant revenues from the selling the stadium naming rights. The revenue generated through naming rights can be in the form of up-front payments or annual cash flow. Typically, a corporation will pay the facility an agreed-upon amount for a specified period of time to name the facility after the company. In exchange for the naming rights fee, the company typically receives in-stadium advertising, access to preferential seating amenities, and other intangible benefits from having the “high-profile” facility named after the company.

## VII. Estimated Financial Operations

The chart below provides a breakdown of the naming rights deals currently in place across the MLS.

### MLS Naming Rights Deals

Facility	Team	Year Opened	Annual Value (\$ millions)	Term Length (years)	Total Value (\$ millions)	Agreement Expiration Year
Toyota Park	Chicago Fire	2006	\$1.00	10	\$10.0	2015
The Home Depot Center	Chivas USA/LA Galaxy	2003	\$7.00	10	\$70.0	2012
Dick's Sporting Goods Park	Colorado Rapids	2007	\$2.00	20	\$40.0	2027
Crew Stadium <sup>(1)</sup>	Columbus Crew	1998	-	-	-	-
Red Bull Park <sup>(1)</sup>	NY Red Bulls	2008	-	-	-	-
BBVA Compass Stadium	Houston Dynamo	2012	\$2.00	10	\$20.0	2022
Pizza Hut Park <sup>(2)</sup>	FC Dallas	2005	\$1.25	20	\$25.0	2025
PPL Park	Philadelphia Union	2010	\$2.00	10	\$20.0	2020
Jeld-Wen Field <sup>(3)</sup>	Portland Timbers	2011	-	-	-	-
Rio Tinto Stadium	Real Salt Lake	2008	\$2.00	10	\$20.0	2018
Livestrong Sporting Park <sup>(4)</sup>	Sporting Kansas City	2011	-	-	-	-
BMO Stadium	Toronto FC	2007	\$2.70	10	\$27.0	2022
<b>Averages</b>			<b>\$2.49</b>	<b>13</b>	<b>\$29.0</b>	<b>2020</b>

(1) The Columbus Crew and New York Red Bulls do not have naming rights deals

(2) FC Dallas's 20-year naming rights deal was terminated prior to the 2012 MLS season

(3) The Portland Timbers and Jeld-Wen have not disclosed the value of their agreement

(4) Sporting Kansas City donated its naming rights to Livestrong and agreed to donate a minimum of \$7.5 million over 6 years

As the chart above shows, nearly every soccer-specific stadium has a naming rights deal in place. Deals in place currently average a term length of 13 years with an annual value of roughly \$2.5 million, and \$1.85 million when outlier (LA Galaxy) is omitted. All but three of the deals listed above expire sometime after 2020. An upward trend in naming rights value can be seen in many of the more recent deals and is a product of the growing popularity of MLS.

Based on a review of these naming rights deals and other naming rights deals for other sports facilities and local market characteristics, it is estimated that gross naming rights revenue could approximate \$1.25 million annually. It is estimated that approximately 15 percent of the gross value could be attributed to fulfillment costs, resulting in net naming rights proceeds of approximately \$1 million per year.

### Operating Expenses

The Elk Grove MLS team and the proposed soccer stadium operating expense estimates are based on historical and projected operating results from a combination of MLS clubs, as well as from discussions with MLS representatives who are familiar with the operations of MLS teams and new soccer-specific stadiums.

## VII. Estimated Financial Operations

### Elk Grove MLS Teams' Expenses

Team expenses consist of expenditures related to the operation of the MLS team, including team operations, corporate sales, advertising, ticket sales, community relations, ticket services, general and administrative, event day expenses and a league subsidy. Team Operations consists of all expenses associated with travel, lodging, meals and per diem, and other general expenses. While, General Admin is comprised of expenses related to the front office; full-time employee salaries and benefits, office expenses, and other day-to-day expenses associated with running a business. Generally, player salaries are not an expense of the local investor-operator, but rather a league expense. However, MLS has recently approved a Designated Player rule that allows each local team to sign a player without regard to the MLS salary cap. The expense associated with a Designated Player is the responsibility of the team. Currently, the Elk Grove MLS team model does not have a Designated Player incorporated into the projections contained herein and do not assume a Designated Player.

Expense estimates are based on discussions with MLS team personnel as well as those familiar with the operating expenses of other MLS teams operating in new stadiums. It is estimated that annual team expenses would approximate \$6.4 million. The exhibit below summarizes the estimated operating expenses for a MLS team in Elk Grove, California.

#### **Elk Grove MLS Estimated Team Operating Expenses**

Team Operations	\$1,250,000
Designated Player Expense	-
Corporate Sales	650,000
Advertising	750,000
Broadcasting	250,000
Ticket Sales	600,000
Community Relations	100,000
Ticket Services	300,000
General Admin	1,000,000
League Subsidy	1,500,000
<b>Total</b>	<b>\$6,400,000</b>

**VII. Estimated Financial Operations***Soccer Stadium Expenses*

Stadium-related expenses consist of expenses directly related to the operations of the facility; including salaries, wages and benefits, utilities, repairs and maintenance, materials and supplies, insurance, marketing, general and administrative and other such expenses. The table below summarizes the estimated operating expenses for a new soccer stadium in Elk Grove, California. As depicted, it is estimated that annual stadium expenses would approximate \$5.4 million.

**Operating Expenses  
Proposed Soccer Stadium**

General & Administrative	\$1,350,000
Operations	865,000
Utilities	800,000
Insurance - Property	135,000
Insurance - Liability/Business Interruption, etc.	165,000
Sales & Marketing	275,000
Client Services	220,000
Ticketing	200,000
Event Services	125,000
Event Expenses	1,170,000
Taxes	50,000
Other	55,000
<b>Total</b>	<b>\$5,410,000</b>

## **VIII. Economic and Fiscal Impacts**

While many of the perceived benefits of the proposed MLS team and soccer stadium are intangible including regional and national media exposure, sports and recreation opportunities for local residents and enhanced community pride, the construction and annual operations of the proposed soccer stadium will provide tangible, quantifiable benefits to the local area. Typically, quantifiable effects are characterized in terms of *economic impacts* and *fiscal impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings, and employment. *Fiscal impacts* denote changes in tax revenues.

The focus of this analysis is to estimate the potential net new impacts generated from the construction and operation of the proposed soccer stadium. The following key issues have been addressed in this section:

- Overview of Economic Impacts;
- Construction-Related Impacts;
- Operations-Related Impacts;
- Non-Quantifiable Benefits; and,
- Economic Impact Analysis Limitations.

The assumptions underlying the estimates of economic and fiscal impacts are based on the results of a market and financial analysis presented previously in this report. Real estate development impacts estimated herein are based on key assumptions provided by the City of Elk Grove.

### **Overview of Economic Impacts**

Economic impacts are typically conveyed through measures of direct spending, total output, personal earnings and employment. Each of the measures of economic impact is defined below:

- **Direct spending** represents spending generated by the soccer stadium and retail development including construction-related spending on labor and materials as well as spending during annual operations consisting of *in-facility* expenditures on tickets, concessions, novelties and parking; *out-of-facility* spending on hotels, food and beverage, retail, transportation, and entertainment and spending related to the team including advertising, sponsorships, premium seating and broadcast revenues.
- **Total output** represents the total direct, indirect, and induced spending effects generated by the soccer stadium.
- **Personal earnings** represent the wages and salaries earned by employees of businesses involved with the soccer stadium.

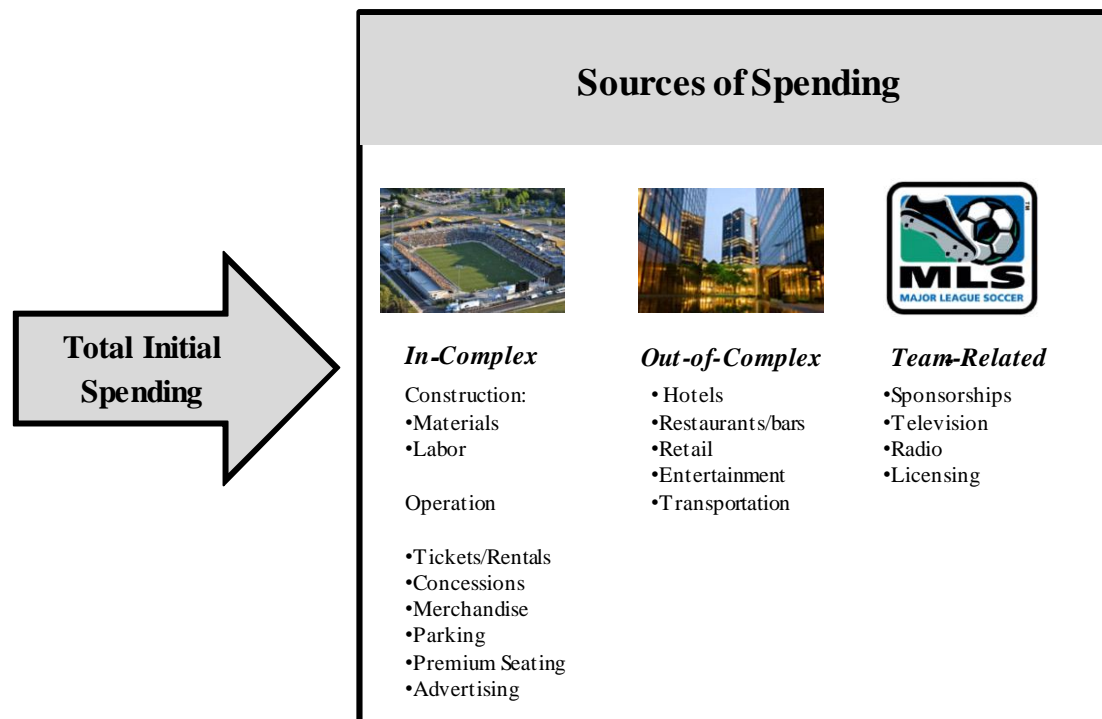
## VIII. Economic and Fiscal Impacts

- **Employment** is expressed in terms of person years of employment and is based on project spending. Person years are defined as one year of employment, or 2,080 annual hours, and may be full- or part-time.
- **Economic stimulator** is a summary of the positive economic effects that the proposed stadium would have on its surrounding area.

### *Direct Spending*

The operation of the proposed MLS team and soccer stadium and its tenants will impact the local economy in a variety of ways. As outlined in the graphic below, *initial direct spending* is generated during construction and operation. This spending is related to materials and labor as well as spectators during event operations on tickets, private suites, club seats, concessions, novelties and parking. Spending is also generated before and after events throughout local hotels, restaurants, retail and other establishments. In addition, the operations of a professional sports franchise can generate facility-related spending in areas such as advertising, premium seating, naming rights and sponsorships; and league-related spending in the form of merchandising, broadcasting, league-wide sponsorships and other such areas.

## Direct Spending

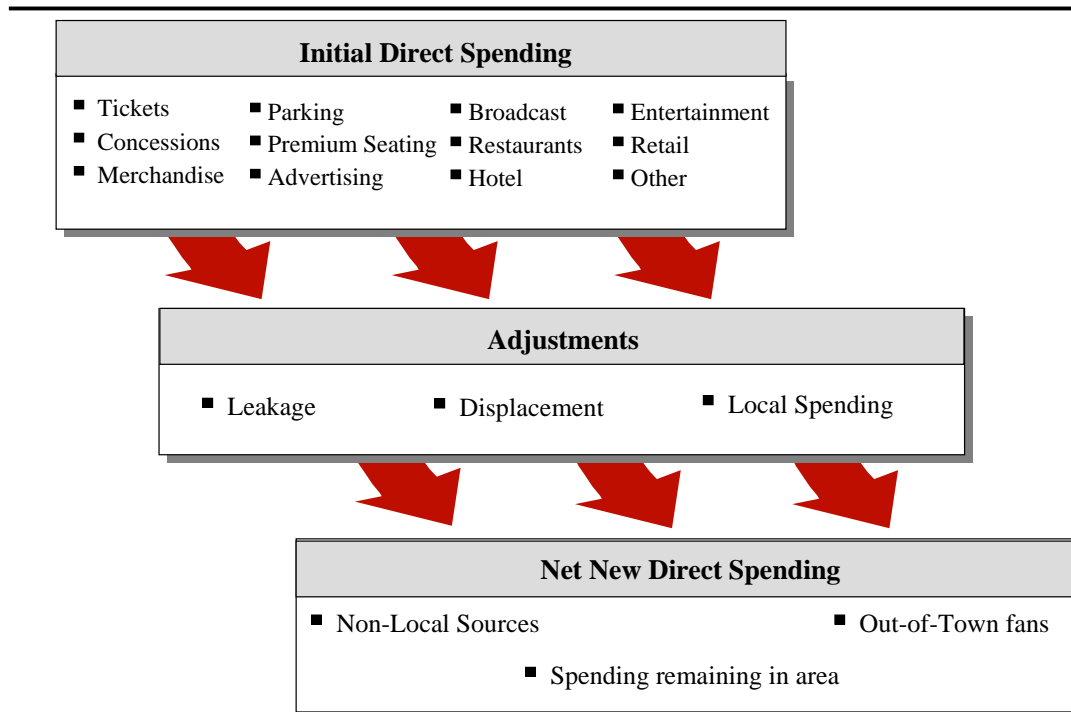




## VIII. Economic and Fiscal Impacts

In order to estimate the incremental economic and fiscal impact benefits generated to the local economy, certain adjustments must be made to initial direct spending to reflect the fact that all spending is not likely to impact the local economy. The graphic below summarizes the adjustments made to initial direct spending in order to determine net new direct spending impacting the local economy.

### Direct Spending Adjustments



As illustrated in the exhibit above, adjustments must be made to account for the fact that a certain amount of spending associated with the proposed soccer stadium is made by local residents and, therefore, likely represents money already spent in the economy in another form. This phenomenon is called *displacement* and reduces the overall net new impacts. This type of spending is not considered net new to the local economy. Additionally, not all spending associated with the proposed soccer stadium and real estate development will take place in the local economy. A portion of this spending is likely to occur outside the immediate area. This phenomenon is called *leakage* and reduces the overall impact.

The economic and fiscal impacts presented in this section represent the estimated net new impacts associated with the proposed soccer stadium development.

## VIII. Economic and Fiscal Impacts

### *Multiplier Effects*

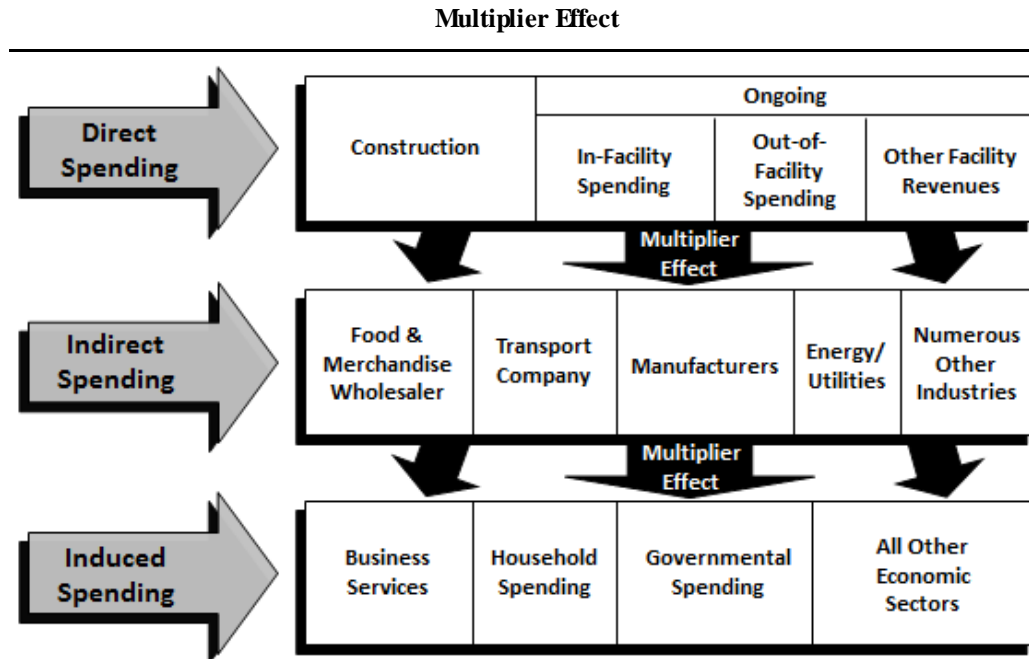
Economic impacts associated with the proposed soccer stadium will likely be further increased through re-spending of the net new direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with the direct spending and continuing through each successive round of re-spending.

Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Each is discussed in more detail as follows:

- **Indirect effects** consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed *leakage* and reduces the overall economic impact. Indirect impacts occur in a number of areas including the following:
  - wholesale industry as purchases of food and merchandise products are made;
  - transportation industry as the products are shipped from purchaser to buyer;
  - manufacturing industry as products used to service the soccer stadium, sports franchise(s), vendors and others are produced;
  - utility industry as the power to produce goods and services is consumed; and,
  - other such industries.
- **Induced effects** consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of a soccer stadium. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

## VIII. Economic and Fiscal Impacts

The concept of direct, indirect and induced spending is further illustrated below.



The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. An area which is capable of producing a wide range of goods and services within its borders will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result. The multiplier estimates used in this analysis are based on the IMPLAN system, which is currently used by hundreds of universities and government entities throughout the country. IMPLAN is a microcomputer program that performs regional input-output analysis based on approximately 530 industry interrelationships.

### *Fiscal Impacts*

In addition to the economic impacts generated by the proposed soccer stadium throughout the market area, the public sector also benefits from increased tax revenues. In preparing estimates of fiscal impacts, tax revenues attributable to the net new direct spending generated by the development were estimated. In addition, estimates of the effect of net new total output and earnings on the tax collections have been estimated. Tax revenues

## **VIII. Economic and Fiscal Impacts**

are based on the current applicable tax rates. Future changes in these rates would have an impact on the resulting tax collections. The sources of tax revenue focused on in this report are outlined below:

- **Sales taxes** are assessed at an estimated rate of 7.75 percent. Of this total, 5.75 percent is allocated to the State of California, 1.00 percent is allocated to Sacramento County, and 1.00 percent is allocated to the City of Elk Grove. As a result, the total sales tax basis for the fiscal impacts estimated in this report is 7.75 percent.
- **Hotel taxes** are assessed at a rate of 12.0 percent by the City of Elk Grove.
- **Personal income taxes** are estimated based on the total earnings generated by jobs created by the stadium. The total earnings estimate is applied to the effective state income tax rate, which has been estimated at 2.27 percent based on historical state personal earnings and income tax collections in 2010.
- **Property taxes** are estimated for only the real estate development portion. It has been assumed that the proposed soccer stadium and supporting parking would be owned by a public sector and would be exempt from property taxes.

### *Economic Stimulator*

Along with the economic effects already listed, it's important to highlight that the development of a new professional sport stadium stands to have a strong positive economic impact on its surrounding area. New stadiums have proven to spur growth in local business and drive revenues for area shops, restaurants, hotels, and transportation industries. Newly built professional sport stadiums also create incentive for development around the vicinity of the stadiums. The stadium creates an attractive real estate location where one did not previously exist, and serves to increase nearby property values, stimulate new construction, create new jobs, and ultimately increase the tax base.

**VIII. Economic and Fiscal Impacts**

**Construction-Related Impacts**

The chart below summarizes the estimated net new economic and fiscal impacts that could be generated to the City of Elk Grove, Sacramento SMSA and the State of California. These impacts represent one-time impacts from construction occurring over multi-phased period from 2013 through 2017.

**Net New Economic and Fiscal Impacts  
Construction**

<b>City of Elk Grove - Net New Impacts</b>	
Direct Spending	\$9,570,000
Total Output	\$13,117,000
Jobs	100
Personal Earnings	\$5,210,000
Tax Revenue	\$444,000
<b>Sacramento County - Net New Impacts</b>	
Direct Spending	\$40,455,000
Total Output	\$55,451,000
Jobs	400
Personal Earnings	\$22,026,000
Tax Revenue	\$472,000
<b>State of California - Net New Impacts</b>	
Direct Spending	\$54,375,000
Total Output	\$74,531,000
Jobs	500
Personal Earnings	\$29,605,000
Tax Revenue	\$3,048,000

Of the approximately \$104.4 million in estimated gross construction expenditures, approximately \$9.6 million, or about 9.2 percent, is estimated to be net new to Elk Grove, California. This net new spending in Elk Grove is estimated to generate \$13.1 million in total output, supporting 100 full and part-time jobs during construction that generate approximately \$5.2 million in personal earnings. Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$444,000.

## **VIII. Economic and Fiscal Impacts**

Net new direct construction spending expected to occur in Sacramento County is estimated to be \$40.5 million, or about 38.8 percent of gross construction expenditures. The net new spending in Sacramento County is estimated to generate \$55.5 million in total output, supporting 400 full and part-time jobs during construction that generate approximately \$22 million in personal earnings. The County would not collect taxes on these earnings. It is important to note that the benefits estimated for Sacramento County are not mutually exclusive of the benefits generated to the City of Elk Grove as the geography of both governmental entities overlap to some degree.

The State of California is expected to realize \$54.4 million in net new direct spending, representing approximately 52.1 percent of total project construction expenditures. Net new spending in the State of California is estimated to generate \$74.5 million in total output, supporting 500 full and part-time jobs during construction that generate approximately \$29.6 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$3.0 million. The benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or Sacramento County as the geography of each of the governmental entities overlap to some degree.

## VIII. Economic and Fiscal Impacts

### Operations-Related Impacts

The operations of a MLS team and proposed stadium development in Elk Grove will represent a beneficial source of annual impacts for the City, Sacramento SMSA and the State of California. The graphic below depicts the total annual net new economic and fiscal impacts resulting from the operations of the proposed soccer stadium.

#### Estimated Net New Economic and Fiscal Impacts

##### Operations

	Year 1 Operational Impacts	Net Present Value of 30-year Impacts
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$14,973,000	\$681,505,000
Total Output	\$20,905,000	\$951,311,000
Jobs <sup>(1)</sup>	239	239
Personal Earnings	\$9,294,000	\$423,267,000
Tax Revenues <sup>(2)</sup>	\$312,000	\$6,847,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$19,290,000	\$876,531,000
Total Output	\$27,322,000	\$1,241,292,000
Jobs <sup>(1)</sup>	291	291
Personal Earnings	\$12,996,000	\$590,631,000
Tax Revenues	\$107,000	\$2,353,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$10,137,000	\$460,417,000
Total Output	\$14,375,000	\$652,836,000
Jobs <sup>(1)</sup>	152	152
Personal Earnings	\$6,803,000	\$309,030,000
Tax Revenues	\$842,000	\$18,490,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

Annual net new direct spending occurring in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$15 million in Year 1. The net new spending in Elk Grove is estimated to generate \$20.9 million in total output, supporting 239 full and part-time jobs that generate approximately \$9.3 million in personal earnings. Tax revenue generated in Elk Grove is estimated to be around \$312,000.

The net present value of net new spending expected to occur in Elk Grove from the operations of the proposed sports stadium is estimated to be \$681.5 million. The

## **VIII. Economic and Fiscal Impacts**

cumulative net new spending in Elk Grove is estimated to generate \$951.3 million in total output, supporting 239 full and part-time jobs that generate approximately \$423.3 million in personal earnings over a 30-year period. Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate \$6.8 million.

Operating impacts generated to Sacramento County are estimated to include \$19.3 million in direct spending, \$27.3 million in total output, supporting 291 full and part-time jobs that generate approximately \$13 million in personal earnings. Sacramento County does not levy any county-specific taxes.

The 30-year net present value of net new spending expected to occur in Sacramento County from the operations of the proposed soccer stadium is estimated to be \$876.5 million. The cumulative net new spending in Sacramento County is estimated to generate \$1.241 billion in total output, supporting 291 full and part-time jobs that generate approximately \$590.6 million in personal earnings over a 30-year period.

Impacts generated to State of California are estimated to include \$10.1 million in direct spending, \$14.4 million in total output, supporting 152 full and part-time jobs that generate approximately \$6.8 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$842,000. Over a 30-year period, the project is estimated to generate to the State of California approximately \$460.4 million in net new direct spending, \$652.8 million in net new output, support 152 new full and part-time jobs that generate \$309 million in earnings. Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to approximate \$18.5 million.

It is important to note a few things from the chart above. Tax revenues listed above do not include the potential revenues that could be generated by new taxes implement to subsidize the cost of a new soccer stadium in Elk Grove such as ticket taxes, meal taxes, an increase in hotel tax, or other city or county taxes. Similarly, the table above does not break out sales taxes collected between City, County, and State. The State of California currently operates with a sales tax rate of 7.75%, 1.00% of which is distributed to the City of Elk Grove, and an addition 1.00% of which is distributed to Sacramento County.



## **VIII. Economic and Fiscal Impacts**

### **Non-Quantifiable Impacts**

In addition to the more quantifiable benefits, some benefits related to the operations of the proposed soccer stadium cannot be quantitatively measured. Potential qualitative benefits for the City of Elk Grove, Sacramento County and the State of California could include:

- enhanced economic growth and ancillary private sector development spurred by the operation of the proposed soccer stadium;
- enhanced sports and recreation opportunities for local citizens;
- synergy with the other entertainment facilities leading to increased tourism activity;
- diversified, affordable entertainment alternatives for families in the local area;
- enhanced community pride, self-image, exposure and reputation;
- enhanced international, national and regional exposure; and,
- other such benefits.

The presence of the proposed soccer stadium would enhance the immediate market area's reputation as a sports, entertainment, tourism and commercial destination. Finally, the soccer stadium would certainly enhance the immediate market area's national exposure.

## **Appendix A – I. Introduction**

The City of Elk Grove (“City”) engaged Conventions, Sports & Leisure International (“CSL”) to provide multiple modifications of its initial report on the proposed MLS team and stadium. The first being an amended report that provides an evaluation of the economic impacts related to both construction costs and annual operations of a 15,000 seat stadium.

The second modified analysis the City requested is an assessment of the market potential for a proposed North American Soccer League (“NASL”) soccer team and stadium in Elk Grove. Both analyses assume the same potential location in Elk Grove, California as the previous study, but due to the reduction in capacities the site requirements may be reduced.

Included in this analysis of the proposed the NASL soccer team and stadium is an evaluation of the local market characteristics, the operations of competitive facilities, and an assessment of the operations of comparable facilities in similar-size markets. The results of these analyses directly impact CSL’s estimates of the proposed NASL facility utilization including the number and type of events, attendance, parking, and per capita spending on tickets concessions, novelties, parking and other such items.

The following appendices are presented to aid the City and other project representatives in making well-informed decisions regarding the potential 15,000 seat MLS stadium, as well as the potential support for an NASL team and host soccer stadium and is divided into the following sections:

Appendix A – I. Introduction

Appendix B – I. MLS Modified Analysis

Appendix C – I. NASL Overview

II. NASL Market Area Characteristics

III. Competitive Analysis

IV. Comparable Facilities

V. Estimated Event Utilization

VI. Estimated Financial Operations

VII. Estimated Economic and Fiscal Impacts

## **Appendix B – MLS Modified Analysis**

To modify the original evaluation of the market potential for the proposed MLS team and soccer stadium to reflect a 15,000 seat stadium, information and interviews obtained through prior analysis was used, as well as knowledge of the industry was used. It is believed that a 3,500 seat reduction of maximum capacity will not dramatically impact either the type of events that the facility can attract or the competitors it will be facing in the market.

The estimated potential event mix and attendance levels for the proposed soccer stadium presented in this section are based on the results of a previous analysis of comparable facilities, the number and types of competing facilities in the local and regional marketplace, the demographic and socioeconomic characteristics of the local marketplace and discussions with potential facility users. These original results have been adjusted to reflect the change in capacity for the proposed MLS team and soccer stadium presented below.

### Estimated Demand

The proposed reduced-capacity MLS stadium is still estimated to attract a significant number of events and attendees annually. The table below summarizes the estimated annual event activity and attendance that could be hosted at the proposed stadium.

#### **Events and Attendance**

<u>Event Type</u>	<u>Annual Events</u>	<u>Average Attendance</u>	<u>Total Attendance</u>
MLS Games	18	13,500	243,000
Other Soccer Games	2	15,000	30,000
Concerts	8	17,500	140,000
Other Events	15	7,000	105,000
<b>TOTAL</b>	<b>43</b>		<b>518,000</b>

The 3,500 seat reduction of stadium capacity is not believed to directly impact the total number of events that the stadium can host each year. It is estimated that the proposed 15,000-seat stadium could host approximately 43 events per year including MLS games, concerts, other soccer games and other non-soccer events such as football, lacrosse, motor sports, religious events and other such events. In total, it is estimated that the proposed stadium could attract 518,000 annual attendees, or approximately 12,047 per stadium event.

## **Appendix B – MLS Modified Financial Operations**

Estimated operating revenues and expenses associated with the proposed MLS team and 15,000-seat stadium are presented in this section. Similar to the first evaluation, the assumptions used in this modified study are based on the results of the market analysis, industry trends, knowledge of the marketplace, historical operations of an MLS soccer specific stadium, and financial results from comparable MLS teams and soccer stadiums. Key assumptions used in the modification to estimate the potential financial operations of the City's proposed MLS team and soccer stadium reflect the previous study and include, but are not limited to the following:

- Assumes a 15,000-seat multi-use stadium with a permanent concert stage will be completed by 2016.
- The proposed soccer stadium will be developed as a quality, state-of-the-art venue and would accommodate the needs of various users as well as meet MLS standards and will be located near the intersection of Kammerer Road and Highway 99.
- The yet-to-be-determined Elk Grove MLS team will serve as the primary tenants in the proposed soccer stadium.
- The soccer stadium will be owned by a public sector entity and will be exempted from paying property taxes, but may have a possessors tax placed upon it.
- The Elk Grove MLS team will operate the stadium and will retain all revenues and pay all operating expenses, subject to MLS or third-party event revenue sharing.
- The Elk Grove region will generate ticket, concessions, novelty, and advertising/sponsorship levels that are generally consistent with other MLS franchises with new stadiums in similar market sizes.
- Ample parking will be available to accommodate demand (on-site or off-site within walking distance).

The table on the following page presents the estimated operating revenues and expenses associated with the proposed MLS team and the modified 15,000-seat soccer stadium during the first five years of operations.

## Appendix B – MLS Modified Financial Operations

**CONFIDENTIAL DRAFT**

For Discussion Purposes Only  
Subject to Change

### Estimated Operating Revenues and Expenses City of Elk Grove Proposed MLS Team and Stadium

	2016	2017	2018	2019	2020
<b>Revenues</b>					
<i>Team/Stadium</i>					
Ticket Sales	\$3,969,000	\$4,088,000	\$4,211,000	\$4,337,000	\$4,467,000
Luxury Suites	307,000	316,000	326,000	336,000	346,000
Club Seats	785,000	809,000	833,000	858,000	884,000
Naming Rights	850,000	876,000	902,000	929,000	957,000
Stadium Sponsorships	1,700,000	1,751,000	1,804,000	1,858,000	1,913,000
Food & Beverage	1,040,000	1,072,000	1,104,000	1,137,000	1,171,000
Merchandise	118,000	122,000	126,000	129,000	133,000
Parking	554,000	626,000	644,000	664,000	684,000
Sponsorships (incl. jersey)	2,000,000	2,060,000	2,122,000	2,185,000	2,251,000
Ticketing Rebates	0	0	0	0	0
Broadcasting	50,000	52,000	53,000	55,000	56,000
<b>Total Team/Stadium</b>	<b>11,373,000</b>	<b>11,772,000</b>	<b>12,125,000</b>	<b>12,488,000</b>	<b>12,862,000</b>
<i>Non-Tenant Events</i>					
Stadium Rent	1,399,000	1,441,000	1,484,000	1,528,000	1,574,000
Food & Beverage	1,451,000	1,485,000	1,530,000	1,576,000	1,623,000
Merchandise	400,000	411,000	423,000	436,000	449,000
Parking	952,000	976,000	1,006,000	1,036,000	1,067,000
Ticketing Rebates	798,000	822,000	847,000	872,000	898,000
<b>Total Non-Tenant Events</b>	<b>5,000,000</b>	<b>5,135,000</b>	<b>5,290,000</b>	<b>5,448,000</b>	<b>5,611,000</b>
<b>Total Revenues</b>	<b>16,373,000</b>	<b>16,907,000</b>	<b>17,415,000</b>	<b>17,936,000</b>	<b>18,473,000</b>
<b>Expenses</b>					
<i>Team Expenses</i>					
Team Operations	1,250,000	1,288,000	1,326,000	1,366,000	1,407,000
Designated Player Expense	0	0	0	0	0
Corporate Sales	650,000	670,000	690,000	710,000	732,000
Advertising	750,000	773,000	796,000	820,000	844,000
Broadcasting	250,000	258,000	265,000	273,000	281,000
Ticket Sales	600,000	618,000	637,000	656,000	675,000
Community Relations	100,000	103,000	106,000	109,000	113,000
Ticket Services	300,000	309,000	318,000	328,000	338,000
General Admin	1,000,000	1,030,000	1,061,000	1,093,000	1,126,000
League Subsidy	1,500,000	1,545,000	1,591,000	1,639,000	1,688,000
<b>Total Expenses - Team</b>	<b>6,400,000</b>	<b>6,594,000</b>	<b>6,790,000</b>	<b>6,994,000</b>	<b>7,204,000</b>
<i>Stadium Expenses</i>					
General & Administrative	1,350,000	1,391,000	1,432,000	1,475,000	1,519,000
Operations	720,000	742,000	764,000	787,000	810,000
Utilities	750,000	773,000	796,000	820,000	844,000
Insurance - Property	101,000	104,000	107,000	111,000	114,000
Insurance - Other	125,000	129,000	133,000	137,000	141,000
Sales & Marketing	275,000	283,000	292,000	300,000	310,000
Client Services	220,000	227,000	233,000	240,000	248,000
Ticketing	200,000	206,000	212,000	219,000	225,000
Event Services	125,000	129,000	133,000	137,000	141,000
Event Expenses	1,170,000	1,205,000	1,241,000	1,278,000	1,317,000
Taxes	45,000	46,000	48,000	49,000	51,000
Other	45,000	46,000	48,000	49,000	51,000
<b>Total Expenses - Stadium</b>	<b>5,126,000</b>	<b>5,281,000</b>	<b>5,439,000</b>	<b>5,602,000</b>	<b>5,771,000</b>
<b>Total Expenses</b>	<b>11,526,000</b>	<b>11,875,000</b>	<b>12,229,000</b>	<b>12,596,000</b>	<b>12,975,000</b>
<b>Net Income from Operations</b>	<b>\$4,847,000</b>	<b>\$5,032,000</b>	<b>\$5,186,000</b>	<b>\$5,340,000</b>	<b>\$5,498,000</b>

## **Appendix B – MLS Modified Financial Operations**

The combined revenues generated by the proposed MLS team and the modified 15,000 seat soccer stadium are estimated to be approximately \$16.4 million in 2016 dollars, increasing to \$18.5 million within five years. The estimates for the initially proposed 18,500-seat facility were approximately \$18.3 million in 2016 dollars, increasing to \$20.7 million within a five-year timeframe. The estimated revenue difference between the two different stadium capacities is approximately \$1.9 million in 2016 increasing to a projected \$2.2 million difference within five years.

The combined operating expenses of the team and the modified stadium are estimated to approximate \$11.5 million in 2016 dollars, increasing to \$13.0 million within five years. This compares to initial operating expense estimates of approximately \$11.8 million in 2016 dollars, increasing to \$13.3 million within five years for the larger facility. These estimates represent an approximate \$300,000 difference in operating expenses between the projected 15,000-seat and 18,500-seat MLS stadiums.

Overall, the combined operations of the Elk Grove MLS team and the proposed modified soccer stadium are estimated to generate a net operating income before franchise or stadium debt of approximately \$4.8 million in 2016, representing an approximate 30 percent operating margin. Net operating income is estimated to increase slightly to \$5.5 million within five years. These estimates are lower than original projections of net operating income of \$6.5 million in 2016, with an approximate 35 percent operating margin, increasing to \$7.4 million within five years for the 18,500-seat soccer stadium.

The remainder of this section presents detailed assumptions underlying the financial analysis in the following components:

- Revenues:
  - MLS Team
  - Soccer Stadium
- Expenses:
  - MLS Team
  - Soccer Stadium

## **Appendix B – MLS Modified Financial Operations**

### **Revenues**

Similar to the first study, the estimated revenues for the 15,000-seat soccer stadium and MLS team have been allocated among two different areas (team and stadium), and take into account identical revenue sources.

#### **Elk Grove MLS Team Revenue**

The following analysis contains modified projections for team revenues generated from ticket sales, concessions, catering, merchandise, parking, sponsorships and broadcasting. Comparisons with initial estimates for revenues associated with the proposed 18,500-seat are also listed.

#### **Ticket Sales**

The Elk Grove MLS team is estimated to generate approximately \$4.0 million in net ticket sales at the modified facility (down from \$4.4 million). This is assuming an average of 18 games (regular season) in 2016, assuming a stabilized year of operations, 13,500 average paid attendees per game and a \$24.50 weighted average ticket price. Net ticket sales presented herein factor in a 33 percent allocation of gross ticket sales to MLS.

#### **Ticket Sales Elk Grove MLS**

	Elk Grove MLS
Events	18
Average Paid Attendance	13,500
Total Annual Paid Attendance	243,000
Weighted Average Ticket Price	\$24.50
Gross Ticket Sales	\$5,953,500
MLS Share	33.3%
Net Ticket Sales	\$3,969,198
Elk Grove MLS Share of Net Ticket Sales	100.0%
Elk Grove MLS Revenue	\$3,969,198

## **Appendix B – MLS Modified Financial Operations**

### Concessions

As depicted below, it has been estimated that the Elk Grove MLS team and modified stadium could generate approximately \$1 million in net concession revenue (down from \$1.1 million) in 2016, assuming a stabilized year of operations, \$12.00 average spending per attendee, and a 38 percent profit margin. The team and stadium will share 100 percent of net concessions revenues from the MLS games.

#### **Concession Revenue Elk Grove MLS**

	Elk Grove MLS
Events	18
Average Non-Premium Turnstile Attendance <sup>(1)</sup>	12,308
Total Annual Non-Premium Attendance	221,544
Concession Spending Per Attendee	\$12.00
Gross Concession Revenue	\$2,658,528
Profit Margin	38.0%
Net Concession Revenue	\$1,010,241
Team/Stadium Share	100.0%
Team/Stadium Concession Revenue	\$1,010,241

<sup>(1)</sup> Excludes club seat and suite patron attendees.

### Catering

The modified stadium is expected to feature 1,000 clubs seats along with 18 private suites, with 16 seats in each. These premium seating totals are equivalent to the originally proposed facility, both of which are estimated to generate approximately \$30,240 in net suite catering revenue, assuming a stabilized year of operations, a weighted average of \$35.00 in spending per attendee, with an average 25.0 percent profit margin.



## Appendix B – MLS Modified Financial Operations

### Merchandise

The Elk Grove MLS team is estimated to generate approximately \$118,463 (down from \$131,625) in net merchandise sales in 2016. Average operating margins associated with sports merchandise sales is approximately 15 percent with a person spending \$3.25 a game over the 18 regular game season.

#### Merchandise Revenue Elk Grove MLS

	Elk Grove MLS
Events	18
Average Turnstile Attendance <sup>(1)</sup>	13,500
Total Annual Attendance	243,000
Merchandise Spending Per Capita	\$3.25
Gross Merchandise Revenue	\$789,750
Profit Margin	15.0%
Net Merchandise Revenue	\$118,463
Stadium Share	0.0%
Team Share	100.0%
Stadium Merchandise Revenue	\$0
Team Merchandise Revenue	\$118,463

(1) Includes both general admission and premium seating attendance.

### Parking

The reduced-capacity stadium will require less total parking area, and estimates to generate net annual parking revenue of approximately \$553,860 (down from \$665,743).

#### Parking Revenue Elk Grove MLS

	Elk Grove MLS
Events	18
Average G.A. Turnstile Attendance (1)	12,308
Average Attendees per Car	3.0
Estimated Parking Demand per Event	4,103
Annual Parking Demand	73,848
Average Parking Charge per Car	\$10.00
Gross Parking Revenue	\$738,480
Operating Margin	75.0%
Net Parking Revenue	\$553,860
Stadium Share	100.0%
Stadium Revenue	\$553,860

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

## Appendix B – MLS Modified Financial Operations

### Soccer Stadium Revenues

The revenue effects as a result of the reduction in total stadium capacity are not expected to be dramatic, as attendance for non-tenant events will not be greatly impacted. Concert and other event attendance are projected to be the same as the previously proposed facility, whereas international soccer event attendance is projected to be slightly decreased with a reduction of stadium seating.

### Rental Income

Based on the results of the previous market analysis, it is estimated that 43 events could be hosted at the stadium. The reduced stadium capacity is expected to have very limited impacts on the rental income of the stadium. The graphic below summarizes the annual rental income estimated to be generated by the stadium. It is estimated stadium could generate approximately \$1.4 million in rental income in 2016 (down approximately \$20,000).

#### **Rental Income Proposed Soccer Stadium**

	Elk Grove MLS	Concerts	International Soccer	Other Events	Total
Events	18	8	2	15	43
Average Paid Attendance	13,500	17,500	15,000	7,000	12,047
Total Annual Paid Attendance	243,000	140,000	30,000	105,000	518,000
Weighted Average Ticket Price	\$24.50	\$50.00	\$25.00	\$15.00	\$29.50
Gross Ticket Sales	\$5,953,500	\$7,000,000	\$750,000	\$1,575,000	\$15,278,500
Stadium Share of Net Ticket Sales	0.00%	15.00%	15.00%	15.00%	0.0%
Stadium Rental Income	\$0	\$1,050,000	\$112,500	\$236,250	\$1,398,750

Note: The stadium share of net ticket sales for the MLS Team is 0 percent of the net amount after a 33 percent allocation to MLS and the remaining amount allocated to the team.

### Luxury Suite and Club Seat Premiums

The seating reduction will have no impact on premium seating at the proposed facility. Preliminary stadium planning indicates that the stadium will still have 1,288 premium seats, consisting of 288 luxury suites seats (18 suites at 16 seats each) and 1,000 club seats. It is estimated that the modified stadium could generate approximately \$307,200 in luxury suite premiums and \$785,000 in club seat premiums.

## Appendix B – MLS Modified Financial Operations

### Concessions

Net annual concessions revenue in the modified stadium, as shown below, are estimated to be approximately \$1.4 million from non-tenant events (down approximately \$23,000).

#### Concessions Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
Events	8	2	15	25
Average General Admission Turnstile Attendance <sup>(1)</sup>	17,308	14,808	7,000	10,923
Total Annual General Admission Attendance	138,464	29,616	105,000	273,080
Concession Spending Per Capita	\$18.00	\$12.00	\$7.50	\$13.31
Gross Concessions Revenue	\$2,492,352	\$355,392	\$787,500	\$3,635,244
Profit Margin	42.0%	38.0%	30.0%	39.0%
Net Concessions Revenue	\$1,046,788	\$135,049	\$236,250	\$1,418,087
Stadium Share	100.0%	100.0%	100.0%	100.0%
Stadium Concessions Revenue, net	\$1,046,788	\$135,049	\$236,250	\$1,418,087

(1) Excludes suite and club seating.

### Catering

There will be no impact on catering revenue potential in the modified stadium as the total amount of private suites and club seats has remained the same, and average attendance figures for non-tenant events has gone unchanged. Suite annual catering revenue generated to the modified stadium for all non-tenant events is estimated to be approximately \$32,736.

**Appendix B – MLS Modified Financial Operations**Merchandise

Net annual merchandise revenue for non-tenant events generated for the reduced-capacity stadium is estimated to be approximately \$399,576 (down approximately \$3,000). The graphic below presents the estimated net annual merchandise revenue generated to the proposed soccer stadium.

**Merchandise Revenue  
Proposed Soccer Stadium**

	Concerts	International Soccer	Other Events	Total
Events	8	2	15	43
Average Turnstile Attendance (1)	17,500	15,000	7,096	12,080
Total Annual Attendance	140,000	30,000	106,440	519,440
Merchandise Spending Per Capita	\$12.00	\$3.50	\$2.00	\$5.37
Gross Merchandise Revenue	\$1,680,000	\$105,000	\$212,880	\$2,787,630
Profit Margin	20.0%	20.0%	20.0%	18.6%
Net Merchandise Revenue	\$336,000	\$21,000	\$42,576	\$518,039
Stadium Share	100.0%	100.0%	100.0%	77.1%
Stadium Merchandise Revenue	\$336,000	\$21,000	\$42,576	\$399,576

(1) Includes both general admission and premium seating attendance.

Parking

Parking, as shown below, is expected to generate net revenues of \$1.5 million (down approximately \$190,000) at the modified stadium.

**Parking Revenue  
Proposed Soccer Stadium**

	Elk Grove MLS	Concerts	International Soccer	Other Events	Total
Events	18	8	2	15	43
Average G.A. Turnstile Attendance (1)	12,308	17,308	14,808	7,000	11,503
Average Attendees per Car	3.0	3.0	3.0	3.0	3.0
Estimated Parking Demand per Event	4,103	5,769	4,936	2,333	3,834
Annual Parking Demand	73,848	46,155	9,872	35,000	164,875
Average Parking Charge per Car	\$10.00	\$15.00	\$10.00	\$12.00	\$11.82
Gross Parking Revenue	\$738,480	\$692,320	\$98,720	\$420,000	\$1,949,520
Operating Margin	75.0%	75.0%	75.0%	75.0%	75.0%
Net Parking Revenue	\$553,860	\$519,240	\$74,040	\$315,000	\$1,462,140
Stadium Share	100.0%	100.0%	100.0%	100.0%	100.0%
Stadium Parking Revenue	\$553,860	\$519,240	\$74,040	\$315,000	\$1,462,140

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

## **Appendix B – MLS Modified Financial Operations**

### **Operating Expenses**

#### *Elk Grove MLS Teams' Expenses*

Similar to the first study, the estimated revenues for the 15,000-seat soccer stadium and MLS team have been allocated among two different areas (team and stadium), and take into account identical revenue sources, and are based on discussions with MLS team personnel as well as those familiar with the operating expenses of other MLS teams operating in new stadiums.

It is estimated that annual team expenses would approximate \$6.4 million; this figure remains the same with the proposed reduced-capacity facility. The exhibit below summarizes the estimated operating expenses for a MLS team in Elk Grove, California.

#### **Elk Grove MLS Estimated Team Operating Expenses**

Team Operations	\$1,250,000
Designated Player Expense	-
Corporate Sales	650,000
Advertising	750,000
Broadcasting	250,000
Ticket Sales	600,000
Community Relations	100,000
Ticket Services	300,000
General Admin	1,000,000
League Subsidy	1,500,000
<b>Total</b>	<b>\$6,400,000</b>

**Appendix B – MLS Modified Financial Operations***Soccer Stadium Expenses*

Stadium-related expenses associated with operations of the reduced-capacity facility are expected to be lower than that of a larger stadium. The table below summarizes the estimated operating expenses for the new 15,000-seat soccer. As depicted, it is estimated that annual stadium expenses would be approximately \$5.1 million (\$300,000 lower than that of the initial 18,500 seat facility).

**Operating Expenses  
Proposed Soccer Stadium**

General & Administrative	\$1,350,000
Operations	720,000
Utilities	750,000
Insurance - Property	101,250
Insurance - Liability/Business Interruption, etc.	125,000
Sales & Marketing	275,000
Client Services	220,000
Ticketing	200,000
Event Services	125,000
Event Expenses	1,170,000
Taxes	45,000
Other	45,000
<b>Total</b>	<b>\$5,126,250</b>

## **Appendix B – MLS Modified Economic Impacts**

The following analysis estimates the potential net new impacts generated from the construction and operation of the modified MLS stadium. The following key issues have been addressed in this section:

- Construction-Related Impacts
- Operations-Related Impacts
- Non-Quantifiable Benefits

The assumptions underlying the estimates of economic and fiscal impacts are based on the results of a market and financial analysis presented previously in this report. Real estate development impacts estimated herein are based on key assumptions provided by the City of Elk Grove.

### **Construction-Related Impacts**

The largest impact associated with the proposed reduced-capacity facility will be seen in total construction costs. The chart below summarizes the estimated net new economic and fiscal impacts that could be generated to the City of Elk Grove, Sacramento SMSA and the State of California. These impacts represent one-time impacts from construction occurring over multi-phased period from 2013 through 2017.

#### **Net New Economic and Fiscal Impacts Construction**

<b>City of Elk Grove - Net New Impacts</b>	
Direct Spending	\$7,235,000
Total Output	\$9,916,000
Jobs	70
Personal Earnings	\$3,939,000
Tax Revenue	\$335,000
<b>Sacramento County - Net New Impacts</b>	
Direct Spending	\$30,583,000
Total Output	\$41,920,000
Jobs	300
Personal Earnings	\$16,651,000
Tax Revenue	\$357,000
<b>State of California - Net New Impacts</b>	
Direct Spending	\$41,106,452
Total Output	\$56,344,000
Jobs	430
Personal Earnings	\$22,381,000
Tax Revenue	\$2,305,000

## **Appendix B – MLS Modified Economic Impacts**

Gross construction expenditures is estimated at \$78.9 million, with approximately \$7.2 million, or about 9.1 percent of the total, estimated to be net new to Elk Grove, California. This is a reduction of the gross construction expenditure estimate of \$104.4 million, with approximately \$9.6 million net new spending to Elk Grove, California in the study of the initial 18,500-seat proposed stadium.

The net new construction spending in Elk Grove is estimated to generate \$9.9 million in total output (down from \$13.1 million), supporting 70 full and part-time jobs during construction (down from 100) that generate approximately \$3.9 million in personal earnings (down from \$5.2 million).

Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$335,000, which accounts for all spending effects (direct, indirect, and induced) related to construction. The net new tax revenues are down from the original estimate of approximately \$444,000.

The net new direct construction spending expected to occur in the Sacramento SMSA is estimated to be \$30.6 million, or about 38.8 percent of gross construction expenditures. These estimates are down from the original \$40.5 million. Net new spending in the Sacramento SMSA is estimated to generate \$41.9 million in total output (down from \$55.5 million), supporting 300 full and part-time jobs during construction (down from 400) that generate approximately \$16.7 million in personal earnings (down from \$22.0 million). The SMSA would not collect taxes on these earnings. Similar to the first study, benefits estimated for the Sacramento SMSA are not mutually exclusive of the benefits generated to the City of Elk Grove as the geography of both entities overlap to some degree.

Net new direct spending of approximately \$41.1 million is expected to be realized by the State of California. This represents an approximate 52.1 percent of total construction project expenditures. When compared to the initial study, these estimates are down from \$54.4 million. The net new spending in the State of California is estimated to generate \$56.3 million in total output (down from \$74.5 million), supporting 430 full and part-time jobs during construction (down from 500) that generate approximately \$22.4 million in personal earnings (down from \$29.6 million). An estimate of \$2.3 million (down from \$3 million) represents the total net new tax revenues expected to be generated to the State of California. As in the initial report, the benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or the Sacramento SMSA as the geography of each of the entities overlap to some degree.



## Appendix B – MLS Modified Economic Impacts

### Operations-Related Impacts

The graphic below depicts the total annual net new economic and fiscal impacts resulting from the operations of the proposed 15,000-seat soccer stadium.

#### Estimated Net New Economic and Fiscal Impacts Operations

	Year 1 Operational Impacts	Net Present Value of 30-year Impacts
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$14,136,000	\$643,383,000
Total Output	\$19,745,000	\$898,496,000
Jobs <sup>(1)</sup>	226	226
Personal Earnings	\$8,781,000	\$399,892,000
Tax Revenues <sup>(2)</sup>	\$295,000	\$6,471,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$18,356,000	\$834,012,000
Total Output	\$26,011,000	\$1,181,669,000
Jobs <sup>(1)</sup>	277	277
Personal Earnings	\$12,399,000	\$563,426,000
Tax Revenues	\$101,000	\$2,218,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$9,617,000	\$436,807,000
Total Output	\$13,643,000	\$619,572,000
Jobs <sup>(1)</sup>	145	145
Personal Earnings	\$6,464,000	\$293,636,000
Tax Revenues	\$795,000	\$17,467,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate

The operations of the proposed soccer stadium are estimated to generate \$14.1 million in net new direct spending in Year 1 (down from \$15 million). Total output of approximately \$19.7 million (down from \$20.9 million) is estimated to be generated from the net new spending in Elk Grove, supporting 226 full and part-time jobs (down from 239), that generate approximately \$8.8 million in personal earnings (down from \$9.3 million). Tax revenue generated in Elk Grove is estimated to be around \$295,000 (down from \$312,000).

The net present value of net new spending expected to occur in Elk Grove from the operations of the proposed sports stadium is estimated to be \$643.4 million (down from

## **Appendix B – MLS Modified Economic Impacts**

\$681.5 million). The cumulative net new spending in Elk Grove is estimated to generate \$898.5 million in total output (down from \$951.3 million), supporting 226 full and part-time jobs (down from 239) that generate approximately \$399.9 million in personal earnings over a 30-year period (down from \$423.3 million). Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate \$6.5 million (down from \$6.8 million).

Operating impacts generated to the Sacramento SMSA are estimated to include \$18.4 million in direct spending (down from \$19.3 million), \$26 million in total output (down from \$27.3 million), supporting 277 full and part-time jobs (down from 291) that generate approximately \$12.4 million in personal earnings (down from \$13 million). The counties in the Sacramento SMSA do not levy any county-specific taxes.

The 30-year net present value of net new spending expected to occur in the Sacramento SMSA from the operations of the proposed soccer stadium is estimated to be \$834 million (down from \$876.5 million). The cumulative net new spending in the Sacramento SMSA is estimated to generate \$1.182 billion in total output (down from \$1.241 billion), supporting 277 full and part-time jobs (down from 291) that generate approximately \$563.4 million in personal earnings over a 30-year period (down from \$590.6 million).

Impacts generated to State of California are estimated to include \$9.6 million in direct spending (down from \$10.1 million), \$13.6 million in total output (down from \$14.4 million), supporting 145 full and part-time jobs (down from 152) that generate approximately \$6.5 million in personal earnings (down from \$6.8 million). Total net new tax revenues expected to be generated to the State of California are estimated to approximate \$795,000 (down from \$842,000). Over a 30-year period, the project is estimated to generate to the State of California approximately \$436.8 million in net new direct spending (down from \$460.4 million), \$619.6 million in net new output (down from \$652.8 million), support 145 new full and part-time jobs (down from 152) that generate \$293.6 million in personal earnings (down from \$309 million). Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to approximate \$17.5 million (down from \$18.5 million).

It should be noted that tax revenues listed above do not include the potential revenues that could be generated by new taxes implement to subsidize the cost of a new soccer stadium in Elk Grove such as ticket taxes, meal taxes, an increase in hotel tax, or other city or county taxes. Similarly, the table on the previous page does not break out sales taxes collected between City, County, and State. The State of California currently operates with a sales tax rate of 7.75%, of which is distributed to the City of Elk Grove, and an addition 1.00% of which is distributed to Sacramento County.

## Appendix C – I. NASL Overview

The league structure, operating model, and other aspects of the NASL are all significant factors to consider when evaluating the feasibility of an NASL team and soccer stadium in Elk Grove. This following provides an overview of the NASL across several important considerations, including:

- teams and locations;
- expansion/contraction/relocation;
- operating structure;
- fan demographics;
- attendance;
- stadiums; and
- media and sponsorship.

### Teams and Locations

The North American Soccer League (NASL) is a professional men's soccer league in the United States, Canada, and Puerto Rico which was founded in November 2009 and began league play on April 9, 2011. NASL is currently comprised of eight teams playing a 28-game regular season schedule that spans from the beginning of April to the end of September. The map below displays the eight active NASL teams: Atlanta Silverbacks, Carolina RailHawks, FC Edmonton, Fort Lauderdale Strikers, Minnesota Stars, Puerto Rico Islanders, San Antonio Scorpions, and the Tampa Bay Rowdies.



## **Appendix C – I. NASL Overview**

---

### **League Background**

The new North American Soccer League (NASL) was officially founded in November 2009 when a group of 2nd division men's professional soccer team owners decided to form North American Soccer League, LLC. The NASL is sanctioned as a Division 2 Professional League by the United States Soccer Federation (USSF) and has been recognized as the only second division league in the United States, Canada, and Puerto Rico; replacing the United Soccer Leagues (USL) in 2011.

The founding of the new NASL was sparked on August 27, 2009, after Nike agreed to sell their stake in the United Soccer League (USL) to Rob Hoskins and Alec Papadakis of Atlanta-based NuRock Soccer Holdings, instead of to the USL Team Owner's Association (TOA). Following the sale of the USL to NuRock Soccer Holdings, several USL teams opted to break away from the organization to found the NASL. On November 23, 2009, the official name of the new league was announced, and was meant to pay homage to the original NASL that operated from 1968 and ultimately dissolved in 1985. According to the official press release, the NASL name is intended to "pay respect to the players, coaches and leaders who were pioneers for men's professional soccer in North America, many of whom remain involved and committed to the growth of the game in various capacities throughout the U.S. and Canada." While the new NASL shares its name with the original league that operated throughout North America from 1968-1984, there is no official tie to the business structure of the now-defunct NASL.

Originally scheduled to begin play in April 2010, the new NASL was forced to postpone its inaugural season due to the USSF refusal to sanction the league. The USSF elected to operate an interim Division 2 Professional League, comprised of twelve NASL and USL teams for the 2010 season.

After the 2010 season the league consolidated its member franchises to meet the new Division 2 standards set by the USSF. The league formally applied to the USSF for Division 2 sanctioning on November 11, 2010 and would be approved on November 21, 2010. NASL began with eight member clubs from the USL First and Second Division, as well as new franchises. The league would go on to have its sanctioning lifted by the USSF due to the collapse of two ownership groups along with doubts concerning other members.

The U.S. Soccer Board of Directors provisionally sanctioned the NASL to operate a Division 2 men's outdoor professional soccer league again in 2011, with the league successfully debuting on April 9, 2011.

## Appendix C – I. NASL Overview

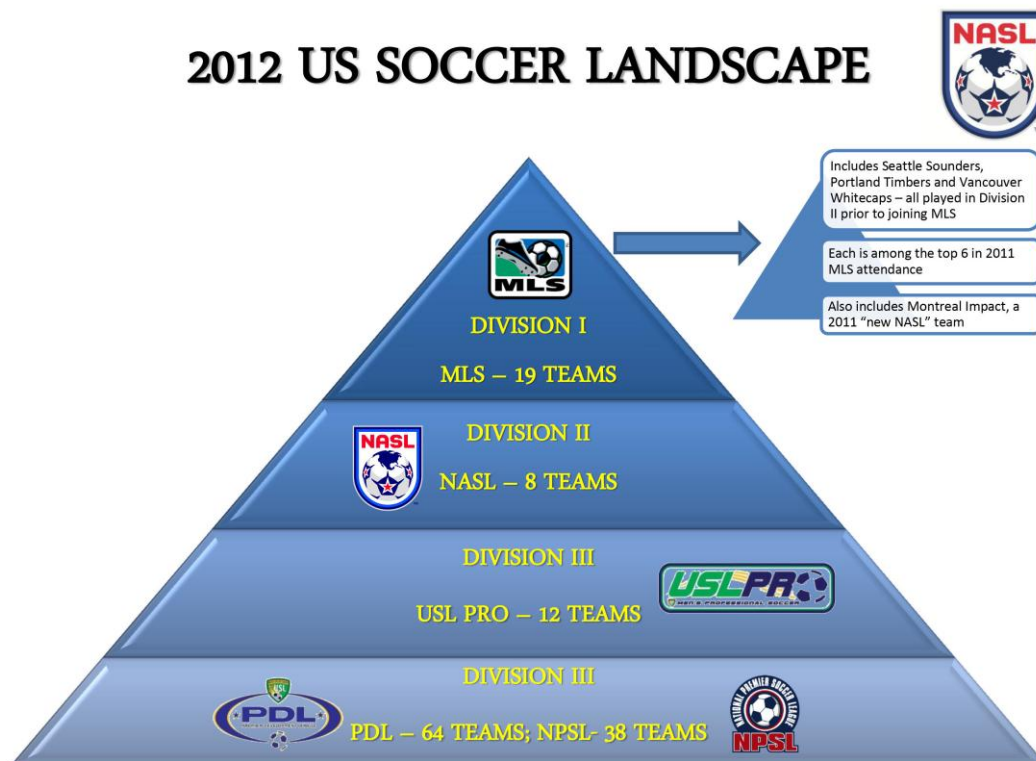
### League Structure

The NASL is made up of the following eight members: Atlanta Silverbacks, Carolina RailHawks, FC Edmonton, Fort Lauderdale Strikers, Minnesota Stars FC, Puerto Rico Islanders, Tampa Bay Rowdies, and San Antonio Scorpions. The Scorpions replaced the Montreal Impact, who was admitted to Major League Soccer (MLS) beginning with the 2012 season.

Each NASL member team represents a metropolitan market area that is not currently served by a team officially-recognized as a first division MLS team. This strategy allows every NASL team to be the top men’s professional soccer entity in their respective home markets.

In addition to the Montreal Impact, a number of recent second division men’s professional teams have gone on to compete in MLS after establishing a viable team and fan base at the second division level. While clubs have made the transition to the MLS from lower divisions, there is not a system of relegation and promotion between the officially recognized first (MLS), second (NASL), and third (USL Pro) division. The MLS and NASL remain two independent leagues with no official working relationship.

The diagram below depicts the current professional soccer pyramid in the United States, Canada, and Puerto Rico:



## **Appendix C – I. NASL Overview**

---

### **League Competition Format**

In its inaugural year, the NASL is comprised of eight teams playing a 28 game regular season schedule, with 14 home and 14 away games. The league features a fully-balanced schedule with each of the eight teams playing the other seven league members four times a season, twice at home and twice on the road. This current playing format will be augmented with the addition of two expansion teams (Ottawa and New York) scheduled to begin play in the 2013 season.

The league post-season format has the top six teams advancing to a playoff, with the first two teams receiving a first round bye. The bottom four teams play in a single-game playoff to advance to the semi-finals where they are matched with the top two teams, and play a two-game home and home aggregate goal format.

### **Expansion/Contraction/Relocation**

On April 9, 2011, FC Edmonton debuted in the inaugural NASL match with an away win over the Fort Lauderdale Strikers. FC Edmonton played a crucial role placing the NASL back in the Canadian market as the league no longer had a team in Vancouver, as the Vancouver Whitecaps had joined the MLS. The Montreal Impact would follow suit as they joined the MLS for the start of the 2012 season. It should be noted that four of the last six new MLS teams came from the second division, and are original USL/NASL teams: Seattle Sounders (2009), Portland Timbers (2011), Vancouver Whitecaps (2011) and Montreal Impact (2012).

NASL officially announced on June 20, 2011, that Ottawa, Ontario had been granted an expansion franchise. Pending the refurbishment of Frank Clair Stadium the Ottawa Fury, currently of the USL Premier Development League, will begin play in 2014 season. 2014 also marks the scheduled return of Ottawa to the Canadian Football League, which would put both professional sports franchises starting play the same year in the restored Frank Clair Stadium.

On July 12, 2012 the NASL announced that the New York Cosmos would be joining the league in the 2013 season. The original New York Cosmos were the most popular and visible team of the NASL, with the help of internationally recognized players like Brazilian forward Pelé, Italian striker Giorgio Chinaglia and the West German defender Franz Beckenbauer. The original Cosmos played their games in four different stadiums, most prominently Giants Stadium. Reports suggest that the new Cosmos will initially play their home games at Hofstra University's James M. Shuart Stadium, the home of the original Cosmos for the 1972 and 1973 seasons. An official stadium announcement has yet to be made by the club.

## Appendix C – I. NASL Overview

League expansion fees are negotiated on a case-by-case basis and approved by the NASL Board of Governors, but the most recent agreed fee for an expansion team was \$1.5 million, payable in three annual installments. League dues are set in advance of each year by a super-majority vote of the NASL Board of Governors but in 2011 they were \$75,000 per team and in 2012 they were \$80,000 per team; it is likely they will remain the same.

### Operating Structure

The NASL structure differs from the MLS, in that it follows the traditional direct team ownership, whereas the MLS operates as a single-entity limited liability company. In a single-entity concept, the league retains ownership of the member clubs, and negotiates stadium leases, national television deals, apparel contracts and national sponsorship agreements. It also signs all players and allocates them to teams throughout the league. While there are advantages to this model, namely financial parity, it also limits the control team owners have of their own rosters. Unlike MLS, each NASL team is responsible for scouting, signing and even transferring each roster player; this is the model that the rest of the world uses. With no league mandated salary cap, each team is allowed to determine total player payroll. Teams also retain 100 percent of any transfer fees.

#### NASL Financial Structure

	Team	NASL
Revenues:		
Gate receipts	100%	0%
Concessions	100%	0%
Parking	100%	0%
Local Sponsorships	100%	0%
National Sponsorships	0%	100%
Jersey Sponsorships	100%	0%
Other Stadium Revenues	100%	0%
National Media	0%	100%
Local TV & Radio	100%	0%
Expenses:		
Player Salaries	100%	0%
Front-Office Expenses	100%	0%
Team Travel	100%	0%
Local Broadcast Expense <sup>(1)</sup>	100%	0%
Rent	100%	0%
Game-Day Expenses <sup>(2)</sup>	100%	0%
Stadium Expenses <sup>(3)</sup>	100%	0%

Note: Some revenues and expenses are shared between NASL franchise and the host stadium. The revenue and expense sharing presented herein is net of revenue and expense sharing between the stadium owner and the NASL team.

(1) To be negotiated with local broadcaster. Each match must still be produced to minimum standards at home team's expense for live streaming on Ustream.

(2) Paid for by home team; with exception of fees, travel costs, and match officials expenses are paid for by the league.

(3) Subject to local lease agreement.

## **Appendix C – I. NASL Overview**

---

The existing NASL financial structure allows for 100 percent of ticket revenue and local sponsorships to be retained by individual teams. Concessions, parking, and other stadium-related revenue agreements are negotiated on a team-by-team basis with the respective stadium owner/operator.

National sponsorships are retained by the league but are in turn redistributed to teams if NASL league office has operating profit. Jersey sponsorships are handled at the team level with one hundred percent of revenue going back to respective teams. All local media revenues from television and radio are retained by individual teams, while national media revenues are retained by the league but are again redistributed to teams if NASL league office has operating profit. In addition, each team must be prepared to include up to three home games in a national network television package to be sold by the league.

Local broadcast expenses are to be negotiated with local broadcaster, but in absence of local or national TV each match must still be produced to minimum standards at home team's expense for live streaming over the internet. Game-day expenses, stadium leases, rental fees, and other operating expenses are negotiated and paid for by the home team. Match officials (referee, two AR's and 4th official) are paid for by the league.

NASL average team revenue for 2011 team was approximately \$1.5 million. Sponsorship accounted for 52 percent, ticket sales at 36 percent, with other forms of revenue making up the final 12 percent. Other revenue sources consisted of merchandising, camps/clinics, exhibition matches, player transfers, broadcasting, parking & concession. The average expense budget for an NASL team is approximately \$1.9 million. The breakdown of major costs per team is roughly 30 percent dedicated toward front office payroll and administration expenses, 25 percent player expenses, 15 percent stadium and training facility rental and staffing, 10 percent travel expenses for road games, and 20 percent for other expenses (i.e. league dues, marketing, professional services, sales commission, etc.).



## Appendix C – I. NASL Overview

### *NASL Player Salaries*

The NASL operates with no salary cap on its member teams, thus no designated player rule. In 2011, the average NASL total team payroll was between \$400,000 and \$500,000, depending upon calculation of benefits. Average per player compensation for each month is approximately \$2,250 plus \$750 in housing and living expenses. There is a limit of 30 players per team on active roster, with no more than 7 of those 30 being foreign players.

While there is a limit of 30 players, most teams carry 23 to 25-person rosters, at a median player salary of approximately \$2,500 to \$3,000 per month. Players are typically paid for pre-season (one month), regular season (six months), and playoffs, if they qualify (one month). However, in many cases players earn less but receive a housing stipend, the cost of which can often be defrayed by securing a housing sponsor (i.e. a short-stay apartment complex).

### *NASL Team Ownership*

#### **NASL Majority Ownership**

<b>Team</b>	<b>Investor-Operator</b>
Atlanta Silverbacks	Traffic Sports USA (majority owner)
Carolina RailHawks	Traffic Sports USA (majority owner)
FC Edmonton	Fath Sports Limith (Tom Fath)
Fort Lauderdale Strikers	Traffic Sports USA (100%)
Minnesota Stars FC	NASL, LLC
New York Cosmos	World Sport Group (50%), Sela Sport (50%)
Ottawa Fury	Otta Sports & Entertainment Group (Bill Shenkman, et al)
Puerto Rico Islanders	PR Iislander FC Corp
San Antonio Scorpions	Soccer For A Cause, LLC (Gordon Hartman)
Tampa Bay Rowdies	Citrus Sports Group (David Laxter, et al)

Note: Two additional teams with independent owners have signed admission agreements, and paid initial installments of entry fees this August to join the league to begin play no later than the 2014 NASL season.

## Appendix C – I. NASL Overview

### Historical Attendance

The table below presents the stadium, year opened, seating capacity, reported attendance and average seat occupancy for all NASL teams for the 2011 season.

**NASL Facilities and Attendance - 2011 Season**

Team	Stadium	Year Opened	Stadium Capacity		2011 Average Attendance	Attendance as Percent of Capacity	
			Total	Soccer		Total	Soccer
Montreal Impact <sup>(1)</sup>	Saputo Stadium	2008	20,341	20,341	11,507	57%	57%
Fort Lauderdale Strikers	Lockhart Stadium	1959	20,450	20,450	3,769	18%	18%
Carolina RailHawks	WakeMed Soccer Park	2002	7,130	7,130	3,353	47%	47%
Tampa Bay Rowdies	Progress Energy Park	1976	7,227	7,227	3,010	42%	42%
Atlanta Silverbacks	Atlanta Silverbacks Park	2006	5,000	5,000	2,866	57%	57%
Puerto Rico Islanders	Juan Ramon Loubriel Stadium	1974	22,000	22,000	2,161	10%	10%
FC Edmonton	Clarke Stadium	2000	1,200	1,200	1,817	151%	151%
Minnesota Stars FC	National Sports Center	1990	8,500	8,500	1,676	20%	20%
<b>AVERAGE</b>		<b>1989</b>	<b>11,481</b>	<b>11,481</b>	<b>3,770</b>	<b>50%</b>	<b>50%</b>
<b>MEDIAN</b>		<b>1995</b>	<b>7,864</b>	<b>7,864</b>	<b>2,938</b>	<b>44%</b>	<b>44%</b>

Note: Sorted by 2011 Average Attendance.

(1) Montreal Impact joined the MLS in 2012.

Average per game attendance across all eight teams was approximately 3,770 totaling 460,800 in 2011. For the 2012 season, the average has slightly increased to 3,810 for all regular season games.

### Ticket Prices

The table below displays an overview of ticket prices across the NASL landscape. It outlines the price range for both single game and season tickets for the 2012 NASL season.

**NASL Ticket Price Overview - 2012 Season**

Team	Stadium	Single-Game Ticket Prices		Season Ticket Prices	
		Low	High	Low	High
Atlanta Silverbacks	Atlanta Silverbacks Park	\$ 10.00	\$ 26.00	\$ 140.00	\$ 280.00
Carolina RailHawks	WakeMed Soccer Park	10.00	15.00	123.00	205.00
FC Edmonton	Clarke Stadium	20.00	28.00	240.00	320.00
Fort Lauderdale Strikers	Lockhart Stadium	13.00	20.00	112.00	192.00
Minnesota Stars FC	National Sports Center	14.00	20.00	145.00	220.00
Puerto Rico Islanders	Juan Ramon Loubriel Stadium	-	-	80.00	125.00
San Antonio Scorpions	Heroes Stadium	10.00	28.00	150.00	375.00
Tampa Bay Rowdies	Progress Energy Park	7.50	20.00	165.00	240.00
<b>AVERAGE</b>		<b>\$ 12.07</b>	<b>\$ 22.43</b>	<b>\$ 144.38</b>	<b>\$ 244.63</b>
<b>MEDIAN</b>		<b>\$ 10.00</b>	<b>\$ 20.00</b>	<b>\$ 142.50</b>	<b>\$ 230.00</b>

## **Appendix C – I. NASL Overview**

---

NASL single game tickets ranged from a low of \$8 a game to a high of \$28, while non-premium season tickets ranged from \$80 to a high of \$375. The average for single game NASL general admission tickets was \$13 and \$22 for reserved seating. Season general admission tickets averaged \$144, while reserved seating averaged \$245 for season tickets in 2012.

### **Stadium Status**

- **Atlanta Silverbacks** – Atlanta Silverbacks Park opened in Atlanta, Georgia in 2006. Along with the Silverbacks NASL team, the stadium hosts the Atlanta Silverbacks Women of the W-League, the Silverbacks Reserves of the National Premier Soccer League, and the Atlanta Renegades Rugby Football Club. Currently, the stadium capacity is 5,000 spectators, but in its final version it is meant to feature a 15,000 seat stadium, several international size practice fields, a club house, along with a pool and fitness center.
- **Carolina RailHawks** – In 2002, WakeMed Soccer Park opened in Cary, North Carolina. Along with the RailHawks, the park is currently home of the Carolina Courage of the WUSA, and NC State Wolfpack soccer teams. With a construction cost of \$14.5 million, and a capacity of 7,130, WakeMed Soccer Park is one of the premier soccer-specific stadiums in the NASL.
- **FC Edmonton** – Originally opened in 1938, Clarke Stadium has since been rebuilt in 2000. In 2012, FC Edmonton announced they will play their inaugural 2012 NASL season at Clark Stadium. While, the stadium currently seats approximately 1,200, plans are in place to increase the capacity by 3,000 seats.
- **Fort Lauderdale Strikers** – Lockhart Stadium was opened in 1959 and has a capacity of 20,450. Upon the start of Miami Fusion FC's 1998 MLS Season, the stadium underwent a \$5,000,000 renovation (\$7.13 million in 2012 dollars). Miami Fusion FC of the MLS ultimately folded in 2002. Miami FC, of the USL, was founded and began play in 2006. In 2009, Miami announced they would leave the USL and become co-founders of the NASL. On February 17, 2011, announced that it would pay homage to the original NASL team by rebranding the team as the Fort Lauderdale Strikers. The Strikers have played at Lockhart Stadium since the inaugural NASL season in 2011.
- **Minnesota Stars** – The state-owned National Sports Center opened in Blaine, MN in 1990 at a cost of \$14.7 million. The stadium has a capacity of 8,500 and is a part of a 600-acre multi-sport complex that includes over 50 full-sized soccer fields, a velodrome, golf course, ice rink, and a meeting and convention facility.

## Appendix C – I. NASL Overview

---

The NSC played host to the defunct Minnesota Thunder of the USL First Division from 1990-2003, and from 2008-2009. The Minnesota Stars were founded to replace the Thunder, and debuted in the North American Soccer League in 2011.

- **Puerto Rico Islanders** – Juan Ramon Loubriel Stadium was opened in 1974 and has a capacity of 22,000 people. The stadium underwent a \$7,000,000 renovation to convert the facility to a soccer-specific stadium. Juan Ramon Loubriel Stadium has hosted the Puerto Rico Islanders since the team played their first season in the USL A-League in 2004. In 2010, the Islanders announced that they would be joining the North American Soccer League for the inaugural 2011 season.
- **San Antonio Scorpions** – In 2009, the city of San Antonio opened the 11,000 seat Heroes Stadium. The \$27.5 million facility was financed through public funding. The stadium is currently the host of the San Antonio Scorpions for the 2012 NASL. The Scorpions lease is scheduled to run through 2012, as they plan to move to their new 8,000 seat, soccer-specific stadium, Toyota Field.
- **Tampa Bay Rowdies** – Progress Energy Park is a 7,227 seat baseball stadium located in St. Petersburg, Florida. It was originally built for \$300,000 in 1947, but was rebuilt in 1976. The park has hosted several minor league baseball teams, collegiate baseball tournaments and Major League Baseball spring trainings over the years. The Tampa Bay Rowdies have called Progress Energy Park home since the opening season of NASL in 2011.

## **Appendix C – I. NASL Overview**

---

### **Media and Sponsorship**

NASL has two league-wide partners for the 2012 season, Ustream Inc. and Joma Sport. Ustream, Inc. serves as the webcast distributor of all regular season and playoff games, 120 telecasts via its live internet streaming technology. Ustream is in the 2nd year of a three-year deal with the league.

Spanish sportswear manufacturer, Joma Sport, S.A. is the official supplier of the NASL match ball and is currently in the 2nd year of a two-year deal with NASL. Both partnerships are in-kind, where the sponsor provides products, services, and marketing support in exchange for the rights to be official partners of the NASL.

League officials have indicated a strong interest in upgrading current broadcasting and sponsorship contracts; both in terms of partner quality and cash value to the NASL. Plans are in place to potentially add an additional national league-wide travel partner (i.e. hotel, airline, rental car) as well as a league title sponsor, similar to the Barclay's Premier League.

### **Team Transactions**

The following represents recent transactions involving NASL teams:

- 2012 – NASL announced on July 20, 2012 that the New York Cosmos would be joining the league and begin play in the 2013 season.
- 2011– NASL announced that an Ottawa expansion team, owned by the Ottawa Sports and Entertainment Group (OSEG), would join the league in 2014.
- 2011 – The inaugural NASL season kicked off on the evening of April 9, 2011, with games in Cary, North Carolina; Atlanta, Georgia; Fort Lauderdale, Florida; and St. Petersburg, Florida.
- 2011 – The NASL received recognition from the United States Soccer Federation as the exclusive second division men's professional league.
- 2010 – Joey Saputo purchases franchise rights for the Montreal Impact and was granted franchise rights to enter MLS on May 7, 2010. The team eventually played its first MLS game in April, 2012.

## **Appendix C – I. NASL Overview**

---

- 2010 – On October 4, 2010, NASL announced that San Antonio, TX would be awarded a franchise. Named the San Antonio Scorpions FC, the team would begin play in the 2012 season and owned by real estate developer Gordon Hartman.
- 2009 – North American Soccer league (NASL) was officially announced as the name of the new league, paying homage to the original NASL.
- 2009 – The Vancouver Whitecaps are granted status as the seventeenth Major League Soccer franchise. The Portland Timbers followed suit, and was announced as the eighteenth Major League Soccer franchise two days later.
- 2009 – One team from the USL-1 and USL-2 announced their intent to join the new league (NASL), which brought membership to nine teams.
- 2009 – Nike agrees to sell their stake in the United Soccer Leagues (USL) to Rob Hoskins and Alec Papadakis of Atlanta-based NuRock Soccer Holdings, as opposed to the USL Team Owner’s Association (TOA).

## Appendix C – II. NASL Market Area Characteristics

### NASL Market Comparisons

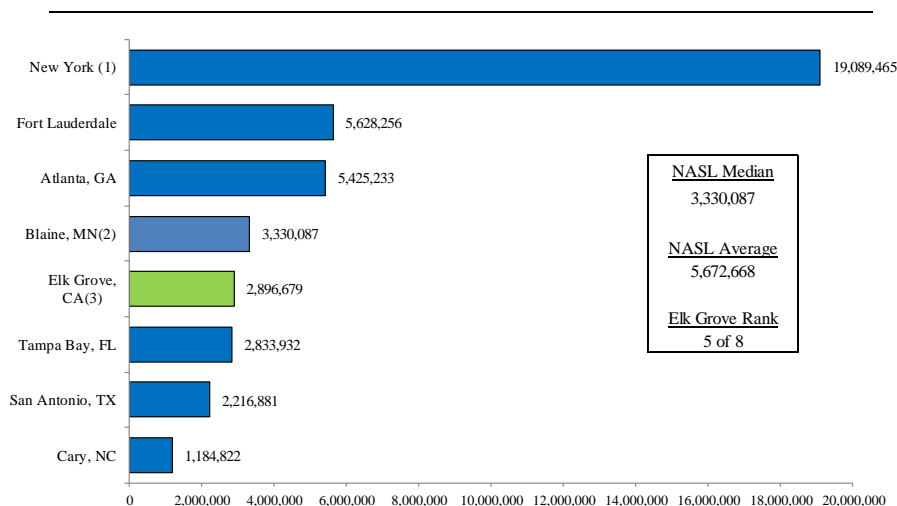
It is important to analyze the demographic and socioeconomic characteristics of the Elk Grove market in the context of other markets that support soccer stadiums and NASL teams. It should be noted that market comparisons involving data collected from Claritas and Hoovers only include United States markets and do not include Canadian (Edmonton FC) and Puerto Rican (Puerto Rico Islanders) market comparisons. With the New York Cosmos scheduled to begin play in the NASL for the 2013 season, market data for the New York Metropolitan area was considered in the comparisons below. The remainder of this section presents a comparative analysis of the following demographic and socioeconomic characteristics for each NASL market:

- population;
- registered soccer players;
- age;
- ethnicity;
- income; and
- corporate base.

### Population

As previously mentioned, the level of population from which to draw upon can impact the attendance attracted by an Elk Grove NASL franchise and other events hosted at the proposed soccer stadium. The chart below summarizes the population of current NASL markets, as well as the New York market for the expansion franchise (New York Cosmos) scheduled to begin play in 2013.

**NASL Market Population Comparison**



<sup>(1)</sup>This report includes New York, who are expected to join the league in 2013.

<sup>(2)</sup>This report defines Blaine's market as the Minneapolis, MN CBSA

<sup>(3)</sup>This report defines Elk Grove's market as the Sacramento, CA CBSA

Note: this chart does not include data for the Edmonton, Ottawa, Bayamón Metropolitan Areas

## Appendix C – II. NASL Market Area Characteristics

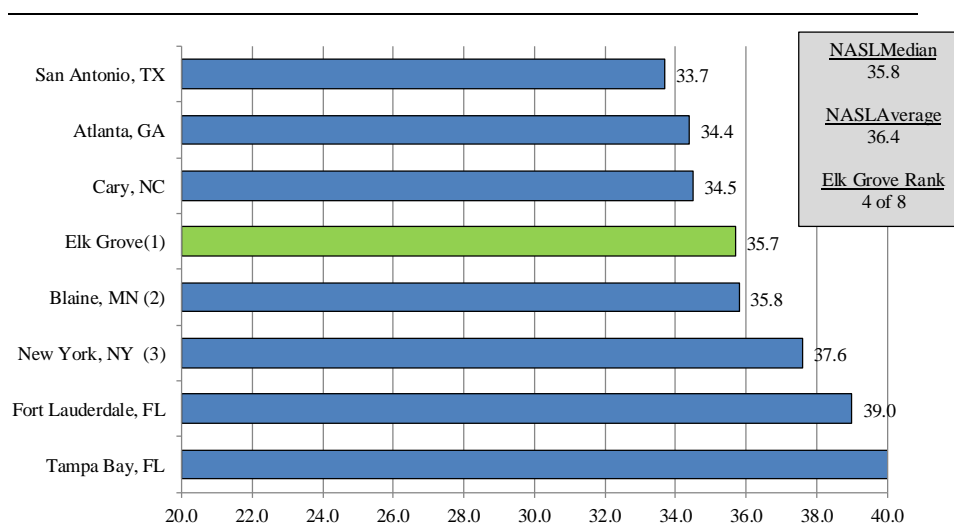
The Elk Grove market ranks fifth largest out of eight NASL markets in terms of population, ranking higher than Cary-Raleigh, Tampa Bay-St. Petersburg, and San Antonio. The average NASL market, excluding Elk Grove, has a population of approximately 5.7 million, while the median NASL market population is approximately 3.3 million. When excluding the New York market, as an outlier, the average NASL market population is approximately 3.4 million. In comparison, the Elk Grove market has a population of approximately 2.9 million people.

### Age

Another demographic characteristic that is important to the overall viability of the proposed NASL team and soccer stadium is the age of the local population. Division 2 professional soccer is generally marketed as an affordable family entertainment option and, as a result, is generally more successful in areas with younger populations.

In general, the 15 to 44 year old age group is regarded in the spectator events industry as an age group that is most likely to attend events such as NASL soccer. This age group exhibits higher spending patterns than other age groups, and a young population can also be an indicator of a healthy local economy that retains young professionals. It is assumed that markets with relatively young populations may be more likely to support an NASL team and soccer stadium. The chart below presents a comparison across NASL market populations in terms average and median age.

**NASL Market Median Age Comparison**



<sup>(1)</sup>This report defines Elk Grove's market as the Sacramento, CA CBSA

<sup>(2)</sup>This report defines Blaine's market as the Minneapolis, MN CBSA

<sup>(3)</sup>This report includes New York, who are expected to join the league in 2013.

Note: this chart does not include data for the Edmonton, Ottawa, Bayamón Metropolitan Areas

Source: Claritas



**Appendix C – II. NASL Market Area Characteristics**

Sacramento ranks as the fourth youngest NASL market out of eight, with a median age of 35.8 years. The median age of NASL markets ranges from a low of 33.7 years of age in San Antonio to a high of 40.0 years of age in Tampa Bay. Overall, the median age of NASL markets is 35.8 years of age.

**Ethnicity**

The ethnic makeup of a local market can impact the ability of a market to support an NASL team and the resulting viability of a proposed soccer stadium. The chart below provides an ethnicity comparison among NASL markets.

**NASL Market Ethnicity Comparison**

	<u>White</u>	<u>Hispanic</u>	<u>African American</u>	<u>Asian</u>	<u>Other</u>
Blaine, MN <sup>(1)</sup>	80%	6%	8%	6%	4%
Tampa Bay, FL	78%	17%	12%	3%	3%
San Antonio, TX	75%	55%	7%	2%	4%
Fort Lauderdale, FL	70%	43%	21%	2%	3%
Cary, NC	67%	11%	20%	5%	3%
<b>Elk Grove, CA <sup>(2)</sup></b>	<b>60%</b>	<b>26%</b>	<b>7%</b>	<b>13%</b>	<b>10%</b>
New York, NY <sup>(3)</sup>	59%	23%	18%	10%	4%
Atlanta, GA	54%	11%	33%	5%	3%
<b>MEDIAN</b>	<b>68%</b>	<b>20%</b>	<b>15%</b>	<b>5%</b>	<b>3%</b>
<b>AVERAGE</b>	<b>68%</b>	<b>24%</b>	<b>16%</b>	<b>6%</b>	<b>4%</b>

Note: Sorted by Caucasian population

"Other" consists of Pacific Islander, Native American, multi-racial persons and all other races not specifically mentioned

<sup>(1)</sup> This report defines Blaine's market as the Minneapolis MN CBSA

<sup>(2)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

<sup>(3)</sup> This report includes the New York Cosmos, to begin play in the 2013 NASL Season.

Source: Claritas

The Elk Grove market is very racially diverse when compared to others in the NASL. With racial minorities accounting for 40 percent of the population, the Elk Grove market trails only New York and Atlanta in this regard. The average NASL market is comprised of 68 percent Caucasians and 32 percent minority ethnicities. Elk Grove also has the third highest population of Hispanics out of eight markets surveyed. With 26 percent of the population recorded as Hispanic, Elk Grove is roughly 6 percent more than the median NASL market.

## Appendix C – II. NASL Market Area Characteristics

### Income

An important socioeconomic variable that can be indicative of the potential success of a professional soccer team and stadium is household income. Household income can be used as a measure of the ability of a market’s residents to purchase tickets, concessions, novelties, parking and other such items. Markets with relatively high household income levels are assumed to be more able to support a professional sports franchise.

The following graphic summarizes the adjusted median household income of each NASL market, accounting for the cost of living in each respective market.

#### NASL Market Adjusted Household Income Comparison

	<u>Median HH Income</u>	<u>Cost of Living</u>	<u>Adjusted Income</u>
Cary, NC	\$58,787	96.1	\$61,173
Atlanta, GA	\$57,822	95.9	\$60,294
Blaine, MN <sup>(1)</sup>	\$63,502	110.9	\$57,261
<b>Elk Grove <sup>(2)</sup></b>	<b>\$56,157</b>	<b>113.9</b>	<b>\$49,304</b>
San Antonio, TX	\$46,344	94.4	\$49,093
Tampa Bay, FL	\$44,473	92.3	\$48,183
Fort Lauderdale, FL	\$46,823	114.1	\$41,037
New York, NY	\$61,520	182.9	\$33,636
<b>MEDIAN</b>	<b>\$56,990</b>	<b>103.5</b>	<b>\$49,198</b>
<b>AVERAGE</b>	<b>\$54,429</b>	<b>112.6</b>	<b>\$49,998</b>

Note: Sorted by Cost of Living-Adjusted Median Household Income

<sup>(1)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

<sup>(2)</sup> This report defines Blaine's market as the Minneapolis, MN CBSA

Source: Claritas, United States Census Bureau

The Elk Grove market ranks fourth highest among NASL markets with an adjusted median household income of approximately \$49,304. The NASL average adjusted household income is \$49,998 and the NASL median adjusted household income is \$49,198.

## Appendix C – II. NASL Market Area Characteristics

### Corporate Base

Local corporations often support NASL teams through the purchase of season and group ticket packages, as well as through advertising and sponsorship opportunities. The table below summarizes the corporate depth of each NASL market.

**NASL Market Corporate Base Comparison**

	<b>\$1 Million to \$4.9 Million</b>	<b>\$5 Million to \$9.9 Million</b>	<b>\$10 Million to \$24.9 Million</b>	<b>\$25 Million or More</b>	<b>Total</b>
New York, NY <sup>(1)</sup>	28,695	5,142	3,619	2,980	40,436
Ft. Lauderdale, FL	13,618	2,096	1,366	881	17,961
Atlanta, GA	10,203	1,637	1,218	1,005	14,063
Blaine, MN <sup>(2)</sup>	7,161	1,411	1,164	863	10,599
<b>Elk Grove, CA <sup>(3)</sup></b>	<b>6,201</b>	<b>915</b>	<b>600</b>	<b>363</b>	<b>8,079</b>
Tampa, FL	5,349	857	642	390	7,238
San Antonio, TX	2,893	523	348	262	4,026
Cary, NC	2,093	337	232	168	2,830
<b>MEDIAN</b>	<b>6,681</b>	<b>1,163</b>	<b>903</b>	<b>627</b>	<b>9,339</b>
<b>AVERAGE</b>	<b>9,527</b>	<b>1,615</b>	<b>1,149</b>	<b>864</b>	<b>13,154</b>

<sup>(1)</sup> This report defines Blaine's market as the Minneapolis MN CBSA

<sup>(2)</sup> This report defines Elk Grove's market as the Sacramento, CA CBSA

<sup>(3)</sup> This report includes the New York Cosmos, to begin play in the 2013 NASL Season.

Source: Hoovers

The Sacramento metropolitan area has 8,079 companies, ranking fifth highest among American NASL markets. In comparison, the average NASL market has a corporate base of 13,154 companies, with a median corporate inventory of 9,339 companies. When the New York corporate base is removed as an outlier, the average falls to 9,257 and is more in line with the Sacramento market and the rest of the NASL market landscape.

Below is a summary of the Elk Grove market compared to that of the rest of the markets represented in NASL.

**Summary of NASL Market Area Characteristics**

<b>Criteria</b>	<b>Elk Grove <sup>(2)</sup></b>	<b>Rank <sup>(3)</sup></b>	<b>Market High</b>	<b>Market Median</b>	<b>Market Low</b>
Population	2,896,679	5	19,089,465	3,113,383	1,184,822
Median Age	35.7	4	40	35.8	33.7
Percent Non-Caucasian	40%	3	46%	32%	20%
Percent Caucasian	60%	6	80%	68%	54%
Adjusted Median HH EBI <sup>(1)</sup>	\$49,304	4	\$61,173	\$49,198	\$33,636
Corporate Base Inventory	8,079	5	40,436	6,681	2,830

<sup>(1)</sup> Estimated median Household Earned Buying Income adjusted for cost of living

<sup>(2)</sup> Refers to the Sacramento CBSA

<sup>(3)</sup> Based on 8 MLS Markets; excludes Canadian & Puerto Rican markets

Sources: Claritas, U.S. Census Bureau, Hoover's, CSL International research

## **Appendix C – III. Competitive Facilities**

In a previous analysis of competitive facilities for a proposed MLS team and soccer stadium in Elk Grove, CSL International identified the following facilities as likely competitors in the market:

- Raley Field;
- Hornet Stadium;
- Banner Island Ballpark;
- Sleep Train Amphitheater;
- Stockton Arena;
- Power Balance Pavilion; and
- California Exposition and State Fair.

Given the similar nature of this study to the comprehensive analysis completed for the proposed MLS team and stadium, CSL expects competition in the market to remain largely unchanged. The proposed NASL stadium will face similar competition in terms of attracting events, participants, spectators, attendees and sponsorship dollars within the market.

While the competitive facilities in the market stay the same, there are significant differences between the proposed MLS and NASL facilities. NASL stadiums traditionally have lower seating capacities and parking areas, offer less premium seating options, and provide fewer amenities when compared to MLS facilities. These are all factors that impact a facility's ability to attract events in a competitive marketplace, and consideration has been made for these differences in our demand estimates.

## **Appendix C – IV. Comparable Facilities**

---

To date, two NASL soccer-specific stadiums have been built in the past six years. In addition, three NASL markets are in the process of developing new stadiums or renovating current stadiums. The NASL expansion franchises in Ottawa and New York have not confirmed their future stadium plans and have been left out of this comparable facility analysis.

The case studies presented in this section aim to provide historical and projected perspectives that shape the evaluation of potential operational performance and event levels at the proposed NASL stadium in Elk Grove.

Physical, financial, operating and funding statistics were reviewed for the following comparable stadiums:

- Atlanta Silverbacks Park (Atlanta Silverbacks);
- WakeMed Soccer Park (Carolina RailHawks);
- Clarke Stadium (FC Edmonton);
- Lockhart Stadium (Fort Lauderdale Strikers);
- National Sports Center (Minnesota Stars);
- Juan Ramon Loubriel Stadium (Puerto Rico Islanders);
- Progress Energy Park (Tampa Bay Rowdies); and,
- Toyota Park (San Antonio Scorpions).

**Atlanta Silverbacks Park**

*Atlanta, Georgia*



Year Opened:	2006
Seating Capacity:	5,000 seats
Suites:	0
Club Seats:	232
Owner:	Atlanta Silverbacks
Operator:	Atlanta Silverbacks
Cost:	N/A
Financing:	100% private 0% public

Atlanta Silverbacks Park is a privately funded soccer-specific stadium complex located in Atlanta, Georgia. Construction of Silverbacks Park has been planned in multiple phases, with the current stadium capacity at 5,000 spectators after phase two of the project. This phase of construction was completed in 2006, making it among the newest facilities in the NASL. Phase I of the project saw the installation of three additional playing fields; two artificial turf fields, and one grass field, along with state-of-the-art lighting and drainage systems, and parking on site.

Phase II of the project saw the construction of the 5,000 capacity stadium, along with a bar/restaurant, additional parking, and permanent restrooms, locker rooms, and concessions and parking. Phase three of the the project will see the stadium expanded to 7,5000 seats, the addition of a health club, along with the relocation of the administrative headquarters for the Atlanta Silverbacks. The fourth and final phase of the construction project will include the addition of an upper deck that will increase the total capacity to 15,000 seats.

The Silverbacks have created a local soccer pyramid with the men’s professional NASL team, a reserve team that competes in the National Premier Soccer League (NPSL), along with the Atlanta Silverbacks Women of the W-League. The stadium is also the home venue for the Atlanta Renegades Rugby Football Club. Silverbacks Park also hosts recreational soccer and kickball leagues for all ages, as well camps and clinics for multiple sports. According to representatives with the Silverbacks, the main stadium and adjacent fields average 350 different teams playing at the complex every week.

The Silverbacks offer two premium seating areas; the Chairman’s Club, with 56 total seats available, and the Platinum Club which is two sections of 88 seats located on both sides of the Chairman’s Club. Both club seating areas offer in-seat food and beverage service, as well as pre-game access to a VIP hospitality area with a full buffet. Chairman’s Club season tickets are priced at \$1,000 a seat, while Platinum Club tickets can be purchased for \$500 a seat.

## Appendix C – IV. Comparable Facilities

### WakeMed Soccer Park

*Cary, North Carolina*



Year Opened:	2002
Seating Capacity:	7,130 seats
Suites:	6
Club Seats:	1500
Owner:	Wake County
Operator:	Town of Cary
Cost:	\$14.5 million
Financing:	0% private 100% public

Originally opened in May, 2002 as State Capital Soccer Park, WakeMed Soccer Park is a major soccer complex located in Cary, North Carolina. The park lies on 150 acres that the State of North Carolina has leased to Wake County. Current tenants of the park include NASL's Carolina Railhawks, Carolina Courage of the Women's United Soccer Association (WUSA), and both NC State Wolfpack soccer teams. The stadium hosts a number of additional events including high school lacrosse and field hockey tournaments, cross country running events, as well as multiple 5k and community fun run events.

The centerpiece of the complex is the 7,130 seat soccer-specific main stadium. While the main stadium seats 7,130 it is expandable to 10,000 with temporary seating. Along with this stadium, the complex has two lighted regulation sized practice fields, and four additional fields. Public funding for the soccer park came from \$14.5 million in county-wide hotel room and prepared food and beverage taxes. Since 2004, the Town of Cary has assumed responsibility for the operations and maintenance of the facility, originally held by Capital Area Soccer League (CASL). The park is also one of two current NASL facilities with a naming rights agreement. Since January 1, 2008, the stadium has been known as WakeMed Soccer Park after an agreement between WakeMed Health & Hospitals and the Town of Cary for three years at a cost of \$300,000 per year.

WakeMed Park is one of the few NASL stadiums that offers a full range of seating options. Standard full season ticket packages start at \$154 and go up to \$205. There are approximately 1,500 club seats available at WakeMed park, 1,000 of which are priced at \$308, with an additional 500 VIP club seats available for \$359 a season. The stadium also features two suites available for full season leases, and four additional to accommodate individual buyers. RailHawks suites are leased at a price ranging from \$20,000 to \$30,000 depending on food and beverage packages, and can accommodate 25 to 30 patrons.

## Appendix C – IV. Comparable Facilities

### Clarke Stadium

*Edmonton, Alberta*



Year Opened:	1938 (rebuilt in 2000)
Seating Capacity:	1,200 seats
Suites:	0
Club Seats:	0
Owner:	City of Edmonton
Operator:	City of Edmonton
Cost:	N/A
Financing:	0% private 100% public

Clarke Stadium was originally built in 1938, on land that was deeded to the City for the purpose of constructing public sports facilities. The original Clarke Stadium had a capacity of approximately 20,000 and served as a home for the Edmonton Eskimos of the Canadian Football League from 1954-1978. After the departure of the Eskimos, the stadium went on to host a number of local and minor league sporting events, but was effectively demolished on May 3, 2000.

Edmonton, Alberta served as a the host city of the 2001 World Championships in Athletics and in preparation for the event, a remodelled Clarke Stadium was built in 2000. The current stadium seats approximately 1,200 fans in a single grandstand. With a capacity under 2,000 seats, Clarke Stadium is the smallest of the facilities currently in the NASL. USSF Division 2 ownership standards currently require each stadium to have a minimum capacity of 5,000. While, the stadium currently seats approximately 1,200, plans are in place to increase the capacity up to 5,000 with the installation of bleacher seats for next year, to bring it closer to the average stadium capacity of current NASL teams. Clarke Stadium currently offers no club seats or suites. General Manager, Tom Leip, indicated that the team was looking to incorporate a row of hospitality seating located near the sidelines for next season.

According to league officials, Edmonton FC is also planning a permanent move to the FIFA Women's World Cup stadium, with a projected capacity of 15,000-20,000, to begin play no later than the start of the 2015 season.



## Appendix C – IV. Comparable Facilities

### Lockhart Stadium

Fort Lauderdale, Florida



Year Opened:	1959 (renovation in 1998)
Seating Capacity:	20,450 seats
Suites:	8
Club Seats:	0
Owner:	FAA
Operator:	Ft. Lauderdale Strikers
Cost:	\$5 million renovation in 1998: (\$7.13 million in 2012 dollars)
Financing:	0% private 100% public

Originally opened in 1959 as an athletic facility to be used by local high schools, Lockhart Stadium is a part of a sports complex located in Fort Lauderdale, FL and has a capacity of 20,450. Past tenants of the stadium include the original Fort Lauderdale Strikers in periods from 1977 through 1997, the MLS's Miami Fusion FC from 1998-2001, as well as the Florida Atlantic University Owls football team from 2003-2010. It has served as the home to Miami FC/ Fort Lauderdale Strikers from 2009 to the present.

The start of Miami FC's 1998 MLS season led to a \$5 million publicly financed stadium renovation (\$7.13 million in 2012 dollars). On February 17, 2011, Miami FC announced that it would pay tribute to the original NASL team by rebranding the team as the Fort Lauderdale Strikers.

In addition to the the stadium and playing field, there are three separate meeting facilities on property. An air-conditioned pavilion that can seat 400 people auditorium style and 250 for banquet, an open conference room that will seat 45-50 auditorium style and a slightly smaller conference room that seats 30 comfortable around tables.

Lockhart Stadium has hosted a number of sporting events, as well as shows and festivals. It recently played host to the 2007 Caribbean Carnival for Broward County, as well as the 2008 and 2009 MLS Scouting Combines. While the stadium does not offer any club seats, it does have eight open-air suites that sit 24 people each. Suite tickets can be purchased for \$350 for a season or \$35 the day of the game. The Strikers also offer a "Party on the Pitch" hospitality area, which are standing-room only tickets located on a deck that is adjacent to the field. These tickets are also available for \$35 day of game, or \$350 for the season and provide patrons access to unlimited beer and other beverages while watching the game.

## National Sports Center

*Blaine, Minnesota*



Location:	Blaine, MN
Year Opened:	1990
Seating Capacity:	8,500 seats
Suites:	0
Club Seats:	0
Owner:	State of Minnesota
Operator:	State of Minnesota
Cost:	\$14.7 million
Financing:	0% private 100% public

The National Sports Center (NSC) opened in Blaine, MN in 1990 at a cost of \$14.7 million and is among the largest multi-sport complexes in the country. Plans for the NSC were put in motion after the 1987 Minnesota State Legislature created the Minnesota Amateur Sports Commission (MASC) and appropriated the \$14.7 million in public funds necessary for the construction of the facility. The stadium is a part of a 600-acre multi-sport complex that includes over 50 full-sized soccer fields, a velodrome, golf course, ice rink, and a meeting and convention facility. The National Sports Center is the most-visited sports facility in the State of Minnesota, with over 3.8 million visitors annually.

The NSC has played host to numerous sporting events over the course of its 22 year history. The United States women's national soccer team has played four international matches at the facility. Along with the U.S. women's national team, the NSC has held both U.S. National Team U-17 and U-20 matches. The stadium has also served as home venue for the now defunct Minnesota Thunder of the USL First Division. The Minnesota Thunder were tenants 1990-2003 and from 2008-2009. In 2010, the Minnesota Stars were established as a replacement to the Thunder in the NASL. The Stars debuted in their first official game against the Vancouver Whitecaps on April 11, 2010.

The National Sports Center does not feature any suites or club seats, but does provide approximately 30 to 50 exclusive first row sideline seats that can be purchased for \$30 the day of game, or \$325 for a season ticket. Other season tickets are priced from \$145 for general admission seating and up to \$220 for reserved season tickets.

**Appendix C – IV. Comparable Facilities**

**Juan Ramon Loubriel Stadium**

*Bayamón , PR*



Opened:	1974 (rennovated in 2012)
Seating Capacity:	22,000 seats
Suites:	N/A
Club Seats:	N/A
Owner:	Municipality of Bayamón
Operator:	Municipality of Bayamón
Cost:	\$7 million USD (renovation)
Financing:	0% private 100% public

Juan Ramon Loubriel Stadium was built in 1974 as a baseball park and served as the home venue to the Vaqueros de Bayamón, with a capacity of 12,500. The Vaqueros de Bayamón became defunct in 2003 and the stadium was left tenantless. In the same year, the stadium was adopted by the Puerto Rico Islanders of the USL. The stadium has also hosted the Puerto Rico national football team, Bayamón FC, and Sevilla Bayamón FC.

Originally built as a baseball park, Juan Ramon Loubriel Stadium had L-shaped stands that are not suited for soccer audiences due to the concentration of seating behind one goal and one corner of the field. New construction was proposed by the mayor of Bayamón, Ramón Luis Rivera, Jr., and the stadium underwent a \$7,000,000 renovation to convert the facility to a soccer-specific stadium. The renovation has expanded the stadium to approximately 22,000 seats and included a new drainage system to address issues the stadium was having with water collection on the field surface.

The stadium transformation has taken place in two stages. The first phase included the the introduction of a new drainage system and complete renovation of the field surface, as well new dressing rooms, bathrooms, and the replacement of some seating. Stadium lighting has also been adjusted to be more uniform across the playing field. The second phase of the renovation includes the new stadium seating and the construction of adjacent buildings. The goal for the entire stadium renovation to be completed by the beginning of the 2013 season.

**Appendix C – IV. Comparable Facilities****Progress Energy Park***St. Petersburg, Florida*

Year Opened:	1947 (rebuilt in 1976)
Seating Capacity:	7,227 seats
Suites:	1
Club Seats:	140
Owner:	City of St. Petersburg
Operator:	City of St. Petersburg
Cost:	\$3.5 million rebuild in 1976: (\$14.2 million in 2012 dollars)
Financing:	0% private 100% public

Progress Energy Park is a 7,227 seat baseball stadium located in St. Petersburg, Florida. It was originally built for \$300,000 in 1947, but was rebuilt at a cost of \$3.5 million in 1976. The Tampa Bay Rowdies have called Progress Energy Park home since the opening season of NASL in 2011. In addition to the Rowdies, the stadium has been home to the Tampa Bay Rays for their spring training. Over the years, several other Major League Baseball teams, including the Baltimore Orioles, New York Mets, New York Yankees, St. Louis Cardinals, have used the stadium as their headquarters for spring training. The park has hosted several minor league baseball teams, international baseball competitions, the Big East Classic baseball tournament among other collegiate tournaments. The facility has also been used for band competitions, antique and classic car shows, festivals and concerts.

In 1998, the naming rights of stadium were purchased by local utility Florida Power for \$150,000 per year, and the facility was known as Florida Power Park at Al Lang Field. The stadium's official name later changed to Progress Energy Park in 2003, when Florida Power was re-branded as Progress Energy. It should be noted that the Tampa Bay Rowdies do not receive stadium naming rights revenues.

Progress Energy Park has limited premium seating options when compared to newer NASL facilities. The stadium features one suite that can accommodate up to 30 patrons with tickets priced at \$50 per person per game. Two premium seating sections include 60 field-side seats sold for \$560 season ticket packages, as well on-field club seats sold for \$28 a ticket for groups of 15 or more. These sections include a parking pass, in-seat food and beverage service, as well a roster card and program in every seat.

## Appendix C – IV. Comparable Facilities

### Heroes Stadium

*San Antonio, Texas*



Year Opened:	2009
Seating Capacity:	11,122 seats
Owner:	North East ISD
Operator:	North East ISD
Cost:	\$27.5 million renovation
Financing:	0% private 100% public

The city of San Antonio opened Heroes Stadium in 2009 to serve the public school district of North East Independent School District (NISD). The \$27.5 million facility was 100 percent publicly financed by a 2007 school district bond. The 11,122 seat stadium is the home venue for the football, track and field, soccer and band events for the high schools located in the NISD.

Heroes Stadium is also the temporary home of the San Antonio Scorpions the 2012 NASL season. The Scorpions lease will run through the conclusion of the 2012 NASL season, as they wait to transition to their new soccer-specific, Toyota Field, for the start of the 2013 season.

## Appendix C – IV. Comparable Facilities

### Toyota Field

*San Antonio, Texas*



Year Opened:	2013
Seating Capacity:	8,000 seats
Suites:	16
Club Seats:	864
Owner:	Soccer for a Cause, LLC (Gordon Hartman)
Operator:	Soccer for a Cause, LLC (Gordon Hartman)
Cost:	\$10 million
Financing:	100% private 0% public

Construction on the new soccer-specific stadium for the San Antonio Scorpions began with a groundbreaking ceremony on February 29, 2012. The new 8,000 seat stadium, which will be capable of expansion in stages to 18,000 seats. Toyota Field, which has a \$10 million construction budget, was funded entirely by private investors and will be among the most state-of-the-art facilities in the NASL.

Toyota Field will be among the top NASL facilities in terms of the variety of seating available. The stadium will feature 16 VIP Suites ranging in price from \$21,200 to \$29,200 for a full season. Toyota Field will also offer two club seat areas located on the West stands behind the player benches. The Center Club, with 294 seats, is priced at \$720 per season ticket. The Midfield Club season tickets will be available for \$560 a season, with 570 seats available. Both seating areas will feature cushion flip-up seats and the best playing-field views in the stands. Along with these club areas, the stadium also features the Bud Light Beer Garden seating area and a VIP terrace, priced at \$320 and \$640 a season, respectively. Other season tickets are available in a price range from \$192 to \$320.

Toyota Field is among two NASL stadiums that currently have naming rights agreements in place, the other being WakeMed Park in Cary, North Carolina. Along with the stadium, Toyota is also involved in sponsoring Morgan's Wonderland, which is an amusement park adjacent to Toyota Field that was built by Scorpion's owner Gordon Hartman for people with special needs. Toyota will provide significant financial support for the 25-acre theme park, which will feature signage and promotional materials throughout the facility. The two-part deal is a multi-year, multimillion-dollar agreement between Gulf States Toyota and Soccer For a Cause, Gordon Hartman's company which owns the Scorpions and Toyota Field, as well as Morgan's Wonderland.

## **Appendix C – V. Estimated Event Utilization**

The estimated potential event mix and attendance levels for the proposed NASL stadium presented in this section are based on an application of the results from our previous analysis of comparable facilities, the number and types of competing facilities in the local and regional marketplace, the demographic and socioeconomic characteristics of the local marketplace and discussions with potential facility users:

- Stadium utilization;
- Estimated demand.

### **Stadium Utilization**

The proposed NASL soccer-specific stadium in Elk Grove is expected to seat 8,000, with the ability to be expanded for larger events. It is anticipated that the stadium will serve as the home of an Elk Grove NASL team and a variety of other events including international soccer matches, concerts, and possible high school football/soccer matches and championship games.

As in the previous study, this assessment of potential demand took into account the operational characteristics of comparable stadiums, as well as competitive facilities in the local and regional market, to determine the event activity level as well as projected attendance for similar events at the projected NASL facility in Elk Grove.

Interviews were previously conducted with a variety of potential stadium users. Detailed descriptions of these organizational interviews can be located in our initial report, and total event utilization, with the exception of concerts, is estimated to remain largely unchanged. Below is an overview of the organizations previously interviewed regarding potential stadium usage:

- Concert and show promoters;
- Sacramento State University;
- Big Sky Conference (BSC);
- National Collegiate Athletic Association (NCAA);
- National Association of Intercollegiate Athletics (NAIA); and
- California Youth Soccer Association (CYSA)

Additional NASL-specific information has been added concerning soccer attendance, as well as concert and event levels obtained through recent interviews with representatives at both the NASL and several of its member teams.

## **Appendix C – V. Estimated Event Utilization**

### *NASL Team in Elk Grove*

The proposed soccer stadium is expected to become the new home of an NASL franchise in Elk Grove. The addition of an NASL franchise in Elk Grove would bring the League's total number of teams to 11, counting the planned addition of expansion teams in New York and Ottawa. The NASL is in a period of extensive expansion, with a goal of reaching 20 teams by the year 2020. Plans to add an additional two teams to begin play by the 2014 season have also been confirmed. However, the ownership groups and locations of these expansion teams have not been released. As this report mentions previously, there are a number NASL stadiums in the process of being built or renovated in an effort by the league and its franchises to increase the reach and popularity of the sport.

Of the current 8 teams in the NASL, two play in soccer specific stadiums; the Carolina RailHawks and the Atlanta Silverbacks. The San Antonio Scorpions will become the third upon the completion of Toyota Field in 2013. These teams provide the best benchmark for expected attendance levels, with the San Antonio market being the most aligned with Elk Grove in terms of population size, demographics, and competition in the market. Both San Antonio and Elk Grove metropolitan areas have populations between 2.2 and 2.9 million, which are comprised of above average Hispanic population sizes, and only face competition from one major professional sports team.

Along with these market similarities, the proposed facility in Elk Grove would be most comparable to that of Toyota Field in San Antonio in terms of capacity and amenities, whereas lower capacity non-soccer specific facilities like that of FC Edmonton do not accurately represent expectations for the stadium in Elk Grove. In their inaugural season, the San Antonio Scorpions have become the most successful NASL team in terms of attendance; averaging 9,819 tickets distributed per game, or approximately 88 percent capacity of Heroes Stadium. This figure more closely aligns with expectations of an NASL team in Elk Grove. Based on these considerations, it is estimated that a NASL team in Elk Grove would support an average attendance of 4,500 to 7,000 in its inaugural year of operations.

In general, over the last two years, the NASL has seen an increase in average attendance, up from 3,770 in its inaugural season to 3,810 in 2012. The Atlanta Silverbacks saw a 57% rise in average attendance, averaging 4,511 fans a game for the 2012 season, up from 2,866 in the 2011 season. This trend is expected to continue league-wide as the NASL continues to expand in number of teams and popularity, and with the addition of soccer specific stadiums to the league landscape. Assuming a conservative 5% average growth rate in league-wide attendance, the proposed NASL team is estimated to have an average attendance of approximately 4,800 in 2016, using 2011 average attendance of 3,770 and assuming a stabilized year of operations.



## **Appendix C – V. Estimated Event Utilization**

### *NASL Stadium Concert Utilization*

Many soccer-specific stadiums have become popular concert destinations for acts requiring larger capacities than amphitheaters. However, that does not necessarily apply to NASL facilities. Most soccer-specific stadiums are able to accommodate 20,000 to 30,000 patrons while amphitheaters generally hold between 15,000 and 20,000. The average NASL stadium accommodates 11,481 people, which is skewed by two stadiums with capacities over 20,000. The proposed NASL stadium in Elk Grove is projected to have a capacity of 8,000 that is expandable to 16,000 for concerts.

Atlanta Silverbacks Park, a soccer-specific stadium opened in 2006, hosted three music festivals last year. Their stadium seating capacity is approximately 5,000 but is expandable to accommodate concert and festival events. Representatives with the Silverbacks indicated that their concert attendance was between 5,000 and 10,000 people on average last year, and that the team is looking to expand their current offering of concerts and music festivals to four to six events a year.

Many of the NASL facilities contacted are older, have lower total capacities, and provide fewer premium seating options than the proposed Elk Grove NASL facility. These concert estimates do not provide a direct comparable. The most similar facility to the proposed NASL stadium in Elk Grove is Toyota Field in San Antonio, TX. Representatives with the San Antonio Scorpions have indicated that they have a strong interest in bringing several concerts to Toyota Field and expect to host anywhere from four to ten concerts a year.

Several soccer-specific stadiums in the MLS attract concerts to their facilities every year, and provide a benchmark for the proposed NASL facility. The Home Depot Center located in Carson, CA, hosted two concerts in 2011 and has a concert capacity of 27,000. Crew Stadium hosted six concerts and averaged over 25,000 attendees per Livestrong Sporting Park, which opened in 2011, hosted three major concerts, including Farm Aid, which is scheduled to be held at the venue for future years. In 2011, Toyota Park hosted five major concert events. FC Dallas Stadium, which opened in August, 2005, hosted three major concerts in 2011.

**Appendix C – V. Estimated Event Utilization**Estimated Demand

The table below summarizes the estimated annual event activity and attendance that could be hosted at the proposed NASL stadium, based on analysis of comparable and competitive facilities as well as discussions with potential users.

**Events and Fan Spending**

<u>Event Type</u>	<u>Annual Events</u>	<u>Average Attendance</u>	<u>Total Attendance</u>
NASL Games	14	4,800	67,200
International/Friendly Games	2	10,500	21,000
Concerts	3	14,500	43,500
Other Events	15	2,500	37,500
<b>TOTAL</b>	<b>34</b>		<b>169,200</b>

It is estimated that the proposed facility could host approximately 34 events per year including NASL games, concerts, other soccer games and other non-soccer events such as football, lacrosse, festivals, motor sports, religious events and other such events.

When compared to demand estimates for the previously analyzed MLS stadium, the NASL facility is expected to be a less attractive option for concerts and bigger events due to a lower total capacity and fewer premium seating options. These considerations are reflected in the reduction of potential concerts hosted from eight at the proposed MLS facility to three at the NASL stadium. Attendance projections for other international/friendly soccer games have been lowered from 17,500 to 10,500 in this analysis, as NASL stadiums are less attractive options for major soccer matches when compared to larger soccer-specific MLS facilities. In total, it is estimated that the proposed stadium could attract 169,200 annual attendees, or approximately 4,976 people per stadium event.

## **Appendix C – VI. Estimated Financial Operations**

The estimated operating revenues and expenses associated with the proposed NASL team and soccer stadium in this section are based on assumptions formed through the results of the market analysis, industry trends, knowledge of the marketplace, historical operations of an NASL soccer specific stadium, and financial results from comparable NASL teams and soccer stadiums.

The estimation of potential financial operations of the City's proposed NASL team and soccer stadium include the following assumptions:

- Assumes an 8,000 seat multi-use stadium with seating capacity expandable up to 12,000 for sporting events and 16,000 for concert events, and will be completed by 2016.
- The proposed soccer stadium will be developed as a quality, state-of-the-art venue and would accommodate the needs of various users as well as meet NASL standards and will be located near the intersection of Kammerer Road and Highway 99.
- The yet-to-be-determined Elk Grove NASL team will serve as the primary tenants in the proposed soccer stadium.
- The soccer stadium will be owned by a public sector entity and will be exempted from paying property taxes, but may have a possessory tax placed on it.
- The Elk Grove NASL team will operate the stadium and will retain all revenues and pay all operating expenses, subject to NASL or third-party event revenue sharing.
- The Elk Grove region will generate ticket, concessions, novelty, and advertising/sponsorship levels that are generally consistent with other NASL franchises with new stadiums in similar market sizes.
- Ample parking will be available to accommodate demand (on-site or off-site within walking distance).

The table on the following page presents the estimated operating revenues and expenses associated with the proposed NASL team and soccer stadium during the first five years of operations.

## Appendix C – VI. Estimated Financial Operations

**CONFIDENTIAL DRAFT**

For Discussion Purposes Only  
Subject to Change

### Estimated Operating Revenues and Expenses City of Elk Grove Proposed NASL Team and Stadium

	2016	2017	2018	2019	2020
<b>Revenues</b>					
<i>Team/Stadium</i>					
Ticket Sales	\$958,000	\$986,000	\$1,016,000	\$1,046,000	\$1,078,000
Luxury Suites	191,000	197,000	203,000	209,000	215,000
Club Seats	67,000	69,000	71,000	73,000	75,000
Naming Rights	298,000	306,000	316,000	325,000	335,000
Stadium Sponsorships	170,000	175,000	180,000	186,000	191,000
Food & Beverage	119,000	123,000	126,000	130,000	134,000
Merchandise	20,000	21,000	21,000	22,000	23,000
Parking	110,000	130,000	134,000	138,000	142,000
Team Sponsorships (incl. jersey)	383,000	394,000	406,000	418,000	431,000
Broadcasting	15,000	15,000	16,000	16,000	17,000
<b>Total Team/Stadium</b>	<b>2,331,000</b>	<b>2,416,000</b>	<b>2,489,000</b>	<b>2,563,000</b>	<b>2,641,000</b>
<i>Non-Tenant Events</i>					
Stadium Rent	530,000	658,000	793,000	816,000	841,000
Food & Beverage	307,000	394,000	488,000	503,000	518,000
Merchandise	115,000	148,000	183,000	189,000	194,000
Parking	270,000	337,000	409,000	421,000	433,000
Ticketing Rebates	248,000	341,000	438,000	452,000	465,000
<b>Total Non-Tenant Events</b>	<b>1,470,000</b>	<b>1,878,000</b>	<b>2,311,000</b>	<b>2,381,000</b>	<b>2,451,000</b>
<b>Total Revenues</b>	<b>3,801,000</b>	<b>4,294,000</b>	<b>4,800,000</b>	<b>4,944,000</b>	<b>5,092,000</b>
<b>Expenses</b>					
<i>Team Expenses</i>					
Team Operations	250,000	258,000	265,000	273,000	281,000
Designated Player Expense	650,000	670,000	690,000	710,000	732,000
Corporate Sales	125,000	129,000	133,000	137,000	141,000
Advertising	75,000	77,000	80,000	82,000	84,000
Broadcasting	42,000	43,000	45,000	46,000	47,000
Ticket Sales	91,000	94,000	97,000	99,000	102,000
Community Relations	52,000	54,000	55,000	57,000	59,000
Ticket Services	78,000	80,000	83,000	85,000	88,000
General Admin	75,000	77,000	80,000	82,000	84,000
League Subsidy	80,000	82,000	85,000	87,000	90,000
<b>Total Expenses - Team</b>	<b>1,518,000</b>	<b>1,564,000</b>	<b>1,613,000</b>	<b>1,658,000</b>	<b>1,708,000</b>
<i>Stadium Expenses</i>					
General & Administrative	229,000	235,000	242,000	250,000	257,000
Operations	123,000	127,000	130,000	134,000	138,000
Utilities	170,000	175,000	180,000	186,000	191,000
Insurance - Property	45,000	46,000	48,000	49,000	51,000
Insurance - Other	25,000	26,000	27,000	27,000	28,000
Event Services	25,000	26,000	27,000	27,000	28,000
Event Expenses	910,000	962,000	1,016,000	1,047,000	1,078,000
Taxes	200,000	206,000	212,000	219,000	225,000
Other	25,000	26,000	27,000	27,000	28,000
<b>Total Expenses - Stadium</b>	<b>1,752,000</b>	<b>1,829,000</b>	<b>1,909,000</b>	<b>1,966,000</b>	<b>2,024,000</b>
<b>Total Expenses</b>	<b>3,270,000</b>	<b>3,393,000</b>	<b>3,522,000</b>	<b>3,624,000</b>	<b>3,732,000</b>
<b>Net Income from Operations</b>	<b>\$531,000</b>	<b>\$901,000</b>	<b>\$1,278,000</b>	<b>\$1,320,000</b>	<b>\$1,360,000</b>

## **Appendix C – VI. Estimated Financial Operations**

The proposed NASL team and soccer stadium are estimated to have combined revenues of approximately \$3.8 million in 2016 dollars, increasing to \$5.1 million within five years. Estimated combined operating expenses of the team and stadium are approximately \$3.3 million in 2016 dollars, increasing to \$3.7 million within five years.

A net operating income before franchise or stadium debt is estimated at approximately \$531,000 in 2016, representing an approximate 14 percent operating margin for the combined operations of the Elk Grove NASL team and the proposed soccer stadium. Net operating income is estimated to increase to \$1.4 million within five years.

The remainder of this section presents detailed assumptions underlying the financial analysis of revenues and expenses for both the proposed NASL team and stadium, in the following components:

- Revenues:
  - NASL Team
  - Soccer Stadium
  
- Expenses:
  - NASL Team
  - Soccer Stadium

### **Revenues**

As in the initial report, the estimated revenues for the proposed Elk Grove NASL team and the soccer stadium will be generated by identical sources, and have been allocated among two different areas (team and stadium) for the purpose of this analysis.

#### *Elk Grove NASL Team Revenue*

NASL Team revenues are estimated to be generated from ticket sales, concessions, catering, merchandise, parking, sponsorships and broadcasting.

#### Ticket Sales

The table on the following page depicts the net ticket revenue estimated to be generated to the Elk Grove NASL team in 2016 assuming a stabilized year of operations.

## Appendix C – VI. Estimated Financial Operations

**CONFIDENTIAL DRAFT**

For Discussion Purposes Only  
Subject to Change

### Ticket Sales Elk Grove NASL

	Elk Grove NASL
Events	14
Average Paid Attendance	4,800
Total Annual Paid Attendance	67,200
Weighted Average Ticket Price	\$14.25
Gross Ticket Sales	\$957,600
NASL Share	0.0%
Net Ticket Sales	\$957,600
Elk Grove NASL Share of Net Ticket Sales	100.0%
Elk Grove NASL Revenue	\$957,600

Estimates suggest that the proposed NASL team could generate approximately \$957,600 in net ticket sales, assuming an average of 14 games (regular season), 4,800 average paid attendees per game and a \$14.25 weighted average ticket price. Unlike the MSL revenue sharing structure, net ticket sales presented herein do not factor in a 33 percent allocation of gross ticket sales to the league.

### Concessions

Net concessions revenue estimated to be generated to the Elk Grove NASL team in 2016, assuming a stabilized year of operations, is summarized in the chart below.

### Concession Revenue Elk Grove NASL Games

	Elk Grove NASL
Events	14
Average Non-Premium Turnstile Attendance <sup>(1)</sup>	4,180
Total Annual Non-Premium Attendance	58,520
Concession Spending Per Attendee	\$5.50
Gross Concession Revenue	\$321,860
Profit Margin	35.0%
Net Concession Revenue	\$112,651
Team/Stadium Share	100.0%
Team/Stadium Concession Revenue	\$112,651

(1) Excludes club seat and suite patron attendees.

The Elk Grove NASL team is estimated to generate approximately \$112,651 in net concession revenue, assuming a \$5.50 average spending per attendee, and a 35 percent profit margin. The team and stadium will share 100 percent of net concessions revenues from the NASL games.

## Appendix C – VI. Estimated Financial Operations

### Catering

The net catering revenue, as shown below, estimated to be generated to the NASL team in 2016 assuming a stabilized year of operations.

#### Catering Revenue Elk Grove NASL

	Elk Grove NASL		
	Club Seats	Private Suites	Total
Events	14	14	14
Average Premium Turnstile Attendance	500	120	620
Total Annual Premium Attendance	7,000	1,680	8,680
Catering Spending Per Attendee	\$0.00	\$15.00	\$2.90
Gross Catering Revenue	\$0	\$25,200	\$25,200
Profit Margin	25.0%	25.0%	25.0%
Net Catering Revenue	\$0	\$6,300	\$6,300
Team/Stadium Share	100.0%	100.0%	100.0%
Team/Stadium Catering Revenue	\$0	\$6,300	\$6,300

The Elk Grove NASL team is estimated to generate approximately \$25,200 in gross suite catering revenue, and \$6,300 in net revenue, assuming a weighted average of \$15.00 in spending per attendee, with an average 25.0 percent profit margin. The team and stadium will share 100 percent of net catering revenues for the NASL games. Catering spending for club seat holders is included in their annual seat cost and will not add to the catering revenues.

### Merchandise

Net merchandise sales, depicted below, of approximately \$20,160 are estimated to be generated by the Elk Grove NASL team, assuming an average of 14 games (regular season), 4,800 average turnstile attendees per game and an average of \$2.00 in merchandise spending per attendee. It is assumed the team would retain all net merchandise revenues sold during their games.

#### Merchandise Revenue Elk Grove NASL

	Elk Grove NASL
Events	14
Average Turnstile Attendance <sup>(1)</sup>	4,800
Total Annual Attendance	67,200
Merchandise Spending Per Capita	\$2.00
Gross Merchandise Revenue	\$134,400
Profit Margin	15.0%
Net Merchandise Revenue	\$20,160

<sup>(1)</sup> Includes both general admission and premium seating attendance.

**Appendix C – VI. Estimated Financial Operations**

Parking

Net annual parking revenue estimates that could be generated by the Elk Grove NASL team for NASL games is shown below.

**Parking Revenue  
Elk Grove NASL**

	Elk Grove NASL
Events	14
Average G.A. Turnstile Attendance (1)	4,180
Average Attendees per Car	3.2
Estimated Parking Demand per Event	1,306
Annual Parking Demand	18,288
Average Parking Charge per Car	\$8.00
Gross Parking Revenue	\$146,300
Operating Margin	75.0%
Net Parking Revenue	\$109,725
Stadium Share	100.0%
Stadium Revenue	\$109,725

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

The Elk Grove NASL team is estimated to generate approximately \$109,725 in net annual parking revenue. For purposes of this analysis, it is assumed that one parking pass will be included, at no charge, for every four suite seats sold. The average parking charge for the remaining parking spaces to be sold to the general public is estimated to be \$8.00 per car. The profit margin for parking operations is estimated to be 75 percent of gross parking revenue.

Parking demand is based on an assumption of an average of 3.2 people per car and that sufficient parking is available, under operating control of the stadium, to meet parking demand.



## **Appendix C – VI. Estimated Financial Operations**

### Sponsorships

One of NASL team's best source of revenues have been realized through sponsorships. After discussions with league representatives, sponsorship revenues represented approximately 52 percent of average team revenues of \$1,455,000. Similar to that of MLS teams, those that are operating in new or renovated soccer-specific stadiums have seen substantial increases in sponsorship and advertising sales.

Many NASL teams have capitalized on jersey sponsorships in order to generate additional team revenue. Currently the NASL features eight teams, six of which have revenue-generating jersey sponsorships. The teams that currently do not feature a jersey sponsorship deal are the Atlanta Silverbacks and Tampa Bay Rowdies. Representatives from each team were contacted, most teams elected to withhold specific details regarding their jersey sponsorship revenues, but FC Edmonton identified their agreement with Sears Financial as between \$100,000 and \$150,000 per season.

Based on a review of total sponsorship levels achieved by other NASL teams and the characteristics of the Elk Grove marketplace, it is estimated that the Elk Grove NASL team and stadium could generate \$450,000 in gross sponsorship revenue. Sponsorship fulfillment costs are estimated to account for 15 percent of gross sponsorships sales and includes the cost to service the sponsorship and the value of various inventory included in the package that could include, but is not limited to tickets and/or premium seating and other such benefits. As a result, net annual sponsorship revenues generated by the Elk Grove NASL team are estimated to be approximately \$382,500.

### Broadcast

NASL teams are able to retain all revenues generated from broadcasting their games locally via television or radio. According to league officials, national television broadcasting revenues are retained by NASL, but in turn redistributed to teams if NASL league office has operating profit. Each team must be prepared to include up to three home games in a national network television package to be sold by the league. Based on discussions with NASL representatives, and knowledge of the industry, it has been assumed that annual net broadcasting revenues of \$15,000 would be generated by the Elk Grove NASL Team.

## Appendix C – VI. Estimated Financial Operations

### Soccer Stadium Revenues

Stadium revenues are estimated to be generated from the same sources as the initial report. A summary of the proposed NASL stadium revenue estimates are presented below.

### Rental Income

Based on the results of the market analysis, it is estimated that 34 events could be hosted at the stadium including events such as NASL team games, concerts, international soccer games, and other soccer and non-soccer events such as football games, lacrosse games, festivals, motocross, special religious services, and other such events. The graphic below summarizes the annual rental income estimated to be generated to the proposed stadium.

#### **Rental Income Proposed Soccer Stadium**

	Elk Grove NASL	Concerts	International Soccer	Other Events	Total
Events	14	3	2	15	34
Average Paid Attendance	4,800	14,500	10,500	2,500	4,976
Total Annual Paid Attendance	67,200	43,500	21,000	37,500	169,200
Weighted Average Ticket Price	\$14.25	\$50.00	\$20.00	\$10.50	\$23.32
Gross Ticket Sales	\$957,600	\$2,175,000	\$420,000	\$393,750	\$3,946,350
Stadium Share of Ticket Sales	0.00%	15.00%	25.00%	25.00%	13.4%
Stadium Rental Income	\$0	\$326,250	\$105,000	\$98,438	\$529,688

Note: The stadium share of net ticket sales for the NASL Team is 0 percent of the net amount after 100 percents has been allocated to the team.

The proposed NASL stadium is estimated to generate approximately \$529,688 in rental income in 2016. Similar to our earlier report, rental assumptions are based on a review of historical rental structures at comparable facilities and local competitive facilities. For purposes of this study, stadium rental rates were estimated as a percentage of ticket sales and are estimated to be 15.0 percent for concerts, 25.0 percent for international soccer and 20.0 percent for other events. It should be noted that the Elk Grove NASL team ticket revenue was accounted for in the team's revenue and not shared with the stadium in the model.

## **Appendix C – VI. Estimated Financial Operations**

### Luxury Suite and Club Seat Premiums

The proposed NASL stadium is expected to have 668 premium seats, consisting of 168 luxury suites seats (14 suites at 12 seats each) and 500 club seats. The table below presents the estimated luxury suite and club seat premiums to be generated to the proposed stadium based on a review of premium seating programs at other current and planned NASL stadiums in the context of local market demographic and socioeconomic characteristics.

#### **Luxury Suite and Club Seat Premiums Proposed Soccer Stadium**

	Luxury Suites	Club Seats
Inventory	14	500
Number Sold	10	500
Average Annual Price	\$25,000	\$750
Less: NASL Team Ticket Revenue	(\$5,880)	(\$490)
Less: Food and Beverage Cost	\$0	(\$126)
Premium per Unit	\$19,120	\$134
Estimated Annual Premium Revenue	\$191,200	\$67,000

Note: Luxury suites are assumed to have 12 sold seats in each suite.

It is estimated that a new stadium could generate approximately \$191,200 in luxury suite premiums and \$67,000 in club seat premiums.

This analysis accounts for an estimated average price of \$25,000 per suite per season, and those suites will include 12 seats, and tickets to all NASL team home games. The ticket revenue from these ticket sales are included in the ticket revenue estimates presented earlier and have been deducted from the suite price to arrive at the net premium revenue. Based on the estimated ticket prices detailed previously, the resulting net private suite premium is estimated to approximate \$19,120 per suite.

The ticket value for club seating has also been included in ticket revenue, while the premium charged for club seats are reflected as additional revenue to the stadium. It has been assumed that club seats will be priced at \$750 per season. Club seat prices would result in a net premium of \$134 per seat after the deduction for the value of tickets and built-in food and beverage credits.

## Appendix C – VI. Estimated Financial Operations

### Concessions

Estimates of concessions revenue that could be generated at the proposed multi-purpose facility in Elk Grove are presented in the table below.

#### Concessions Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
Events	3	2	15	20
Average General Admission Turnstile Attendance <sup>(1)</sup>	14,380	10,380	2,500	5,070
Total Annual General Admission Attendance	43,140	20,760	37,500	101,400
Concession Spending Per Capita	\$12.75	\$5.65	\$2.25	\$7.41
Gross Concessions Revenue	\$550,035	\$117,294	\$84,375	\$751,704
Profit Margin	42.0%	38.0%	30.0%	40.0%
Net Concessions Revenue	\$231,015	\$44,572	\$25,313	\$300,899
Stadium Share	100.0%	100.0%	100.0%	100.0%
Stadium Concessions Revenue, net	\$231,015	\$44,572	\$25,313	\$300,899

(1) Excludes suite and club seating.

Net annual concession revenue generated from non-tenant events is estimated to be approximately \$300,889. It is assumed that the stadium would retain 100 percent of net concession revenue, after allocation for a profit margin of 40 percent. The profit margin allocation reflects the cost of product, labor and profit for a third-party private concessionaire to operate the food and beverage service.

It is estimated that per capita concessions spending could range from \$2.25 to \$12.75, depending on the type of event. These estimates are based on a review of per capita concessions spending levels at other soccer-specific stadiums and other sports facilities throughout the country.

### Catering

The graphic on the next page outlines the estimated catering revenue that could be generated at the proposed NASL stadium for all non-tenant events. The club seat portion of catering was not included, as those seats may be sold as general seats to non-tenant events at the stadium.

## Appendix C – VI. Estimated Financial Operations

**CONFIDENTIAL DRAFT**

For Discussion Purposes Only  
Subject to Change

### Catering Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
<b>Suite Catering:</b>				
Events	3	2	15	20
Average Suite Turnstile Attendance	120	120	60	75
Total Annual Suite Attendance	360	240	900	1,500
Suite Catering Spending Per Attendee	\$30.00	\$20.00	\$8.50	\$15.50
Gross Suite Catering Revenue	\$10,800	\$4,800	\$7,650	\$23,250
Profit Margin	25.0%	20.0%	30.0%	25.6%
Net Suite Catering Revenue	\$2,700	\$960	\$2,295	\$5,955
Stadium Share	100.0%	100.0%	100.0%	100.0%
<b>Stadium Suite Catering Revenue</b>	<b>\$2,700</b>	<b>\$960</b>	<b>\$2,295</b>	<b>\$5,955</b>

Annual catering revenue generated by suites at the stadium is estimated to be approximately \$5,955. It is assumed that the stadium would retain 100 percent of net catering revenue after allocation for a profit margin of 25.6 percent. The profit margin allocation reflects the cost of product, labor and profit for a third-party private caterer.

The average per capita catering spending range estimate of approximately \$15.50 for suite patrons is based on a review of per capita catering spending levels at other similar soccer-specific stadiums and other sports facilities throughout the country.

### Merchandise

The new stadium is estimated to generate approximately \$114,960 in net annual merchandise revenue for non-tenant events, as shown on the following page. It is assumed the Elk Grove NASL team would retain all net merchandise revenue associated with their events, but the stadium would retain all net merchandise revenue generated from concerts, international soccer, and other events. The profit margin for merchandise sales is estimated to be 18.8 percent of gross merchandise sales. The profit margin allocation reflects the cost of product, labor to operate merchandise stands, and revenues shared with event promoters.

## Appendix C – VI. Estimated Financial Operations

### Merchandise Revenue Proposed Soccer Stadium

	Concerts	International Soccer	Other Events	Total
Events	3	2	15	34
Average Turnstile Attendance (1)	14,500	10,500	2,500	5,703
Total Annual Attendance	43,500	21,000	38,400	193,900
Merchandise Spending Per Capita	\$10.00	\$3.00	\$2.00	\$3.90
Gross Merchandise Revenue	\$435,000	\$63,000	\$76,800	\$756,800
Profit Margin	20.0%	20.0%	20.0%	18.8%
Net Merchandise Revenue	\$87,000	\$12,600	\$15,360	\$142,260
Stadium Share	100.0%	100.0%	100.0%	80.8%
Stadium Merchandise Revenue	\$87,000	\$12,600	\$15,360	\$114,960

(1) Includes both general admission and premium seating attendance.

The estimated per capita spending range of approximately \$2.00 to \$10.00 per person, depending on event, is based on a review of per capita merchandise spending levels at other soccer-specific stadiums and other sports facilities throughout the country.

### Parking

The proposed soccer stadium is estimated to generate approximately \$376,316 in net annual parking revenue. It is assumed that one parking pass will be included, at no charge, for every four suite seats sold. The average parking charge for the remaining parking spaces to be sold to the general public is estimated to be \$9.72 per car. The average profit margin for parking operations is estimated to be 75.0 percent of gross parking revenue. The profit margin allocation reflects the cost of labor, materials and supplies to operate the parking lots. The estimated net annual parking revenue that could be generated at the proposed NASL stadium is presented below.

### Parking Revenue Proposed Soccer Stadium

	Elk Grove NASL	Concerts	International Soccer	Other Events	Total
Events	14	3	2	15	34
Average G.A. Turnstile Attendance (1)	4,180	14,380	10,380	2,500	4,489
Average Attendees per Car	3.2	2.8	3.0	3.4	3.0
Estimated Parking Demand per Event	1,306	5,136	3,460	735	1,519
Annual Parking Demand	18,288	15,407	6,920	11,029	51,644
Average Parking Charge per Car	\$8.00	\$15.00	\$10.00	\$5.00	\$9.72
Gross Parking Revenue	\$146,300	\$231,107	\$69,200	\$55,147	\$501,754
Operating Margin	75.0%	75.0%	75.0%	75.0%	75.0%
Net Parking Revenue	\$109,725	\$173,330	\$51,900	\$41,360	\$376,316
Stadium Share	100.0%	100.0%	100.0%	100.0%	100.0%
Stadium Parking Revenue	\$109,725	\$173,330	\$51,900	\$41,360	\$376,316

(1) Excludes suite and club seating patrons. It is assumed that parking passes are provided in their annual seat cost.

## **Appendix C – VI. Estimated Financial Operations**

Parking demand is based on an assumption of an average of 3.0 people per car and that sufficient parking is available, under operating control of the stadium, to meet parking demand.

### Naming Rights

A detailed explanation of naming rights agreements can be found in the initial report. For the purposes of this analysis, current NASL naming right agreements were researched.

Toyota recently purchased the naming rights to San Antonio Scorpion's new stadium to be completed by 2013. Only one other NASL franchise, the Carolina RailHawks, has sold the naming rights for its stadium, WakeMed Soccer Park. According to league representatives, Tampa Bay, which plays at Progress Energy Park, does not net any income from that sponsorship.

The naming rights agreement between WakeMed and the City of Cary is for a term of three years and at a cost of \$300,000 per year. The terms of the agreement between Toyota and the San Antonio Scorpions has remained proprietary, it is believed to be in the range of \$300,000 to \$500,000.

Based on a review of these naming rights deals and other naming rights deals for other sports facilities and local market characteristics, it is estimated that gross naming rights revenue could approximate \$350,000 annually. It is estimated that approximately 15 percent of the gross value could be attributed to fulfillment costs, resulting in net naming rights proceeds of approximately \$298,000 per year.

## **Appendix C – VI. Estimated Financial Operations**

### **Operating Expenses**

As in the initial study, the estimated expenses for the proposed NASL stadium have been allocated among two different areas (team and stadium), consider identical expenditure sources, and are based on discussions with NASL representatives who are familiar with the operations of NASL teams and new soccer-specific stadiums.

#### **Elk Grove NASL Teams' Expenses**

It is estimated that annual team expenses would approximate \$1.5 million. The table below summarizes the estimated operating expenses for an NASL team in Elk Grove.

#### **Elk Grove NASL Estimated Team Operating Expenses**

Team Operations & Travel	\$250,000
Player & Coaching Salaries	650,000
Corporate Sales	125,000
Advertising	75,000
Broadcasting	42,000
Ticket Sales	91,000
Community Relations	52,000
Ticket Services	78,000
General Admin	75,000
League Subsidy	80,000
<b>Total</b>	<b>\$1,518,000</b>

#### **Soccer Stadium Expenses**

Below is a summary of the estimated operating expenses for a new soccer stadium in Elk Grove. As depicted, it is estimated that annual stadium expenses would approximate \$1.8 million.

#### **Operating Expenses Proposed Soccer Stadium**

General & Administrative	\$228,500
Operations	123,000
Utilities	170,000
Insurance - Property	45,000
Insurance - Liability/Business Interruption, etc.	25,000
Event Services	25,000
Event Expenses	910,000
Taxes	200,000
Other	25,000
<b>Total</b>	<b>\$1,751,500</b>



## **Appendix C – VII. Economic and Fiscal Impacts**

The focus of this analysis is to estimate the potential net new impacts generated from the construction and operation of the proposed NASL stadium. The following key issues have been previously addressed and explained in detail in the original report:

- Overview of Economic Impacts;
- Construction-Related Impacts;
- Operations-Related Impacts; and,
- Non-Quantifiable Benefits.

CSL applied an identical methodology when determining the economic and fiscal impacts of the proposed NASL stadium. The assumptions underlying the estimates of these impacts are based on the results of a market and financial analysis previously presented in this report, as well as real estate development impacts as provided by the City of Elk Grove.

The construction and operation of the proposed NASL stadium and team, when compared to the previously proposed MLS facility; equivalent economic impacts cannot be expected. Lower building costs, less national visibility, reduced stadium capacity and thus lower total attendance over the course of a season are all significant differences that must be considered when evaluating the economic impacts of both an MLS and NASL facility. The construction and operational impacts presented herein take into account these important differences during the evaluation of the potential impact of the proposed NASL stadium.

### **Construction-Related Impacts**

The table on the following page summarizes the estimated net new economic and fiscal impacts that could be generated to the City of Elk Grove, Sacramento SMSA and the State of California with the construction of an NASL facility. These impacts represent one-time impacts from construction occurring over multi-phased period from 2013 through 2017.

**Net New Economic and Fiscal Impacts  
Construction**

<b>City of Elk Grove - Net New Impacts</b>	
Direct Spending	\$4,286,000
Total Output	\$5,875,000
Jobs	40
Personal Earnings	\$2,334,000
Tax Revenue	\$201,000
<b>Sacramento County - Net New Impacts</b>	
Direct Spending	\$17,228,000
Total Output	\$23,614,000
Jobs	170
Personal Earnings	\$9,380,000
Tax Revenue	\$189,000
<b>State of California - Net New Impacts</b>	
Direct Spending	\$18,824,928
Total Output	\$25,803,000
Jobs	190
Personal Earnings	\$10,249,000
Tax Revenue	\$1,275,000

Of the approximately \$40.3 million in estimated gross construction expenditures, approximately \$4.3 million, or about 10.6 percent, is estimated to be net new to Elk Grove, California. This net new spending in Elk Grove is estimated to generate \$5.9 million in total output, supporting 40 full and part-time jobs during construction that generate approximately \$2.3 million in personal earnings. Total net new tax revenues expected to be generated to Elk Grove is estimated to approximate \$201,000 which accounts for all spending effects (direct, indirect, and induced) related to construction.

Net new direct construction spending expected to occur in the Sacramento SMSA is estimated to be \$17.2 million, or about 42.7 percent of gross construction expenditures. The net new spending in the Sacramento SMSA is estimated to generate \$23.6 million in total output, supporting 170 full and part-time jobs during construction that generate approximately \$9.4 million in personal earnings. It is important to note that the benefits estimated for the Sacramento SMSA are not mutually exclusive of the benefits generated to the City of Elk Grove.

## Appendix C – VII. Economic and Fiscal Impacts

The State of California is expected to realize \$18.8 million in net new direct spending, representing approximately 46.7 percent of total project construction expenditures. Net new spending in the State of California is estimated to generate \$25.8 million in total output, supporting 190 full and part-time jobs during construction that generate approximately \$10.2 million in personal earnings. Total net new tax revenues expected to be generated to the State of California is estimated to approximate \$1.3 million. The benefits estimated for the State of California are not mutually exclusive of the benefits generated to the City of Elk Grove or the Sacramento SMSA as the geography of each of the entities overlap to some degree.

### Operations-Related Impacts

The operations of a NASL team and proposed stadium development in Elk Grove will represent a beneficial source of annual impacts for the City, Sacramento SMSA and the State of California. The graphic below depicts the total annual net new economic and fiscal impacts resulting from the operations of the proposed soccer stadium.

#### Estimated Net New Economic and Fiscal Impacts Operations

	Year 1 Operational Impacts	Net Present Value of 30-year Impacts
<b>City of Elk Grove - Net New Impacts</b>		
Direct Spending	\$4,138,000	\$221,644,000
Total Output	\$5,761,000	\$308,084,000
Jobs <sup>(1)</sup>	67	67
Personal Earnings	\$2,438,000	\$129,628,000
Tax Revenues <sup>(2)</sup>	\$92,000	\$2,444,000
<b>Sacramento County - Net New Impacts</b>		
Direct Spending	\$5,148,000	\$267,895,000
Total Output	\$7,259,000	\$376,995,000
Jobs <sup>(1)</sup>	78	78
Personal Earnings	\$3,253,000	\$166,769,000
Tax Revenues	\$27,000	\$756,000
<b>State of California - Net New Impacts</b>		
Direct Spending	\$2,685,000	\$140,225,000
Total Output	\$3,789,000	\$197,531,000
Jobs <sup>(1)</sup>	41	41
Personal Earnings	\$1,681,000	\$86,586,000
Tax Revenues	\$210,000	\$5,764,000

(1) Includes full and part-time jobs.

(2) Includes projected revenues from Elk Grove Hotel Tax

Note: NPV calculation assumes a 3 percent annual growth rate and a 5 percent discount rate.

## **Appendix C – VII. Economic and Fiscal Impacts**

Annual net new direct spending occurring in Elk Grove from the operations of the proposed soccer stadium is estimated to be \$4.1 million in Year 1. The net new spending in Elk Grove is estimated to generate \$5.8 million in total output, supporting 67 full and part-time jobs that generate approximately \$2.4 million in personal earnings. Tax revenue generated in Elk Grove is estimated to be around \$92,000.

The net present value of net new spending expected to occur in Elk Grove from the operations of the proposed sports stadium is estimated to be \$221.6 million. The cumulative net new spending in Elk Grove is estimated to generate \$308.1 million in total output, supporting 67 full and part-time jobs that generate approximately \$129.6 million in personal earnings over a 30-year period. Total net new tax revenues expected to be generated to Elk Grove over the 30-year period is estimated to approximate \$2.4 million.

Operating impacts generated to the Sacramento SMSA are estimated to include \$5.1 million in direct spending, \$7.3 million in total output, supporting 78 full and part-time jobs that generate approximately \$3.3 million in personal earnings. The counties in the Sacramento SMSA do not levy any county-specific taxes.

The 30-year net present value of net new spending expected to occur in the Sacramento SMSA from the operations of the proposed soccer stadium is estimated to be \$267.9 million. The cumulative net new spending in the Sacramento SMSA is estimated to generate \$377 million in total output, supporting 78 full and part-time jobs that generate approximately \$166.8 million in personal earnings over a 30-year period.

Impacts generated to State of California are estimated to include \$2.7 million in direct spending, \$3.8 million in total output, supporting 41 full and part-time jobs that generate approximately \$1.7 million in personal earnings. Total net new tax revenues expected to be generated to the State of California are estimated to approximate \$210,000. Over a 30-year period, the project is estimated to generate to the State of California approximately \$140.2 million in net new direct spending, \$197.5 million in net new output, support 41 new full and part-time jobs that generate \$86.6 million in earnings. Total net new tax revenues expected to be generated to the State of California over the 30-year period is estimated to approximate \$5.8 million.

It is important to note a few things from the chart above. Tax revenues listed above do not include the potential revenues that could be generated by new taxes implement to subsidize the cost of a new soccer stadium in Elk Grove such as ticket taxes, meal taxes, an increase in hotel tax, or other city or county taxes. Similarly, the table on the previous page does not break out sales taxes collected between City, County, and State. The State of California currently operates with a sales tax rate of 7.75%, of which is distributed to the City of Elk Grove, and an addition 1.00% of which is distributed to Sacramento County.

## **Appendix C – VII. Economic and Fiscal Impacts**

### **Non-Quantifiable Impacts**

The proposed NASL team and stadium present potential qualitative benefits for the City of Elk Grove, Sacramento County and the State of California. These benefits are reflected in enhanced economic growth for the region and ancillary private sector development. The new NASL team and stadium will also improve upon sports and recreational options currently available for local citizens, and provide additional entertainment at affordable prices. It also has the potential to increase tourism to the area, and enhance the regional, national, and even international reach of the Elk Grove and Sacramento area. A sense of community pride and enhanced reputation are also benefits associated with the addition of a new professional sports franchise to an area.

While those are all important qualitative factors to consider when evaluating the proposed NASL team and stadium, it should be noted that it would not provide the exposure and national visibility equivalent to an MLS franchise. With that said, there is also a significantly lower level of investment associated with the development of a Division 2 professional soccer franchise. New MLS stadium expenses are expected to be in excess of \$100 million, which is significantly higher than the proposed NASL stadium with construction costs at approximately \$40.3 million.

Entry into the MLS requires exponentially higher expansion fees of \$50 to 70 million than entry into the NASL, with fees between \$1.5 million to \$3.0 million depending on the case. The addition of an NASL team and stadium can be expected to provide many of the similar non-quantifiable effects at a much lower cost of entry. These, along with the financial analysis and economic and fiscal impacts presented in this report, are all significant factors that must be considered when evaluating the feasibility of the proposed NASL and MLS teams and stadiums.





**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Adopt resolution authorizing the City Manager to execute a Purchase and Sale Agreement with Frank Loretz and Mundell Land and Livestock Company, Inc. for the acquisition of 99.57+/- acres of land located at 10251 Grant Line Road [Assessor Parcel Number 134-0190-009-0000] and adopt resolution approving an Inter-fund Loan Agreement of \$6,000,000 from the Drainage Fund to the General Fund Capital Reserve Fund

**MEETING DATE:** August 27, 2014

**PREPARED BY:** Julie D. Cline, Real Estate Manager

**DEPARTMENT HEAD:** Richard Shepard, Public Works Director / City Engineer

---

**RECOMMENDED ACTION:**

Staff recommends that the City Council:

1. Adopt a resolution authorizing the City Manager to execute a purchase and sale agreement with Frank Loretz and Mundell Land and Livestock Company, Inc. for the purchase of 99.57+/- acres of land located at 10251 Grant Line Road [Assessor Parcel Number 134-0190-009-0000]; and
2. Adopt a resolution approving an Inter-fund Loan Agreement of \$6,000,000, from the Drainage Fund to the General Fund Capital Reserve Fund.

## **BACKGROUND INFORMATION:**

The City seeks to purchase approximately 100 acres of land within the vicinity of the Grant Line Road/State Route 99 Interchange. Purchase of the property will create an opportunity for potential City recreational or other public uses. Parks, recreation, and open space are important components of the quality of life desired by the residents of Elk Grove. The City recognizes the need for parks, recreation, and open space as development of the City continues. The City's General Plan envisions that the City will take a more active role in defining the locations, sizes, and facilities provided at public parks, as well as in expanding the number of trails in Elk Grove.

## **ANALYSIS:**

The Property under consideration is currently owned by Frank Loretz and Mundell Land and Livestock Company, Inc. and serves as a farming operation. The Property encompasses approximately 100 acres and is located at 10251 Grant Line Road, unincorporated Sacramento County, and within the Sacramento County Urban Services and Urban Policy Area Boundaries.

### **Terms of the Proposed Purchase:**

Pursuant to direction from the City Council, staff has negotiated a proposed purchase price of \$4,385,000, which has been accepted by Frank Loretz and Mundell Land and Livestock Company, Inc., subject to City Council approval (Attachment 3).

The following is a summary of the negotiated terms:

- \$4,385,000 to purchase 99.57+/- acres of land
- 60-day Due Diligence Period following fully-executed Purchase Agreement
- 30-day escrow following expiration of Due Diligence Period
- City responsible for all closing costs
- Seller will be allowed to complete crop production of any annual crop being produced at the time of close of escrow
- City is not obligated to pay any brokerage commission associated with this transaction



Staff recommends that the City Council authorize the City Manager to enter into a purchase and sale agreement consistent with these terms, and subject to approval as to form by the City Attorney.

**ENVIRONMENTAL ANALYSIS:**

The proposed acquisition is exempt from California Environmental Quality Act (CEQA) review pursuant to Section 15378(a) of the State CEQA Guidelines. Section 15378(a) states that where an action cannot be found to be a “project”, meaning the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, that action is not subject to CEQA. The proposed acquisition does not result in a direct or indirect change in the environment, as a use for the property has not been identified. Depending on the scope and scale of any future proposed project, CEQA would be assessed as part of any necessary permit review. Therefore, the proposed acquisition is not considered the approval of a project under CEQA and is exempt from CEQA review.

**FISCAL IMPACT:**

The General fund will purchase the land with monies internally borrowed from the Drainage fund. The \$6,000,000 will fund the acquisition of the land and closing costs and provide funding to study use alternatives. The inter-fund loan will be repaid, with interest, over ten years beginning in FY 2015-16. The General fund will benefit from sales and hotel taxes, as well as any fees or other revenues indirectly generated as a result of improving this parcel. Further, it is anticipated that this parcel will be annexed into the City’s boundaries to allow any direct revenues generated to contribute toward the annual loan payment.

**ATTACHMENTS:**

1. Resolution – Purchase and Sale Agreement
2. Resolution – Inter-fund Loan Agreement
3. Purchase and Sale Agreement
4. Inter-Fund Loan Agreement
5. Letter of Interest
6. Location Map

**ATTACHMENT 1**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE  
AGREEMENT WITH FRANK LORETZ AND MUNDELL LAND AND LIVESTOCK  
COMPANY, INC. FOR THE ACQUISITION OF 99.57+/- ACRES OF LAND LOCATED AT  
10251 GRANT LINE ROAD [ASSESSOR PARCEL NUMBER 134-0190-009-0000]**

**WHEREAS**, the City Council has directed staff to identify up to 120 contiguous acres to consider purchasing for outdoor recreational purposes and/or other public uses; and

**WHEREAS**, pursuant to direction from the City Council staff proposes the acquisition of approximately 100 acres of land located at 10251 Grant Line Road, owned by Frank Loretz and Mundell Land and Livestock Company, Inc.; and

**WHEREAS**, staff has negotiated a purchase price of \$4,385,000, which has been agreed to by Frank Loretz and Mundell Land and Livestock Company, Inc. by execution of a Letter of Interest, subject to City Council approval and a finalized purchase and sale agreement; and

**WHEREAS**, staff recommends entering into a purchase and sale agreement with Frank Loretz and Mundell Land and Livestock Company, Inc. for the purchase of the property; and

**WHEREAS**, the proposed acquisition is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15378(a) of the CEQA Guidelines because the proposed acquisition does not constitute the approval of a project under CEQA and, therefore, environmental review under CEQA is not required at this time; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove finds that the purchase of the property as proposed is for the common public benefit, and hereby authorizes the City Manager to execute a purchase and sale agreement with Frank Loretz and Mundell Land and Livestock Company, Inc. for the City's purchase of the property identified as APN 134-0190-009-0000 in substantially the form presented with the accompanying staff report, all subject to approval as to form by the City Attorney.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 27<sup>th</sup> day of August 2014.

\_\_\_\_\_  
GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JASON LINDGREN, CITY CLERK

\_\_\_\_\_  
JONATHAN P. HOBBS,  
CITY ATTORNEY

## ATTACHMENT 2

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING AN INTER-FUND LOAN AGREEMENT OF \$6,000,000 FOR THE ACQUISITION OF LAND AND CLOSING COSTS AND USE STUDY COSTS FROM THE DRAINAGE FUND TO THE GENERAL CAPITAL RESERVE FUND**

**WHEREAS**, parks, recreation, and open space are important components of the quality of life desired by the residents; and,

**WHEREAS**, the City seeks to purchase approximately 100 acres of land within the vicinity of Grant Line Road/State Route 99 Interchange; and

**WHEREAS**, the purchase of land for recreational or other public uses is programmed in the 2014-19 Capital Improvement Program for \$6,000,000; and

**WHEREAS**, the City negotiated a purchase price of \$4,385,000 with Frank Loretz and Mundell Land and Livestock Company, Inc.; and

**WHEREAS**, the associated closing costs are anticipated to be less than \$50,000; and

**WHEREAS**, the estimated remaining funds of approximately \$1,565,000 will be available to study use alternatives; and

**WHEREAS**, the City has an Inter-Fund Loan Policy that formalizes the terms of Inter-fund Loans; and

**WHEREAS**, the interest rate is variable, tied to Local Agency Investment Fund (LAIF); and

**WHEREAS**, the initial rate used in schedule of repayment is .228% which is the June 2014 LAIF rate; and

**WHEREAS**, the Drainage Fund (503) has idle funds beyond what is needed to fund current projects; and

**WHEREAS**, the General Fund will benefit from sales and hotel taxes, and any other revenues indirectly generated as a result of improving the parcel; and

**WHEREAS**, the Inter-Fund Loan Policy has a maximum term of ten years with the first annual payment in FY 15-16; and

**WHEREAS**, the annual payment is estimated to be approximately \$608,000 based on the initial rate.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby approves the Inter-Fund loan of \$6,000,000 from the Drainage fund (503) to the General Capital Reserve Fund (106).

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 27<sup>th</sup> day of August 2014.

---

GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

---

JASON LINDGREN, CITY CLERK

---

JONATHAN P. HOBBS,  
CITY ATTORNEY

## ATTACHMENT 3

Parcel No: 134-0190-009  
Escrow #: 0101400370  
Title Company: Fidelity National Title Company  
Date of Preliminary Title Report: TBD

**Grantor: FRANK LORETZ, a single man, and MUNDELL LAND AND LIVESTOCK COMPANY, INC., a California corporation**

**Grantee: CITY OF ELK GROVE, a municipal corporation**

### AGREEMENT FOR ACQUISITION OF FEE INTEREST IN REAL PROPERTY

This Agreement for Acquisition of Fee Interest in Real Property ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the City of Elk Grove, a municipal corporation ("CITY"), and Frank Loretz, a single man, and Mundell Land and Livestock Company, Inc., a California corporation ("Mundell"). Loretz and Mundell are collectively referred to as "GRANTOR", and CITY, Loretz and Mundell are collectively referred to as "Parties".

### RECITALS

**WHEREAS**, GRANTOR is the owner of certain real property located at 10251 Grant Line Road in Elk Grove, California, identified as Sacramento County Assessor Parcel Number 134-0190-009 ("Property"); and

**WHEREAS**, GRANTOR intends to convey to the CITY and the CITY intends to acquire from GRANTOR all of GRANTOR's right, title and interest in and to the Property, described in the attached Exhibits "A" and "A-1", which are incorporated herein by reference; and

**WHEREAS**, GRANTOR and CITY prefer to reach a mutually acceptable agreement for the acquisition of the Property in lieu of CITY seeking to acquire the Property through the exercise of CITY's power of eminent domain; and

**WHEREAS**, GRANTOR agrees to sell and CITY agrees to buy the Property pursuant to the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the payment and other obligations set forth below, GRANTOR and CITY mutually agree as follows:

#### **1. Execution and Delivery to Escrow**

CITY has opened an escrow with the title company identified above ("Escrow Holder") and will deliver a fully executed copy of this Agreement to Escrow Holder. The date on which the last required signature for this Agreement is obtained shall be the effective date ("Effective Date") for this Agreement. CITY shall deliver to the Escrow Holder the Purchase Price, less the Deposit, as defined below, within ten business days after the end of the Due Diligence Period. GRANTOR shall execute, notarize and deliver to Escrow Holder the Grant Deed ("Grant Deed") in the form of Exhibit "A" attached hereto and made a part hereof, within three business days of receiving notice that Escrow Holder holds the Purchase Price, less the Deposit, as defined below.

**2. Payment and Consideration**

**A. Purchase Price**

CITY shall tender payment to the Escrow Holder in the amount of Four Million Three Hundred Eighty Five Thousand and 00/100 Dollars (\$4,385,000) (“Purchase Price”), which includes the Deposit as defined in Section 2B.

**B. Deposit**

Concurrent with CITY's execution and delivery of this Agreement to Escrow Holder, CITY shall deliver to Escrow Holder, for deposit into the above-referenced escrow account, the sum of Twenty Five Thousand Dollars and 00/100 (\$25,000.00) as a deposit toward the Purchase Price ("Deposit"). The Deposit will be applied towards the Purchase Price at the Close of Escrow (as defined in Section 5A) and will become nonrefundable upon the expiration of the Due Diligence Period (as defined in Section 3), except in the event of a material default by GRANTOR or the failure of a condition precedent to CITY's obligations hereunder, or termination of this Agreement pursuant to Section 3.

a. Investment of Deposit

The Deposit, upon receipt by Escrow Holder, will be invested by Escrow Holder in an interest-bearing money market or a savings account with a national banking association or federally chartered savings and loan association. Interest earned on the Deposit will accrue to the benefit of CITY.

b. Release of Deposit

Upon the expiration of the Due Diligence Period, Escrow Holder shall immediately release the Deposit to GRANTOR without the need for further instructions from either CITY or GRANTOR.

c. Deposit as Liquidated Damages

IN THE EVENT THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY, ESCROW HOLDER MAY BE INSTRUCTED BY GRANTOR TO CANCEL THE ESCROW. IF ESCROW IS CANCELLED DUE TO CITY'S DEFAULT, THEN GRANTOR WILL THEREUPON BE RELEASED FROM ITS OBLIGATIONS UNDER THIS AGREEMENT. THE DEPOSIT WILL BE RETAINED BY GRANTOR AS LIQUIDATED DAMAGES, CITY SHALL DELIVER TO GRANTOR ALL OF THE MATERIALS REQUIRED TO BE DELIVERED TO GRANTOR PURSUANT TO SECTION 3, AND ESCROW HOLDER IS HEREBY AUTHORIZED AND INSTRUCTED TO RELEASE THE DEPOSIT TO GRANTOR. ESCROW HOLDER IS HEREBY RELIEVED OF LIABILITY FOR SO RELEASING THE DEPOSIT TO GRANTOR. IF CITY ATTEMPTS TO INTERFERE WITH THE RELEASE OF THE DEPOSIT BY ESCROW HOLDER TO GRANTOR, THEN GRANTOR WILL NOT BE LIMITED IN THE AMOUNT OF DAMAGES IT MAY RECOVER FROM CITY. IN THE EVENT OF A DEFAULT BY CITY AS SET FORTH HEREIN, CITY SHALL PAY ALL TITLE, SURVEY AND ESCROW CANCELLATION CHARGES. THE PARTIES ACKNOWLEDGE THAT GRANTOR'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY

CITY WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR SIGNATURES OR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT, AND THE ACTUAL TITLE, SURVEY AND ESCROW CANCELLATION CHARGES HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS REASONABLE LIQUIDATED DAMAGES PURSUANT TO THE TERMS HEREOF AND CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677 AND WILL CONSTITUTE GRANTOR'S EXCLUSIVE REMEDY AGAINST CITY IN THE EVENT OF A DEFAULT ON THE PART OF CITY PROVIDED THE DEPOSIT IS RELEASED TO GRANTOR AS SET FORTH HEREIN. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO GRANTOR PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

GRANTOR: \_\_\_\_\_

CITY: \_\_\_\_\_

**C. Title and Removal of Encumbrances**

CITY ordered a Preliminary Report from Escrow Holder on August 14, 2014. ("PR"). The Close of Escrow, defined below, is conditioned on the Property being granted to the CITY free and clear of any monetary encumbrances, except for the lien of current real estate taxes and assessments. As for any non-monetary encumbrances, CITY shall have the right to approve any and all matters of, and exceptions to, title of the Property. Upon receipt of the PR, CITY shall have five (5) business days to give GRANTOR and Escrow Holder written notice ("Buyer's Title Notice") of CITY's approval or disapproval of the legal description and every non-monetary item or exception disclosed by the PR. The failure of CITY to give Buyer's Title Notice to GRANTOR within the specified time period shall be deemed CITY's approval of title to the Property. In the event that Buyer's Title Notice disapproves of any matter of title shown in the PR, GRANTOR shall, within five (5) business days after Buyer's Title Notice is received by GRANTOR, give CITY written notice ("Seller's Title Notice") of those disapproved title matters, if any, which GRANTOR is unwilling or unable after reasonable and good faith efforts to have eliminated from title to the Property by Close of Escrow. In the event that GRANTOR is unable or unwilling to remove all of the title matters objected to by CITY in Buyer's Title Notice, CITY shall have five (5) business days from receipt of Seller's Title Notice to notify GRANTOR in writing that either of the following: (A) CITY is willing to purchase the Property subject to such disapproved exceptions, or (B) CITY elects to cancel this transaction. Failure of CITY to take either one of the actions described in Subsection (A) or (B) above shall be deemed to be CITY's election to take the action described in Subsection (A) above. In the event this Agreement is canceled pursuant to this Subsection (B) above, except as otherwise provided herein, the Parties shall have no further obligations under this Agreement, any documents or funds shall be returned by the Escrow Holder to the originating party, and any costs incurred through the escrow process shall be paid by CITY.

CITY may obtain a CLTA extended coverage owner's policy of title insurance in the amount of the Purchase Price insuring that clear title to the Property is vested in CITY upon recording of the Grant Deed.

**D. Taxes**

Taxes for the fiscal year in which the escrow closes shall be cleared and paid for in the manner required by Section 5086 of the Revenue and Taxation Code. As a deduction from the amount shown in Section 2A above, the CITY shall be authorized to pay any delinquent taxes due in any fiscal year, except the fiscal year in which this escrow closes, together with penalties and interest thereon. If the Property is subject to any assessments which are not subject to cancellation under Revenue and Taxation Code section 5086, such assessments shall be prorated as of the date of possession. GRANTOR shall pay all taxes and assessments outstanding, if any, up to the date of apportionment.

#### **E. Improvements**

GRANTOR will be allowed to complete crop production of any annual crop being produced at time of Close of Escrow provided that such production shall be complete within one year of the Close of Escrow. GRANTOR shall not plant, re-plant or replace any vegetation, crop or plant on the Property after the Effective Date. GRANTOR will maintain ownership of the three (3) agricultural pumps located on the Property and reserves the right to remove said pumps within 30 days after completion of above-mentioned crop production, and will waive the right to remove the pumps and for any compensation or damages if not removed within the 30 day time period. Further, GRANTOR shall reserve the right to remove, and/or salvage, all above-ground components of the metal shop building located on the Property upon 30 days' notice from CITY and will waive the right to remove, and/or salvage, such components and for any compensation or damages if not removed or salvaged within the 30 day time period. GRANTOR shall indemnify, hold harmless and defend (with counsel acceptable to CITY) CITY, and CITY's officers, agents, contractors and employees against and from any liability, loss, cost, damage or expense (including, without limitation attorneys' fees) of whatever nature as a result of, growing out of or in connection with personal injury or death of persons, or loss or destruction of or damage to property where such personal injury, death, loss, destruction or damage arises in any way in connection with or incident to the occupation or use of the Property after the Close of Escrow, by GRANTOR, its officers, agents, contractors or employees. Except as provided in this section, ownership of all structures, fixtures, improvements and personal property located on the Property at the Close of Escrow shall transfer to the CITY, and the Purchase Price listed in Section 2A includes compensation for all such items.

### **3. Due Diligence**

GRANTOR shall deliver to CITY copies of such documents and information as set forth in this section ("Property Documents") within ten (10) business days after the Effective Date and CITY shall have sixty (60) days (the "Due Diligence Period") from the Effective Date to satisfy itself in its complete discretion of the feasibility of the transaction contemplated herein and to make such inspections and to obtain such information as CITY may elect. The Property Documents shall include:

- i. Plans and specifications, engineering reports, permits, environmental studies, toxic/hazardous material reports, geological studies, easements, liens, approvals, entitlements, licenses, leases and contracts regarding the Property in GRANTOR's possession;
- ii. Official Record of Survey prepared by Burrell Consulting Group; and
- iii. Such other information as CITY may reasonably request, provided that it is in GRANTOR's possession, or reasonably available to GRANTOR, without cost to GRANTOR.



During the Due Diligence Period, CITY, and its representatives, shall have the right to enter upon and inspect the PROPERTY and to conduct such tests and assessments as CITY may reasonably require. CITY shall provide GRANTOR with at least forty-eight (48) hours advance notice of such entry, including the nature and purpose of such entry. CITY shall indemnify, hold harmless and defend (with counsel acceptable to GRANTOR) GRANTOR, and GRANTOR's officers, agents, contractors and employees against and from any liability, loss, cost, damage or expense (including, without limitation attorneys' fees) of whatever nature as a result of, growing out of or in connection with personal injury or death of persons, or loss or destruction of or damage to property where such personal injury, death, loss destruction or damage arising from the entry onto the Property by CITY, its officers, agents, contractors or employees, during the Due Diligence Period.

CITY's obligation to purchase the Property is conditioned upon CITY's review and approval of the condition of the Property and the Property Documents pursuant to this Section. Should CITY, in its sole and absolute discretion, fail to approve the condition of the Property, or any matters related to the Property, or its use or intended use, at any time prior to the end of the Due Diligence Period, CITY shall have the right, exercisable by giving written notice to GRANTOR, to cancel the escrow, terminate this Agreement, and recover any and all other amounts paid by CITY to GRANTOR, or deposited with the Escrow Holder, by or on behalf of the CITY. The exercise of this right by CITY shall not constitute a waiver by CITY of any other rights CITY may have at law or in equity.

#### **4. Eminent Domain**

CITY represents and acknowledges that it has the power of eminent domain. CITY is acquiring the Property pursuant to the terms of this Agreement in lieu of exercising such power of eminent domain. CITY will seek approval to institute eminent domain proceedings if GRANTOR does not sell the Property to CITY pursuant to this Agreement. The parties further acknowledge that GRANTOR intends to treat the sale of the Property as sold under the threat of eminent domain. Upon full consideration of its rights, including the opportunity to consult with independent, counsel GRANTOR waives any compensation, reimbursement or damages, as well as relocation benefits, that might otherwise be recoverable through eminent domain or related proceedings.

#### **5. Escrow**

Unless extended by the mutual agreement of the Parties, the escrow shall close thirty (30) days after the expiration of the Due Diligence Period ("Close of Escrow").

**A.** Prior to the Close of Escrow, the Escrow Holder may expend any or all monies payable under this Agreement and deposited into escrow to discharge the following:

- 1) taxes as provided in Section 2.D.;
- 2) monetary exceptions to coverage referred to in the PR; and
- 3) incidental costs approved by GRANTOR.

The Escrow Holder shall release the Purchase Price to GRANTOR, return any credited amounts to CITY, and record the Grant Deed in the Recorder's Office for Sacramento County upon the Close of Escrow. Title to the Property shall pass immediately upon Close of Escrow.

**B.** This Agreement will serve as escrow instructions ("Escrow Instructions"). The Parties will execute any additional and supplementary instructions required or appropriate to enable the Escrow Holder to comply with the terms of this Agreement. The Parties shall

submit to the Escrow Holder all closing statements, non-foreign affidavits and withholding certificates and other documents as required by the Escrow Holder prior to the Close of Escrow. This Agreement controls if there is any conflict between this Agreement and additional or supplementary instructions.

- C. If for any reason escrow fails to close as set forth herein, including termination of this Agreement, Escrow Holder shall return all funds and documents to the party that submitted such funds or documents except for such amount that GRANTOR is entitled to retain pursuant to Section 2.B of this Agreement.

**6. Possession**

Possession of the Property will be delivered by GRANTOR to CITY on the Close of Escrow.

**7. Fees**

The CITY shall pay all escrow, document and transfer taxes, recording and title insurance fees incurred in this transaction.

**8. Amendment**

This agreement may be modified, changed or rescinded only by an instrument in writing executed by the Parties hereto.

**9. Leases and Encumbrances**

To the best of GRANTOR's knowledge, there are no leases on all or any portion of the Property. GRANTOR agrees not to assign, lease, transfer or sell to any third party any right, title or interest GRANTOR has in the Property prior to the Close of Escrow. GRANTOR will execute documentation required by the Escrow Holder consistent with GRANTOR's understanding. If there exists either recorded or unrecorded leases, the Parties agree that at CITY's sole discretion, escrow shall not close and this Agreement shall become all or in part null and void if Escrow Holder fails to receive adequate documentation (such as a quitclaim deed and/or Tenant Consent) establishing that lessee has agreed to claim no interest in the Property or in any compensation for the Property and further enables the CITY to obtain sufficient title insurance.

GRANTOR will not voluntarily create or cause any lien or encumbrance to attach to the Property prior to the Close of Escrow, except as approved by the CITY in advance; and if there exists any such lien or encumbrance which the CITY has not approved, the Parties agree that, at CITY's sole discretion, escrow shall not close and this Agreement shall become null and void.

**10. Notices**

Any notice that either party may or is required to give the other shall be in writing, and shall be either (1) personally delivered or (2) sent by regular U.S. Mail with a copy also transmitted via email, to the following address:

**To City:**  
City of Elk Grove  
Public Works Department  
Development Services  
8401 Laguna Palms Way  
Elk Grove, CA 95758  
Attention: Real Property Manager  
Email: jcline@elkgrovecity.org

**To Grantor:**  
Frank Loretz  
10884 Franklin Boulevard  
Elk Grove, CA 95757  
Email: info@clmgalt.com  
  
Mundell Land and Livestock Company, Inc.  
Attention: Gary McEnerney, President  
10207 Dillard Road  
P.O. Box 870  
Wilton, CA 95693-0870  
Email: garymc@softcom.net

**11. Recording**

Either party may record this Agreement in the Recorder's Office for Sacramento County.

**12. Binding on Successors**

This Agreement shall be binding on and shall inure to the benefit of the CITY and GRANTOR, and their respective successors, assigns, and their past, present and future officers, employees and agents; provided that this Agreement may only be assigned with the written consent of both Parties, and any attempt to assign this Agreement without such consent shall be void.

**13. Brokers**

CITY's Real Estate staff is affiliated with a California Licensed Real Estate Broker, and is acting as the CITY's agent only. GRANTOR shall be responsible for GRANTOR's brokerage commissions, if any. If any broker or finder makes any claim for a commission or finder's fee, the party through which the broker or finder makes such claim shall indemnify, defend and hold the other party harmless from all liabilities, expenses, losses, damages or claims (including the indemnified party's reasonable attorneys' fees) arising out of such broker's or finder's claims.

**14. Time of Essence**

Time is of the essence for each condition, term, and provision in this Agreement.

**15. Waivers**

No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any other covenant or provision in this Agreement and no waiver shall be valid unless in writing and executed by the waiving party.

**16. Severability**

If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or provision is illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

**17. Construction**

Section headings are solely for the convenience of the Parties and are not a part of and shall not be used to interpret this Agreement. The singular form shall include the plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it. Unless otherwise indicated, all references to Sections are to this Agreement.

**18. Governing Law**

This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action arising under or related to this Agreement shall be brought and prosecuted in the Sacramento County Superior Court.

**19. Entire Agreement**

The Parties have herein set forth the whole of their Agreement with regard to acquisition of the Property by CITY. All prior oral discussions, representations, and/or agreements, if any, are specifically superseded by this Agreement, which is intended by the Parties to contain all of the terms and conditions agreed to by them with regard to acquisition of the Property by CITY. The recitals and contents of all Exhibits to this Agreement are incorporated by reference and constitute a material part of this Agreement.

**20. Authority and Advice**

Each individual executing this Agreement on behalf of an entity represents and warrants that he or she has been authorized to do so by the entity on whose behalf he or she executes this Agreement and that said entity will thereby be obligated to perform the terms of this Agreement. Each party has had the opportunity to be advised by their own legal counsel and professionals in connection with this Agreement, and each party has obtained, and relies upon, such advice as each party deems appropriate.

**21. Future Rights**

GRANTOR waives any notice or right of first refusal pursuant to Code of Civil Procedure section 1245.245 and any lease-back rights under Code of Civil Procedure section 1263.615.

**22. Further Assurances**

Each party to this Agreement agrees to execute, acknowledge, and deliver such further instruments as may be necessary or desirable to accomplish the intent and purpose of this Agreement.

**23. Survival**

The obligations defined hereunder shall continue until satisfied in accordance with the provisions hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below.

**GRANTOR(S):**  
**FRANK LORETZ, a single man, and**  
**MUNDELL LAND AND LIVESTOCK**  
**COMPANY, INC., a California corporation**

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Print: \_\_\_\_\_

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Print: \_\_\_\_\_

**GRANTEE:**  
**CITY OF ELK GROVE,**  
**a municipal corporation**

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Laura S. Gill, City Manager

**RECOMMENDED FOR APPROVAL:**

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Julie Cline, Real Estate Manager

**APPROVED AS TO FORM:**

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Jonathan Hobbs, City Attorney

**ATTEST:**

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Jason Lindgren, City Clerk

**EXHIBIT "A"  
GRANT DEED**

No Fee Document – Per Government Code §6103 & §27383

RECORDING REQUESTED BY AND WHEN RECORDED  
MAIL DOCUMENT AND TAX STATEMENT TO:

**CITY OF ELK GROVE**  
Attn: City Clerk  
8401 Laguna Palms Way  
Elk Grove, CA 95758

APN: 134-0190-009

The Above Space For Recorder's Use Only

**GRANT DEED**

**The undersigned grantor(s) declare(s)  
Documentary transfer tax is \$4,400.00**

computed on full value of property conveyed, or  
 computed on full value less value of liens or encumbrances remaining at time of sale,  
Unincorporated Area  City of Elk Grove,

FOR VALUABLE CONSIDERATION, receipt and sufficiency of which is hereby acknowledged,  
**FRANK LORETZ, a single man, and MUNDELL LAND AND LIVESTOCK COMPANY,  
INC., a California corporation** ("GRANTOR"), hereby grants to the **CITY OF ELK GROVE, a  
municipal corporation** ("GRANTEE"), all that real property situated in the City of Elk Grove,  
County of Sacramento, State of California, described as follows:

See Exhibit "A-1", legal description, attached hereto and  
incorporated herein by this reference.

Executed this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

**GRANTOR: FRANK LORETZ, a single man, and MUNDELL LAND AND LIVESTOCK  
COMPANY, INC., a California corporation**

By: [Exhibit "A" – Do Not Sign]

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

By: [Exhibit "A" – Do Not Sign]

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

**Mail Tax Statements To:**  
Finance Department  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758

**EXHIBIT "A-1"**  
**Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of the Rancho Del Los Omochumnes, commonly known as and called that Sheldon Grant and described as follows to wit:

That portion of Lot 10 of the Lower Daylor Estates or Tract of said Rancho as shown upon a map of said Rancho entitled "Map of the Rancho Del Los Omochumnes as surveyed and subdivided between the Estates of Sheldon and Daylor, by Order of the Hom. Probate Court of Sacramento County, October 15, 1866, John G. Gleal, Civil Eng.", filed in the office of the County Recorder of Sacramento County, on February 18, 1958, in Book 1 of Maps, Map No. 32, more particularly described as follows to wit:

Commencing at the most Northerly corner of said Lot 10; thence from said point of beginning, along the Northeast boundary line of said Lot 10, South 49°50' East 3317.47 feet to a point, said point being the North corner of John W. Mahon's parcel of land, as said Parcel is shown on Record of Survey entitled "A Portion of Lot 10, Lower Daylor Estates Rancho De Los Omochumnes", filed in the office of the Recorder of Sacramento County, California, on February 9, 1955, in Book 11 of Surveys, Map No. 11; thence in a Southwesterly direction along the line of said Mahon land to the center line of said Lot 10; thence Northwesterly, along said center line to Grant Line Road; thence Northeasterly along said Grant Line Road to the place of beginning.

Said property is shown on the Record of Survey "A portion of Lot 10 Lower Daylor Estate, Rancho De Los Omochumnes", filed February 9, 1955, in the office of the Recorder of Sacramento County, in Book 11 of Surveys, Map No. 11.

Excepting therefrom that portion of said land conveyed to the City of Elk Grove in Grant Deed recorded April 5, 2013 in Book 20130405, Page 928, Official Records.

Further excepting therefrom that portion of said land conveyed to the City of Elk Grove in Grant of Public Right-of-Way recorded June 5, 2014 in Book 20140605, Page 488, Official Records.

APN: 134-0190-009-0000

**CITY OF ELK GROVE  
INTERFUND LOAN AGREEMENT**

Date of Loan Authorization : 8/27/2014 Maximum Loan Amount: \$6,000,000

Advance From: Drainage Fund 503 \$ 6,000,000  
(Lender) Name of Fund Fund/ Account Number

Advance To: Capital Reserve Fund 106 \$ 6,000,000  
(Borrower) Name of Fund Fund/ Account Number

Purpose: Fund the purchase of recreational land CIP WFC004.  
Includes closing cost & initial planning & design phase

Interest Rate: Variable (.228% initial rate) per quarterly tied to LAIF interest earnings

Repayment Terms: Annual payment, term of 10 years, due October 1, 2024

Amortization Schedule Attached:  Yes  No

Requestor: [Signature] 8/22/14  
Signature Date

Department Head: [Signature] 8/22/14  
Signature Date

Budget Manager: [Signature] 8/22/14  
Signature Date

Finance Director: [Signature] 8-22-14  
Signature Date

City Manager: \_\_\_\_\_  
Signature Date

Date of City Council Approval, if required: \_\_\_\_\_

Original - City Clerk  
Copies - Originating department, Accounting

Accounting Use Only	
Date entered in H.T.E.	_____ JV # _____
Entered By:	_____



**Estimated Amortization Schedule  
Variable Interest Rate (tied to LAIF)**

Loan Amount       \$   6,000,000  
Annual Interest       0.228%  
Terms                10.00 Years  
Pmts/Yr               1

Payment Date	Pay #	Payment	Principal	Interest	Balance	Prepayment Balance
10/1/2015	1	(\$607,549.70)	(\$593,869.70)	(\$13,680.00)	\$5,406,130.30	\$ 5,568,314.21
10/1/2016	2	(\$607,549.70)	(\$595,223.73)	(\$12,325.98)	\$4,810,906.57	\$ 4,955,233.77
10/1/2017	3	(\$607,549.70)	(\$596,580.84)	(\$10,968.87)	\$4,214,325.74	\$ 4,340,755.51
10/1/2018	4	(\$607,549.70)	(\$597,941.04)	(\$9,608.66)	\$3,616,384.70	\$ 3,724,876.24
10/1/2019	5	(\$607,549.70)	(\$599,304.35)	(\$8,245.36)	\$3,017,080.35	\$ 3,107,592.76
10/1/2020	6	(\$607,549.70)	(\$600,670.76)	(\$6,878.94)	\$2,416,409.59	\$ 2,488,901.88
10/1/2021	7	(\$607,549.70)	(\$602,040.29)	(\$5,509.41)	\$1,814,369.30	\$ 1,868,800.38
10/1/2022	8	(\$607,549.70)	(\$603,412.94)	(\$4,136.76)	\$1,210,956.36	\$ 1,247,285.05
10/1/2023	9	(\$607,549.70)	(\$604,788.72)	(\$2,760.98)	\$606,167.64	\$ 624,352.67
10/1/2024	10	(\$607,549.70)	(\$606,167.64)	(\$1,382.06)	\$0.00	\$ -
<b>Totals</b>		<b>(\$6,075,497.03)</b>	<b>(\$6,000,000.00)</b>	<b>(\$75,497.03)</b>		

Note: Payment amount may deviate from this estimated amortization schedule due to variable interest rates, actual associated closing costs (anticipated not to exceed \$50,000), and planning & design costs



8401 Laguna Palms Way  
Elk Grove, California 95758

Phone: 916.683.7111  
Fax: 916.691.3168

Web: [www.elkgrovecity.org](http://www.elkgrovecity.org)

August 19, 2014

Frank Loretz  
10884 Franklin Boulevard  
Elk Grove, CA 95757

Mundell Land and Livestock Company, Inc.  
Attn: Gary McEnerney  
10207 Dillard Road  
P.O. Box 870  
Wilton, CA 95693-0870

RE: 10251 Grant Line Road; APN 134-0190-009

Dear Mr. Loretz and Mr. McEnerney,

The City understands Frank Loretz and Mundell Land and Livestock Company, Inc. ("Seller") own approximately 99 acres of land and building improvements located at 10251 Grant Line Road, Sacramento County, California, identified as APN 134-0190-009 (the "Property"). This letter outlines the basic terms and conditions under which the City of Elk Grove ("Buyer") would have a definite interest in purchasing the Property, subject to City Council approval and pursuant to the execution of a definitive purchase agreement (the "Agreement") for said land:

- Property to be Purchased –** 99.57+/- acre parcel located at 10251 Grant Line Road, in Elk Grove, California and identified as Sacramento County Assessor's Parcel Number 134-0190-009.
- Buyer Information –** City of Elk Grove, a municipal corporation
- Purchase Price –** **\$4,385,000.00** (Four Million Three Hundred Eighty Five Thousand and 00/100 Dollars)
- Inspection Period –** Seller shall deliver to Buyer copies of such documents and information as Buyer shall reasonably request as soon as possible after execution of the Agreement and Buyer shall have sixty (60) days (the "Due Diligence Period") to satisfy itself in its complete discretion of the feasibility of the transaction contemplated herein and to make such inspections and to obtain such information as Buyer may elect. Such information shall include:

- i) plans and specifications, engineering reports, permits,

environmental studies, licenses and contracts regarding the Property in Seller's possession;

- ii) preliminary title report for the Property provided by Fidelity National Title Company;
- iii) official record of survey prepared by Burrell Consulting Group, Inc.;
- iv) seller warrants no agricultural leases, occupancy agreements or maintenance agreements exist for the Property; and
- v) such other information as Buyer may reasonably request, provided that it is in Seller's possession, or reasonably available to Seller, without cost to Seller.

- Financing Period –** The Buyer will provide cash funding at the close of escrow.
- Closing Date –** The closing shall occur thirty (30) days after the expiration of the Due Diligence Period. Upon the closing, Seller shall convey title free and clear of any monetary encumbrances, except for the lien of current real estate taxes and assessments.
- Opening of Escrow –** Opening of escrow will be the date the fully-executed Agreement is received by the Buyer's Title Company.
- Escrow Holder –** Fidelity National Title Company  
1375 Exposition Blvd., Suite 240  
Sacramento, CA 95815  
Attn: Mr. Paul Avila  
Telephone: (916) 856-1806  
Facsimile: (916) 364-4093
- Internal Revenue Code § 1033 –** Buyer is willing to include the following language in the Agreement to effectuate a 1033 Exchange: Buyer represents and acknowledges that it has the power of eminent domain; Buyer is acquiring the Property pursuant to the terms of this Agreement in lieu of exercising such power of eminent domain; and Buyer will institute eminent domain proceedings if Seller does not sell the Property to Buyer pursuant to this Agreement. The parties further acknowledge that Seller intends to treat the sale of the property as sold under the threat of eminent domain.
- Confidentiality –** All aspects of this negotiated agreement shall be held by Buyer and Seller in the strictest of confidence. The confidentiality requirement shall not be in effect once a proposed Agreement is presented to the City Council in open session for final consideration.
- Proration and Costs –** At the closing, all closing costs shall be paid for by Buyer; Transfer Tax will be paid by Buyer; and Taxes pertaining to the Property will be prorated as of the close of escrow.

Frank Loretz & Mundell Land and Livestock Company, Inc.  
Letter of Interest  
August 19, 2014

- Farming –** Seller will be allowed to complete crop production of any annual crop being produced at time of close of escrow.
- Agricultural Pumps –** Seller will maintain ownership of the three Agricultural Pumps located on property and have the right to remove said pumps upon completion of Sellers farming activities.
- Shop Building –** Seller to have salvage right to all above ground components of metal shop building if Buyer's intent is to raze building.
- Broker –** Buyer's real estate staff is affiliated with a California Licensed Real Estate Broker, and is acting as the Buyer's agent only. Seller shall be responsible for Seller's brokerage commissions, if any.
- Form of Agreement –** The initial draft of the Agreement shall be prepared by the Buyer and shall contain such other terms and conditions as are customary and appropriate in transactions of this nature. The draft Agreement will be provided to Seller for review by August 20, 2014.

It is expressly understood that this Letter shall not constitute a binding agreement between the Parties, but only reflects the general terms upon which Buyer is prepared to purchase the Property. Neither party shall incur any rights or obligations with respect to the potential transaction unless and until a formal Agreement is executed by the parties and delivered to each other. It is contemplated that the Agreement shall contain such other terms, covenants, conditions, warranties and representations as are customary or appropriate in transactions of this nature. We are respectfully requesting a response to this Letter of Interest by close of business today, August 19, 2014.

Sincerely,

City of Elk Grove, a municipal corporation

Date: August 19, 2014

By: 

Julie D. Cline, Real Estate Manager

Agreed to by Seller(s):

Date: 8-20-14

By: Frank Loretz

Print: Frank Loretz

Title: Owner

Date: 8/20/2014

By: Gary McEnerney

Print: Gary McEnerney

Title: President, Mundell Land and Livestock Company, Inc.

LOCATION MAP







**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Status Report of Multi-Sport Park Complex; Direction to Staff; and Approval of Resolution of Application Requesting the Sacramento Local Agency Formation Commission to Process a Sphere of Influence Amendment for a Possible Elk Grove Multi-Sport Park Complex (CEQA Exempt)

**MEETING DATE:** January 28, 2015

**PREPARED BY:** Christopher Jordan, AICP, Planning Manager  
Laura S. Gill, City Manager

**DEPARTMENT HEAD:** Laura S. Gill, City Manager

---

**RECOMMENDED ACTION:**

Staff recommends that the City Council:

- Receive a status report regarding the planning for the possible City Multi-Sport Park Complex;
- Provide direction to staff regarding soccer complex park site planning;
- Adopt resolution requesting the Sacramento Local Agency Formation Commission process a Sphere of Influence Amendment to include the Elk Grove Multi-Sport Park Complex site (Attachment 1);
- Direct staff to prepare all necessary application materials and submit an application to the Sacramento Local Agency Formation Commission for the amendment of the Sphere of Influence.

**BACKGROUND INFORMATION:**

At its meeting of December 14, 2011, the City Council authorized the City Manager to execute an exclusive negotiations agreement (ENA) with

Northern California Soccer, LLC (NCS) for the siting and development of a Major League Soccer facility. The ENA allows the City to work with NCS through December 31, 2016 to analyze sites for potential soccer facility development and negotiate a franchise agreement regarding the development and use of a soccer facility. As noted in the staff report, the soccer facility is anticipated to include a Major League Soccer (MLS) stadium, practice facilities, amateur soccer fields, and related amenities.

At its meeting of March 13, 2013, the City Council received a report from Conventions, Sports & Leisure International (CSLI) concerning the viability and potential economic impacts of professional soccer in Elk Grove. The CSLI study indicates that the Elk Grove region can support either a MLS or North American Soccer League (NASL) team's annual operations assuming that the City bears the capital costs related to the stadium. One indicator of viability is the number of registered youth soccer players, and CS&L found that the California North region has the greatest number of registered youth soccer players in the nation.

Staff provided a written status update on this item at the May 28, 2014 meeting. At that meeting, the City Council directed that the agenda item be removed from the agenda in order for staff to assess the impacts of a potential countywide sales tax increase on soccer stadium financing. On June 6, 2014, the proponents of the sales tax increase announced that the proposal would not appear on the November 2014 ballot.

At its meeting of June 11, 2014, the City Council received a status report regarding negotiations with NCS concerning the siting, financing, development, and construction of a Major League Soccer facility. At that time, the City Council directed staff to continue negotiations.

At its meeting of August 27, 2014, the City Council received a second status report regarding negotiations with NCS concerning the siting, financing, development, and construction of a Major League Soccer facility. This second status report included a proposed term sheet for City Council review. At that time, the City Council directed staff to continue negotiations. Additionally, the City Council directed staff to begin planning for soccer tournament fields without waiting on the outcome of the MLS franchise decision.



Also at its meeting of August 27, 2014, the City Council approved a resolution authorizing the City Manager to execute a Purchase and Sale Agreement for the acquisition of +/- 99.57 acres located at 10251 Grant Line Road for potential City recreational or other public uses.

On September 14, 2014, City officials and NCS representatives met with MLS officials to provide more information about the City and potential stadiums sites, including the Grant Line Road parcel.

On October 31, 2014, the City closed escrow on the Grant Line Road property and now owns the property.

## **DISCUSSION:**

### **The Proposed Facility**

Since mid-November, staff has worked with a consultant design team to draft a master plan for the proposed Elk Grove Multi-Sport Park Complex (the Complex). The design team, made up of Group 4 Architecture, Callander Associates, and Populous, has extensive experience designing these types of facilities. Key working objectives for the facility design have included the following:

- Maximize the available space to provide as many tournament fields as possible (each 80x120 yards)
- Include several smaller warm up and practice fields (each 80x50 yards)
- Provide all necessary parking on-site
- Include a championship field with seating capacity for up to 9,000 spectators that can also support special events and performances
- Provide an opportunity to host the Sacramento County Fair

While the potential location of the proposed Complex is ideal, given its access to State Route 99 and frontage along Grant Line Road, the orientation of the property is a challenge. Competition sports fields are ideally oriented north-south, and the site is offset from north by approximately 45 degrees. While this reduces the potential field count, it does create opportunities to locate smaller parking fields distributed around the entire complex. Ultimately, though, the list of objectives is sizeable when compared to the 100± acre size of the property.

In dealing with these constraints and challenges, the design team was able to come up with a plan that checked all of the boxes. Attachment 2 is the potential site plan; it is accompanied by several enlargements and 3D renderings of the proposed Complex. The design is described in more detail below.

### *Tournament and Practice Fields*

Approximately two-thirds of the site would be developed with up to 16 multi-purpose sports fields, with 12 being full-sized soccer fields (80x120 yards) and four being training fields (80x50 yards). The fields would be designed primarily for soccer use, but could accommodate a variety of other field sports and activities, such as rugby, lacrosse, football, marching band, and other activities.

The space between the fields would be landscaped. No bleachers would be provided; limited spectator viewing from the sidelines could be accommodated. Two primary pedestrian spines would lead people from the parking areas to and between the fields. At 60 feet wide with a 20-foot clear path in the center, they would support both pedestrian use and emergency vehicle access. Secondary pedestrian corridors of 40 feet in width would be provided elsewhere between the fields. Fencing and netting will be used for ball containment and separation between parking areas and fields.

At ultimate buildout of the facility, all fields will be illuminated. Initially, this could include all but the three southeastern fields (fields 10 through 12), which are excluded due to their proximity to a near-by agricultural residence. Should the neighboring property be developed with non-agricultural uses in the future, these three fields could be upgraded to lighted fields; as such, initial development may include the installation of lighting conduit and other electrical infrastructure but would exclude the poles and light fixtures). Field lighting would consist of a sports field lighting system installed on poles between the fields and would be designed and placed to avoid glare onto adjacent roadways and properties and Project drive aisles. A lighting control system will be included so that only fields being used would be lit.

The tournament area could also include the development of two concourses, which include restrooms and concessions for players and spectators.

### *Stadium and Events Venue*

A soccer stadium would be developed at the north third of the property. The venue would have a capacity of 9,000 seats; 8,000 seats being fixed and an additional 1,000 movable seats for placement on the field for special events. It is likely that the buildout of the stadium will be phased; a phasing plan has not been identified at this time.

The stadium would include a multi-level training academy, multiple locker rooms with movable partitions to become flexible auxiliary spaces, a player's lounge, medical facilities, box office, security office, general operations office, classrooms and/or public spaces, food services concessions, restrooms, and storage space. The northern end of the sport field would also be developed with a concert stage for performance and community events.

This facility would be illuminated with a combination of light configurations to limit glare onto near-by public streets. The west canopy will have a large light rack supported underneath providing most of the needed light levels. The use of field lights on pole structures will occur at the corners of the stadium to provide the remainder of necessary light on the playing surface. Accessory lighting of the pedestrian-accessible areas, as well as decorative building lighting, will also be constructed.

### *Fair Reservation Area*

A portion of the on-site parking area would be reserved for potential use by the Sacramento County Fair. This 15± acre area, located adjacent to the stadium (parking fields C and D), would provide room for the temporary construction of tent structures for livestock showcase and exhibit hall(s) during the County Fair, along with space for a traditional midway complex/amusement rides. Given the size and configuration of this parcel, this site would not be able to accommodate the equestrian events associated with the County Fair. However, there are alternative sites for these events within a short distance of the City's parcel, and City staff will continue to look for future opportunities to provide the equestrian events adjacent to the site.

### *Support Services and Facilities*

Multiple support components would be developed as part of the Complex. These include, but are not limited to, the following:

- **On-Site Parking** – The proposed Complex includes a total of 3,000 on-site parking spaces. City parking requirements (EGMC Chapter 23.58) allow for parking requirements for the subject uses to be established through Design Review. The proposed parking capacity provides one space per three spectators at maximum occupancy of stadium buildout (9,000 seats). Parking improvements would either be completed in full with initial development of the Complex or phased concurrent with stadium capacity.

With the exception of the Fair Reservation Area, all parking areas will be landscaped and illuminated consistent with City requirements.

It is anticipated that parking will be free for general every-day use. The City could charge for parking during tournaments and events at the stadium through a digital/internet-based system. This approach would limit the needs for attendants. This design reduces the overall area dedicated to parking by reducing queuing areas and the need for attendant stations.

- **Sod Farm** – The proposed Project includes a 2± acre sod farm for production of replacement turf for the various sports fields.
- **Facilities Shop** – A facilities shop could be developed at the southern end of the site. The shop will support operations of the field and stadium venue by housing various maintenance equipment, fertilizer and other chemicals, and other operational activities for the park. It is anticipated that the existing metal building on-site will be relocated and utilized for this purpose.
- **Parcourse** – The overall sports park could be lined with a running trail that includes a parcourse (outdoor exercise equipment). The parcourse will be open to both facility users and the general public.
- **Other Supporting Facilities** – Other supporting facilities to be developed on-site may include the following:

- Children's playground(s)
- Restroom buildings
- Area(s) for food truck parking
- Shade canopies for picnicking
- Storm water detention facilities

## **Next Steps**

The City cannot move directly to construction of this Project. Since the site is outside the City limits, the City would either need to seek land use approvals and building permits from Sacramento County or annex the site into the City. If the site is left in the jurisdiction of Sacramento County, the City would be responsible for property taxes based upon the valuation of the improvements completed. Therefore, annexation of the site is in the best interest of the City. Upon annexation, the site will be subject to City regulations, including land use and construction permitting (e.g., Design Review, use permit, building permit).

Annexation of any property into the City requires the approval of the Local Agency Formation Commission (LAFCo). City staff has met preliminarily with staff from LAFCo to review the Project and identify the necessary process. The first step is to bring the property into the City's Sphere of Influence (SOI). The SOI, as defined in State law, is a plan for the probable physical boundaries and service area of a local agency. The City's current SOI is coterminous with the City limits. An area must be in the City's SOI in order to be annexed.

Both the City Project approvals and LAFCo approvals require review under the California Environmental Quality Act (CEQA). In an effort to efficiently manage the CEQA process, staff proposes, subject to LAFCo's concurrence, that the City prepare a joint CEQA document with LAFCo. Under this approach, LAFCo would be the lead agency for the SOI Amendment and the City would be the lead agency for the Project approvals and annexation (for which LAFCo would be a responsible agency). Staff contemplates that this arrangement would be memorialized in a Memorandum of Understanding (MOU) with LAFCo, which MOU will be brought back to the Council for consideration at a future meeting.

In order to advance the Project, the City Council would need to provide the following direction to staff:

1. Initiate an application to LAFCo for a SOI Amendment for the subject property by adopting the attached resolution
2. Request that LAFCo jointly prepare the required CEQA document with the City
3. Continue refining the Project

Once the SOI Amendment is approved, the City would proceed with approval of entitlements for the Project. At this point, staff anticipates the necessary approvals to include the following:

- Amendment to the General Plan to designate the site Public Open Space/Recreation
- Pre-Zoning the site Commercial Open Space (C-O)
- Approval of a (CIP) District Development Plan Design Review and (CIP) Major Design Review for development of the site

After approval of the City Project entitlements, the City would file a subsequent application with LAFCo to annex the site into the City. Upon approval of the annexation and its recordation, the site will be in the jurisdiction of the City, and the City would be able to issue construction permits.

Assuming the Project is ultimately approved, staff's goal is to have construction commence in the summer of 2016. Subject to the LAFCo Board's direction to its staff, City staff would work with LAFCo staff to process the SOI amendment, annexation, and environmental documents between now and that time meet that construction goal.

## **ENVIRONMENTAL REVIEW**

This activity does not constitute the approval of a project, and is, therefore, not subject to environmental review under the California Environmental Quality Act (CEQA). This activity is also exempt from CEQA as part of a feasibility study and data collection of a possible project. (CEQA Guidelines, §§ 15262, 15306). The City will conduct environmental review under CEQA prior to the approval of any Project.

**FISCAL IMPACT:**

Based on the components of the Master Plan, the Consultant Team has provided the following cost estimate for the Sports Park:

<b>Element</b>	<b>Estimated Cost</b>
Competition Stadium	\$43,745,000
Playing/Training Fields	21,647,000
Site Development/Improvements	43,760,000
<b>Total Estimate</b>	<b>\$109,152,000</b>

Based on this estimate, the Consultant Team has provided a recommended project cost range of \$105.1 million to \$117.7 million.

Concurrent with the activities associated with adding the site of the future multi-sports park to the City’s Sphere of Influence, City staff will refine the Project estimates provided by the Consultant as planning moves into the schematic design phase. Additionally, staff will refine the timing of site development and improvements in order to provide the City Council with a plan to deliver the sport park in phases, with a financing plan for each phase. Staff will also work with stakeholders to identify potential opportunities for partnerships.

**ATTACHMENTS:**

1. Resolution of Application - Sacramento LAFCo Sphere of Influence Amendment
2. Master Site Plan and Illustrative Exhibits

**A RESOLUTION OF APPLICATION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE REQUESTING THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION PROCESS A SPHERE OF INFLUENCE AMENDMENT TO INCLUDE THE SITE OF THE PROPOSED ELK GROVE MULTI-SPORT PARK COMPLEX AND DIRECTING CITY STAFF TO FILE A SPHERE OF INFLUENCE AMENDMENT APPLICATION WITH THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**

**WHEREAS**, on October 31, 2014, the City acquired a property at 10251 Grant Line Road, more particularly described as Assessor's Parcel Number 134-0190-009 (the Project Site); and

**WHEREAS**, subject to environmental review, analysis, and other approvals, the City is considering developing the Project Site as a multi-sport park complex (the Project); and

**WHEREAS**, the Project Site is located in an area identified in the City's General Plan as Urban Study Area, which is an area where urbanization to some extent was envisioned to occur; and

**WHEREAS**, the City of Elk Grove's established Sphere of Influence is coterminous with the City boundary; and

**WHEREAS**, development of the Project Site with the Project under the jurisdiction of the City is in the best interest of the residents of the City of Elk Grove; and

**WHEREAS**, the City of Elk Grove City Council desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for an amendment to the City of Elk Grove's established Sphere of Influence; and

**WHEREAS**, the Sacramento Local Agency Formation Commission (LAFCo) is the approving authority for changes to the City's Sphere of Influence; and

**WHEREAS**, the City Council of the City of Elk Grove desires to jointly prepare the environmental analysis as required under CEQA with LAFCo; and

**WHEREAS**, the adoption of this Resolution of Application does not constitute the approval of the Project under CEQA;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby adopts and approves this Resolution of Application for an Amendment to the City's existing Sphere of Influence; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove directs City staff to submit a Sphere of Influence Amendment application to LAFCo and



hereby requests that LAFCo proceed with processing this Sphere of Influence Amendment for the area shown in "Exhibit A" in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove requests that as part of this application, LAFCo concurrently consider the following reorganizations and any other annexations and detachments as may be required:

- Detachment from CAS No. 1 (Street Lighting)
- Detachment from CAS No. 11 (Supplemental Police - Sheriff and Animal Control Services)
- Annexation into Sacramento Area Sewer District and Sacramento County Regional Sanitation District.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 28<sup>th</sup> day of January 2015.

\_\_\_\_\_  
GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JASON LINDGREN, CITY CLERK

\_\_\_\_\_  
JONATHAN P. HOBBS,  
CITY ATTORNEY

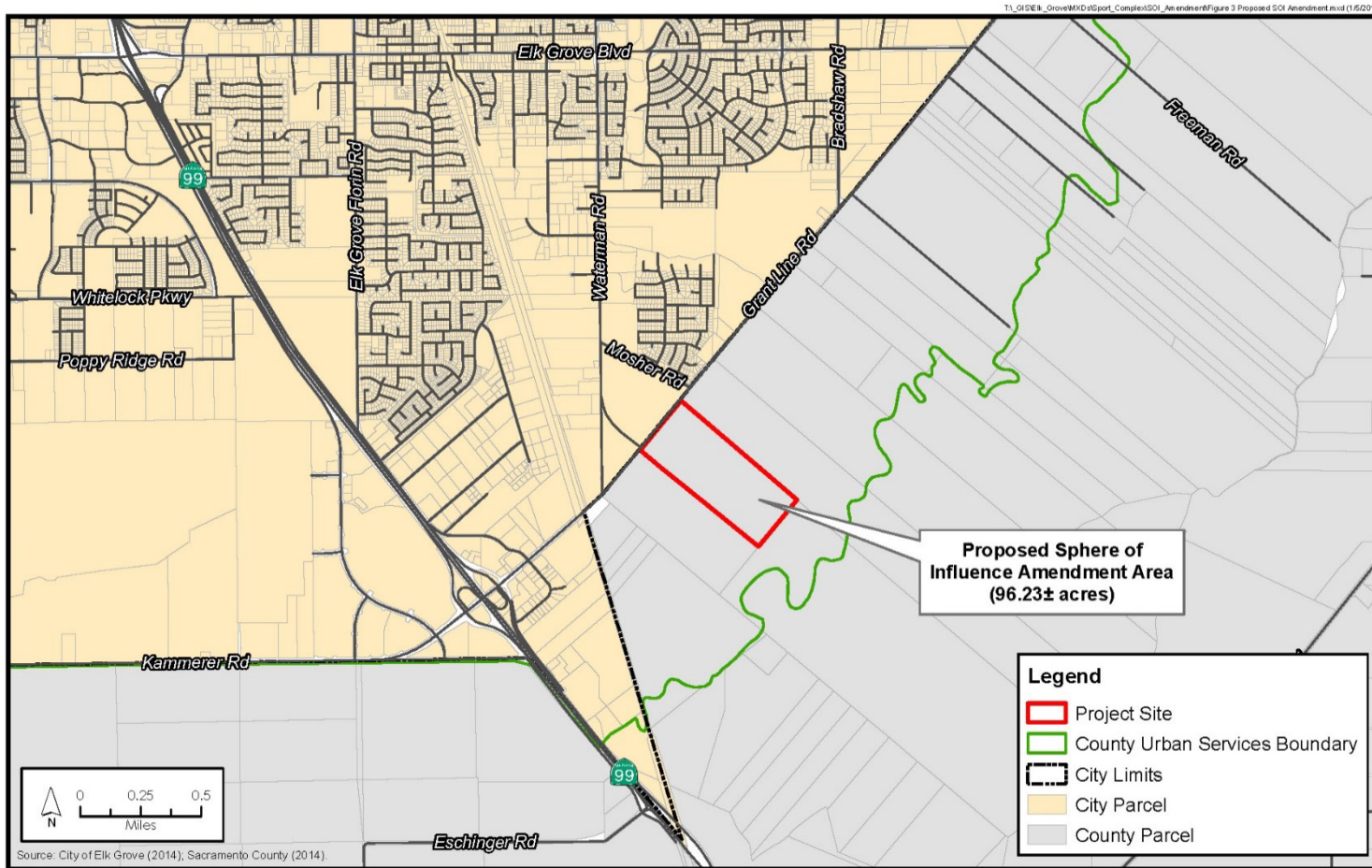


Exhibit A

# Conceptual Site Design



**PROPOSED AMENITIES**

- |  |  |  |
|--|--|--|
| 1. 4-lane vehicle entry/exit   | 10. Picnic shelter   | 19. Runner's loop with parcours stations |
| 2. Semi-truck parking  | 11. Pedestrian spine   | 20. 2-lane vehicle perimeter loop        |
| 3. Team bus parking  | 12. Relocated maintenance building   | 21. Secondary entry sign                 |
| 4. Television truck parking  | 13. Stormwater retention area  | 22. 4-lane vehicle road                  |
| 5. Championship stadium  | 14. Parklet #2 with: shade shelter, restroom, water play, play area, and recreation lawn | 23. 6-lane vehicle entry/exit            |
| 6. Stadium entry plaza   | 15. Picnic shelter   |  |
| 7. Complex entry sign  | 16. Picnic shelter   |  |
| 8. 3-lane vehicle road   | 17. Pedestrian secondary paths   |  |
| 9. Parklet with: shade shelter, restroom, water play, play area, and recreation lawn | 18. Pedestrian spine   |  |

**SOCCER PITCH SUMMARY**

- | Pitch | Pitch Description                                     |
|-------|---|
| 1     | Soccer pitch with synthetic turf (240'x360')          |
| 2-12  | Soccer pitch with natural turf (240'x360')            |
| T1-T2 | Practice soccer pitch with natural turf (150'x240')   |
| T3-T4 | Practice soccer pitch with synthetic turf (150'x240') |
| C1    | Championship pitch with natural turf (240'x360')      |

**PARKING SUMMARY**

- Proposed Parking (Lots A-N):  
**3,247 stalls**
- Proposed Accessible Parking:  
**42 stalls**

**LEGEND**

- Fence
- Sport's netting
- \* \* Field lighting
- ◆ Well Locations



# Grant Line Road Entry & Training Fields



# Parklet and Competition Fields

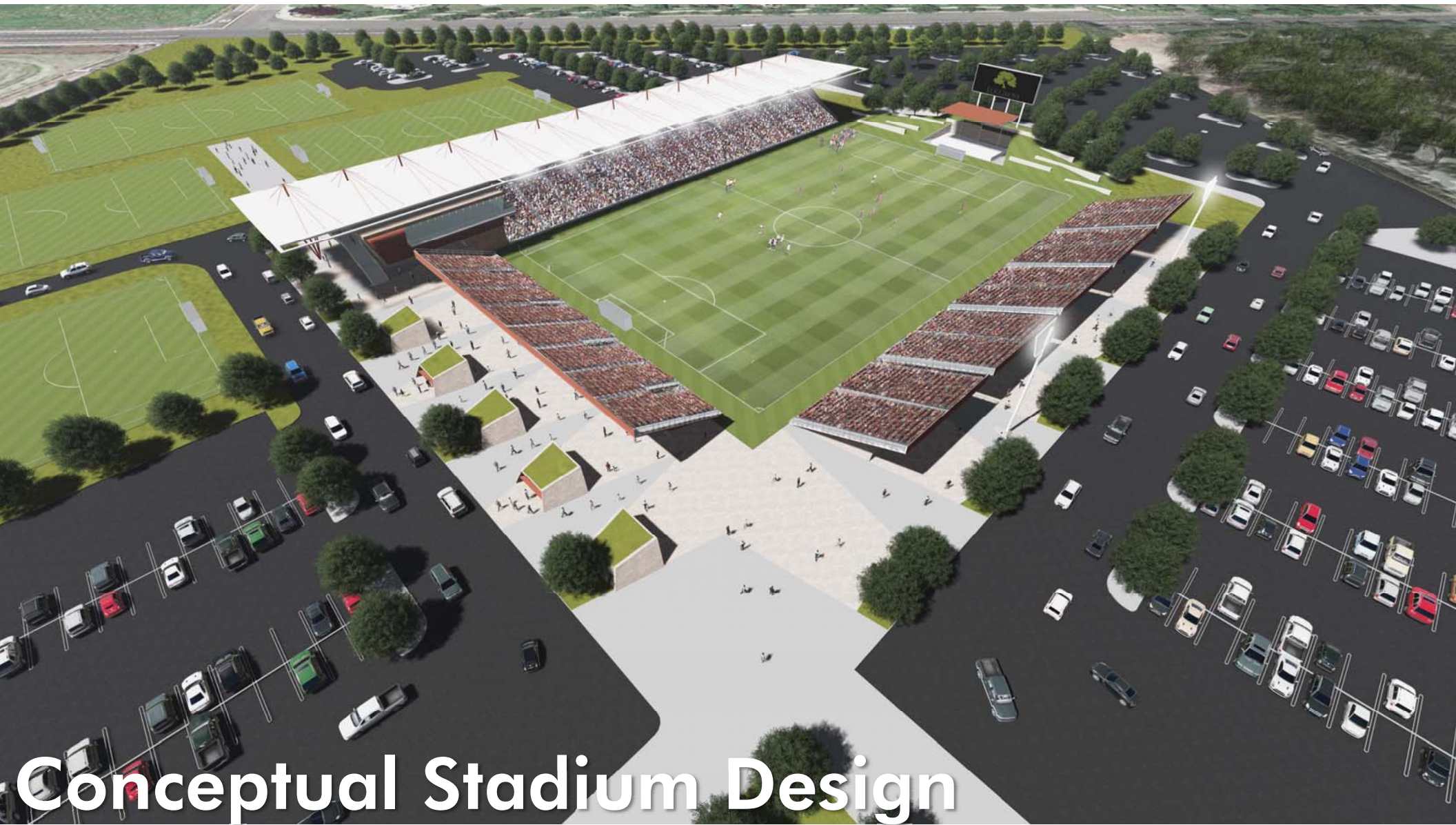


GROUP 4

Callander Associates

# Maintenance Bldg.(reused barn) Storm water detention





# Conceptual Stadium Design



GROUP 4

**POPULOUS**

# South





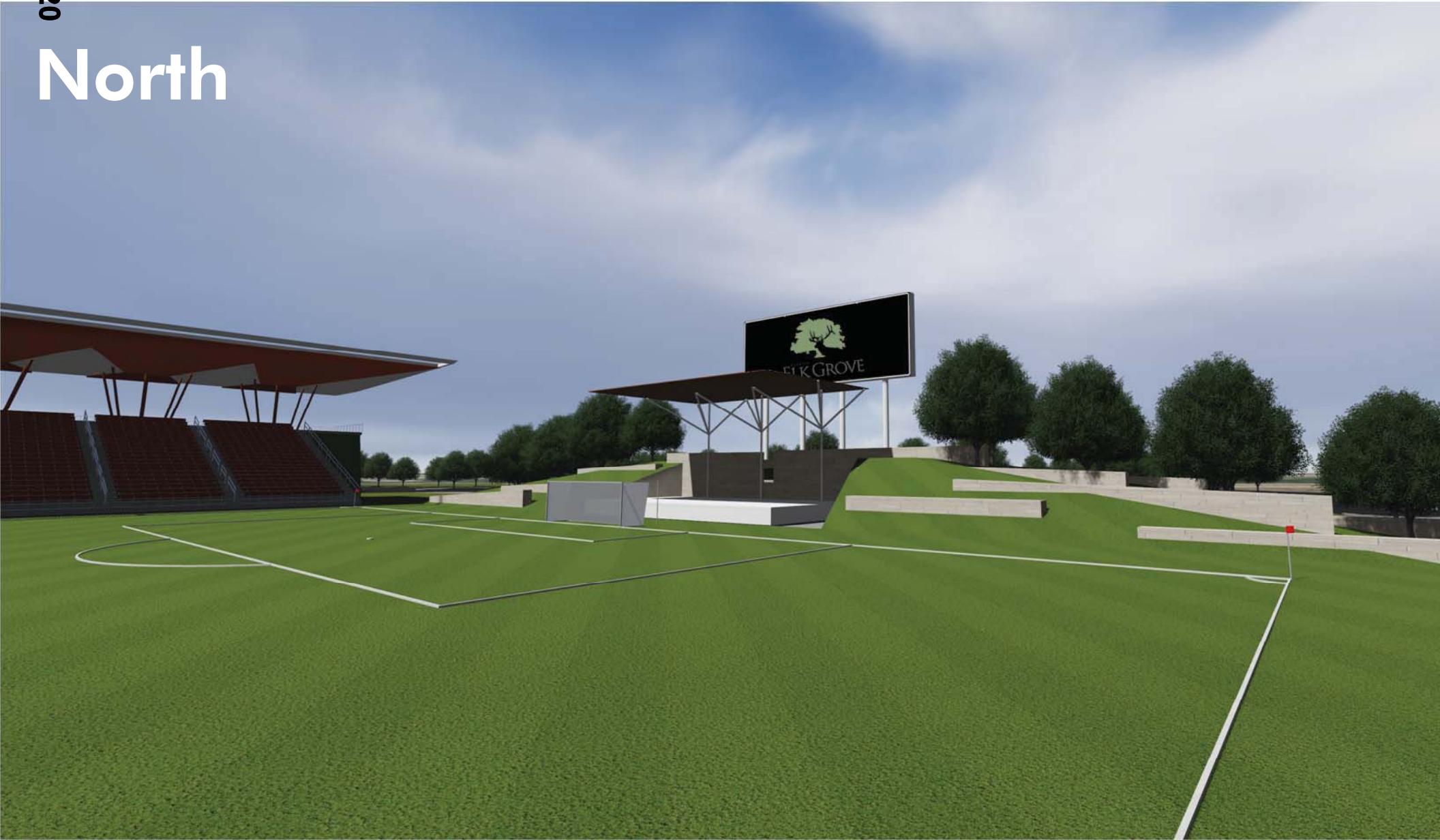
# View to southwest



GROUP 4

**POPULOUS**

# North



# West



GROUP 4

**POPULOUS**





**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to execute a Memorandum of Understanding with Sacramento Local Agency Formation Commission regarding Preparation of an Environmental Impact Report for the Elk Grove Multi-Sport Park Complex

**MEETING DATE:** February 11, 2015

**PREPARED BY:** Christopher Jordan, AICP, Planning Manager

**DEPARTMENT HEAD:** Darren Wilson, PE, Planning Director

---

**RECOMMENDED ACTION:**

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute a Memorandum of Understanding (MOU) with Sacramento Local Agency Formation Commission (LAFCo) regarding Preparation of an Environmental Impact Report for the Elk Grove Multi-Sport Park Complex (Attachment 1).

**BACKGROUND AND ANALYSIS:**

On January 28, 2015, the City Council adopted a Resolution authorizing an application to LAFCo for a Sphere of Influence Amendment (SOIA) covering the property being planned for the Multi-Sports Park Complex (Project).

On February 4, 2015, LAFCo considered the City's request to enter into an MOU regarding the joint preparation of an Environmental Impact Report (EIR) consistent with the California Environmental Quality Act (CEQA). Under the terms of the MOU, LAFCo will manage the EIR consultant

contract, in consultation with the City. The City will be responsible for all costs associated with the preparation of the EIR and SOI processing, which is a standard requirement for all projects applications submitted to LAFCo.

Under the MOU, the City and LAFCo would be co-lead agencies for the EIR for each of their respective approval roles over the Project. By jointly preparing the EIR, LAFCo and the City can both rely upon the document for the SOIA, subsequent Project approvals (General Plan amendment, zoning, design review), and annexation, thereby creating cost savings to the City.

At the LAFCo meeting on February 4, 2015, the Commission discussed the proposed boundaries of the SOI amendment and received comments from interested members of the public, including neighboring property owners. Following public comment and Commission deliberation, the Commission approved the MOU, with the direction that the EIR analyze an increased SOI amendment with a configuration including additional properties within the Urban Services Boundary, primarily towards the railroad tracks. Two adjoining property owners (the Kendrick family and the Mahon family) expressed support for this increased SOI amendment at the Commission meeting. Staff will meet with these and other surrounding property owners to receive further feedback. The EIR could analyze the non-City properties programmatically for purposes of the larger SOI Amendment and analyze the Sports Park at a more detailed, project level. This could result in an increased SOI amendment, followed by either phased or concurrent annexations of properties into the City.

### **FISCAL IMPACT:**

The costs associated with the preparation of SOIA application and accompanying EIR for the Project have been included in the Fiscal Year 2014-15 Budget.

### **ATTACHMENTS:**

1. Resolution
2. Memorandum of Understanding
3. Property Owner Site Map

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
AUTHORIZING THE CITY MANAGER TO EXECUTE A MEMORANDUM OF  
UNDERSTANDING (MOU) WITH SACRAMENTO LOCAL AGENCY FORMATION  
COMMISSION (LAFCO) REGARDING PREPARATION OF AN ENVIRONMENTAL  
IMPACT REPORT FOR THE ELK GROVE MULTI-SPORT PARK COMPLEX**

**WHEREAS**, on October 31, 2014, the City acquired a property at 10251 Grant Line Road, more particularly described as Assessor's Parcel Number 134-0190-009 (the Project Site); and

**WHEREAS**, the City has identified an intended use for the Project Site, being a Multi-Sport Park Complex (the Project); and

**WHEREAS**, the Project Site is located in an area identified in the City's General Plan as Urban Study Area, which is an area where urbanization, to some extent, was envisioned to occur; and

**WHEREAS**, the City of Elk Grove's established Sphere of Influence is coterminous with the City boundary; and

**WHEREAS**, development of the Project Site with the Project under the jurisdiction of the City is in the best interest of the residents of the City of Elk Grove; and

**WHEREAS**, the City of Elk Grove City Council has authorized initiation of proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for an amendment to the City of Elk Grove's established Sphere of Influence; and

**WHEREAS**, the Sacramento Local Agency Formation Commission (LAFCo) is the approving authority for changes to the City's Sphere of Influence; and

**WHEREAS**, the Project is subject to the California Environmental Quality Act (CEQA); and

**WHEREAS**, the City Council of the City of Elk Grove desires to enter into a Memorandum of Understanding (MOU) with LAFCo to jointly prepare the environmental analysis for the Project as required under CEQA; and

**WHEREAS**, the approval of the MOU does not constitute the approval of the Project under CEQA.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove authorizes the City Manager to execute a Memorandum of Understanding with LAFCo in substantially the form presented with the accompanying staff report relating to the preparation of an Environmental Impact Report for the Elk Grove Multi-Sport Park Project.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 11<sup>th</sup> day of February 2015.

---

GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

---

JASON LINDGREN, CITY CLERK

---

JONATHAN P. HOBBS,  
CITY ATTORNEY



**Memorandum of Understanding between the  
Sacramento Local Agency Formation Commission and the City of Elk Grove  
Relating to the Preparation of an Environmental Impact Report  
for the Elk Grove Multi-Sport Park Project and Establishment of Co-Lead  
Agencies for the purpose thereto**

**Recitals**

A. The City of Elk Grove (City) has adopted Resolution No. \_\_\_\_\_ initiating the Sphere of Influence Amendment, Reorganization (annexation and related detachments) and ultimate development of approximately 100 acres at the southeast quadrant proximate to the intersection of State Route 99 and Grant Line Road, south of Grant Line Rd. The site is located in the unincorporated portion of Sacramento County and outside of the current City of Elk Grove Sphere of influence. The development application is comprised of a General Plan Amendment, Pre-Zoning, and Design Review. In addition, the proposed development requires the City to apply to the Sacramento Local Agency Formation Commission (LAFCo) for a Sphere of Influence Boundary Amendment (including a related Municipal Services Review) and Reorganization (annexation and related detachments). Taken together these applications comprise a "project" within the meaning of and subject to the California Environmental Quality Act (Pub. Res. Code §21000 et seq.) (CEQA) for which an Environmental Impact Report will be prepared and which are referred to collectively in this Memorandum of Understanding as the Elk Grove Multi-Sport Park Complex Project ("Sport Park").

B. LAFCo is the appropriate Lead Agency for the proposed Sphere of Influence Boundary Amendment (Gov. Code § 56425 subd. (a); Pub. Res. Code § 21067; LAFCo Policies, IV.F.1, p. IV-7), and will require that the EIR adequately address the environmental issues associated with this application. The City is the appropriate Lead Agency for the remaining elements of the proposed Sport Park and will require the EIR to adequately address the environmental issues associated with applications related to all entitlements. (14 CCR §15051 subd. (b)(2); LAFCo Policies, §IV F.1.d.p. IV-7.)

C. The City and LAFCo desire to have a single EIR prepared for the Sport Park and have agreed to prepare a single EIR. The City and LAFCo will cooperate in the preparation of a single EIR as authorized by CEQA Guidelines, 14 CCR § 15051 subd. (d). (Sierra Club v. West Side Irrig. Dist. (2005) 128 Cal.App.4th 690, 700.)

D. City and LAFCo enter into this Memorandum of Understanding to establish themselves as Co-Lead Agencies for the Sport Park and to establish their respective roles and responsibilities relating to the oversight and management of the preparation of a single EIR. The purpose of this Memorandum of Understanding is to ensure that the resulting Sport Park EIR adequately addresses the environmental

issues of the Sport Park as a whole and provides both LAFCo and the City with the information each needs to review, consider, and take action on the Sport Park applications in full compliance with the law.

### **Determinations**

The Sacramento Local Agency Formation Commission and the City of Elk Grove agree to the following:

1. Sacramento LAFCo and City agree to select a consultant acceptable to both agencies to prepare the EIR on the Sport Park, which: 1) contract shall be managed by LAFCo, in consultation with City, and 2) EIR shall include the environmental review of all of the following: the Sphere of Influence Boundary Amendment; all necessary City entitlements, including but not limited to a General Plan amendment, Pre-zoning, and Design Review; and Reorganization (annexation and detachments).

2. City and LAFCo shall cooperate and work collaboratively to ensure that the EIR fully satisfies LAFCo's requirements for conducting a legally adequate environmental review of the Sphere of Influence Boundary Amendment and Reorganization in accordance with CEQA, the CEQA Guidelines, the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (Gov. Code §56000 et seq.), and LAFCo's locally adopted Policies, Standards and Procedures, as well as the City's requirements for conducting a legally adequate environmental review of the General Plan Amendment, Reorganization, and all other necessary City entitlements. The parties agree to the following protocols for preparation of the EIR:

A. LAFCo, through its staff, shall be the primary contact point for the selected EIR consultant for purposes of generally directing the work of preparing the EIR; transmitting, receiving and disseminating reports, studies, drafts, and other documents related to the EIR; transmitting, receiving and responding to questions, comments, requests for clarification or additional information; scheduling meetings; and the like.

B. LAFCo, through its Commission, staff and independent consultants, shall have final oversight, review, and approval authority over the content of the administrative draft EIR (ADEIR), the draft EIR (DEIR), and the final EIR (FEIR) as they each relate to the Sphere of Influence Boundary Amendment only and shall have Responsible Agency review over the Reorganization (annexation and related detachments). LAFCo shall coordinate and work cooperatively and collaboratively with City to ensure that both parties have sufficient and meaningful opportunity to review, evaluate, and exercise their independent judgment over the content of the EIR as it relates to the discretionary actions each will consider with respect to the Project. LAFCo shall have the right to approve all studies, reports, drafts, and other documents prepared for or in connection with the EIR before public release, to edit or request changes to the ADEIR, DEIR, and FEIR, and request additional work as LAFCo, in the

exercise of reasonable judgment and discretion, determines to be necessary to ensure the adequacy and objectivity of the EIR as needed for LAFCo's action as lead agency for the Sphere of Influence Boundary Amendment and as responsible agency for the Reorganization (annexation and related detachments.)

(1) LAFCo shall notify reasonably in advance (typically a minimum of 72 hours) and give City the opportunity to attend all meetings with the EIR consultant and shall copy City on all correspondence between LAFCo and its consultant(s), except those related solely to contract and billing issues.

C. City and LAFCo shall each identify and notify the other of their respective staff contacts responsible for implementing this MOU.

D. City and LAFCo staffs shall hold regular status meetings to discuss the progress of the work in conformance with the agreed schedule.

E. LAFCo shall schedule and hold at least one public hearing during the DEIR comment period to receive comments on and proposed revisions to the DEIR.

3. City and LAFCo understand that the City shall be fully and solely responsible for the costs of the EIR consultant as well as LAFCo's normal processing fees, including, but not limited to, consultant fees, staff time and legal review. LAFCo shall review and approve invoices received from the consultant, which it shall forward to City within 15 days of receipt, and City agrees to pay the selected consultant directly. In addition, as agreed to by City in LAFCo's standard applicant funding agreement, City understands that it shall indemnify LAFCo for all costs, including legal costs, related to the EIR and the Project. LAFCo shall keep the City reasonably informed of anticipated costs, budgets, and estimates so as to allow the City to conduct appropriate fiscal planning for the Sport Park environmental and processing costs. Upon request, LAFCo shall provide the City with any schedule of fees (hourly or otherwise) charged by LAFCo consultant(s), LAFCo staff, and/or LAFCo legal counsel.

4. City and LAFCo agree to use all reasonable effort and due diligence to process the Project through to the final hearings in a timely fashion to meet City's objective of having LAFCo set for public hearing the SOIA prior to City Council final consideration of related entitlements. City and LAFCo agree to work cooperatively with each other, and the project applicant and/or EIR consultants as necessary to develop a project schedule listing key steps and dates to aid in achieving City's objectives, which schedule shall be attached to and become a part of this Memorandum of Understanding.

5. City and LAFCo agree to the following sequence of actions to be taken to complete processing of the Sport Park:

A Completion of FEIR and submittal to LAFCo

B. LAFCo public hearing and exercise of discretionary action on certification of the FEIR and Sphere of Influence Boundary Amendment

C. If the Sphere of Influence amendment is approved, a City public hearing and action on the General Plan Amendment, Pre-Zoning, Design Review, and any other necessary entitlements will follow.

D. If the City approves the items in subsection C above, a LAFCo hearing and action on the Reorganization (annexation and related detachments) will follow.

Nothing contained in this Memorandum of Understanding is intended, nor shall it be construed, to commit, control, or influence in any manner whatsoever the authority, judgment, or discretion of the LAFCo Commission or the City Council of Elk Grove in their future hearings on all or any aspect of the Sport Park and the ultimate decision of each to approve, approve with conditions, or disapprove the Sport Park, in whole or in part, or to require or impose mitigation measures as a result of the environmental review of the Sport Park.

This Memorandum of Understanding is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2015.

By \_\_\_\_\_  
Laura Gill, City Manager  
City of Elk Grove

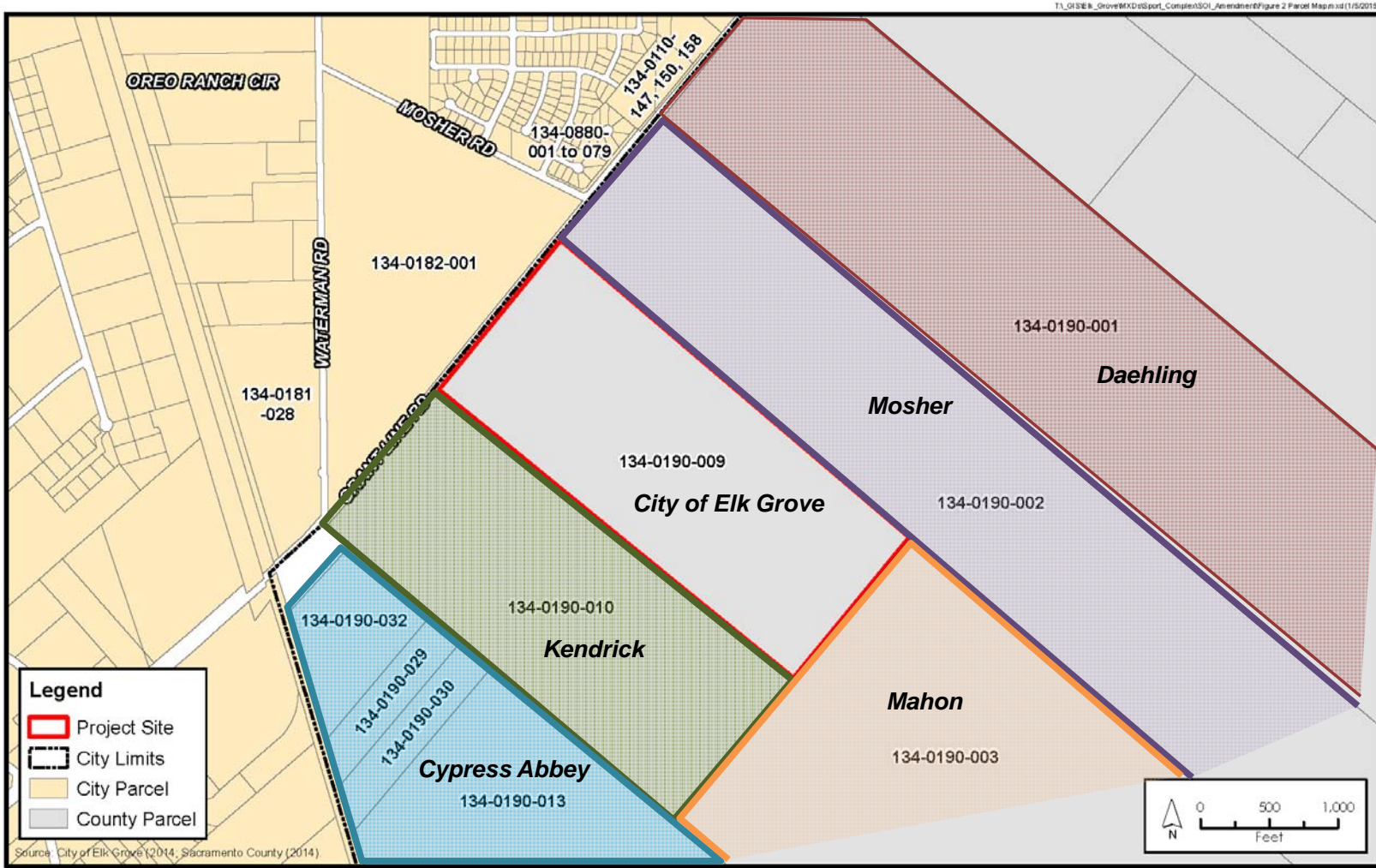
By \_\_\_\_\_  
Peter Brundage  
Sacramento Local Agency  
Formation Commission

Approved as to form:

By \_\_\_\_\_  
Jonathan P. Hobbs,  
City Attorney

By \_\_\_\_\_  
Nancy Miller,  
Sacramento LAFCo Counsel

# Surrounding Owners and Context







**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Consider a Revised Resolution of Application Requesting the Sacramento Local Agency Formation Commission to Process a Sphere of Influence Amendment for a Possible Elk Grove Multi-Sport Park Complex (CEQA Exemption)

**MEETING DATE:** April 8, 2015

**PREPARED BY:** Christopher Jordan, AICP, Planning Manager

**DEPARTMENT HEAD:** Darren Wilson, PE, Planning Director

---

**RECOMMENDED ACTION:**

Staff recommends that the City Council:

1. Adopt a Resolution requesting the Sacramento Local Agency Formation Commission process a Sphere of Influence Amendment to include the Elk Grove Multi-Sport Park Complex site (Attachment 1); and
2. Direct staff to prepare all necessary application materials and submit an application to the Sacramento Local Agency Formation Commission for the amendment of the Sphere of Influence, indicating a revised area from the previously approved application.

**BACKGROUND INFORMATION AND ANALYSIS:**

On January 28, 2015, the City Council adopted Resolution 2015-020, requesting the Sacramento Local Agency Formation Commission LAFCo process a Sphere of Influence (SOI) Amendment to include the Elk Grove Multi-Sport Park Complex site (the Project). On February 4, 2015, staff presented the proposed SOI Amendment to LAFCo as part of a request for a Memorandum of Understanding (MOU) regarding joint preparation of the required Environmental Impact Report (EIR) for the Project.

At the LAFCo meeting, the Commission noted that the proposed Sphere of Influence boundary was a peninsula, which is a configuration not preferred by LAFCo policies. While the Commission appreciated the City's desire to only seek a SOI boundary that conformed to the Project boundary, the Commission suggested that the City consider a larger area to avoid the peninsula result. The Commission asked the City to seek feedback from surrounding property owners and, if necessary, to modify the proposed SOI boundaries to include additional properties around the site and towards the existing City Limits to the southwest.

Staff has met with the surrounding property owners and briefed them of the City's Project and LAFCo's suggestions. These property owners include the Mosher Family, the Mahons, the Kendricks, and Cypress Abbey Company (a corporation). All have indicated support for inclusion in the SOI Amendment; all but Cypress Abbey have provided the attached letters supporting and requesting inclusion in the application.

LAFCo staff has requested that the City formally modify the application (prior to submittal) to include these additional properties in the SOI. Should the Council provide direction along these lines, as staff recommends the Council do, staff will finalize the application for submittal to LAFCo.

Staff has also received the attached letter representing the Kautz and D. Mahon properties north of the Project. In addition, staff has spoken with a representative of the Daehling Ranch property regarding their interest in including their parcel in the SOI application. The two requests would add an additional 900± acres to the SOI application. Staff is concerned that these requests could complicate the Project and therefore recommends that these lands not be included. Staff anticipates addressing these properties as part of the upcoming General Plan Update, pursuant to Council direction.

In the meantime, staff has met with LAFCo and their EIR consultant, AECOM, to review the Project and the potential SOI boundaries. A scope of work for the EIR is being finalized and work will begin shortly after submission of the application to LAFCo.

## **ENVIRONMENTAL REVIEW**

This activity does not constitute the approval of a project, and is, therefore, not subject to environmental review under the California Environmental Quality Act (CEQA). This activity is also exempt from CEQA as part of a



feasibility study and data collection of a possible project (CEQA Guidelines, §§15262, 15306). The City will conduct environmental review under CEQA prior to the approval of any Project.

**FISCAL IMPACT:**

The costs associated with preparing and processing the SOI amendment, along with the CEQA costs, are included in the current Project budget.

Staff continues to refine the costs of the Project, specifically focusing on a Phase 1 project in the \$35 to \$40 million dollar range. Subsequent phases of the Project could deliver other elements. A Project update on the phasing and the cost estimate will be provided in May.

**ATTACHMENTS:**

1. Resolution
  - a. Exhibit A –Proposed Sphere of Influence Amendment Area
2. Property Owner Correspondence
  - a. Mosher Family
  - b. Mahons
  - c. Kendricks
  - d. Kautz, et. al.

**A REVISED RESOLUTION OF APPLICATION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE REQUESTING THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION PROCESS A SPHERE OF INFLUENCE AMENDMENT TO INCLUDE THE SITE OF THE PROPOSED ELK GROVE MULTI-SPORT PARK COMPLEX AND DIRECTING CITY STAFF TO FILE A SPHERE OF INFLUENCE AMENDMENT APPLICATION WITH THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION (CEQA EXEMPTION)**

**WHEREAS**, on October 31, 2014, the City acquired a property at 10251 Grant Line Road, more particularly described as Assessor's Parcel Number 134-0190-009 (the Project Site); and

**WHEREAS**, subject to environmental review, analysis, and other approvals, the City is considering developing the Project Site as a multi-sport park complex (the Project); and

**WHEREAS**, the Project Site is located in an area identified in the City's General Plan as Urban Study Area, which is an area where urbanization to some extent was envisioned to occur; and

**WHEREAS**, the City of Elk Grove's established Sphere of Influence is coterminous with the City boundary; and

**WHEREAS**, development of the Project Site with the Project under the jurisdiction of the City is in the best interest of the residents of the City of Elk Grove; and

**WHEREAS**, the City of Elk Grove City Council desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for an amendment to the City of Elk Grove's established Sphere of Influence; and

**WHEREAS**, the Sacramento Local Agency Formation Commission (LAFCo) is the approving authority for changes to the City's Sphere of Influence; and

**WHEREAS**, on January 28, 2015, the City Council adopted Resolution 2015-020 requesting that LAFCo process a sphere of influence amendment for the Project; and

**WHEREAS**, on February 4, 2015, the City presented the Project to LAFCo and received direction to modify the boundaries of the proposed Sphere of Influence to include additional lands surrounding the Project site in order to be consistent with LAFCo policies regarding peninsula-shaped Spheres; and

**WHEREAS**, the City has received correspondence from surrounding property owners indicating that they request to be included within the proposed Sphere of Influence; and

**WHEREAS**, the adoption of this Resolution of Application does not constitute the approval of a Project under CEQA.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby repeals Resolution 2015-020; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove hereby adopts and approves this Resolution of Application for an Amendment to the City's existing Sphere of Influence; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove authorizes City staff to submit a Sphere of Influence Amendment application to LAFCo and hereby requests that LAFCo proceed with processing this Sphere of Influence Amendment for the area shown in "Exhibit A" in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**BE IT FURTHER RESOLVED**, that the City Council of the City of Elk Grove requests that as part of this application, LAFCo concurrently consider the following reorganizations and any other annexations and detachments as may be required:

- Detachment from CAS No. 1 (Street Lighting)
- Detachment from CAS No. 11 (Supplemental Police - Sheriff and Animal Control Services)
- Annexation into Sacramento Area Sewer District and Sacramento County Regional Sanitation District; and

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 8<sup>th</sup> day of April 2015.

\_\_\_\_\_  
GARY DAVIS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JASON LINDGREN, CITY CLERK

\_\_\_\_\_  
JONATHAN P. HOBBS,  
CITY ATTORNEY

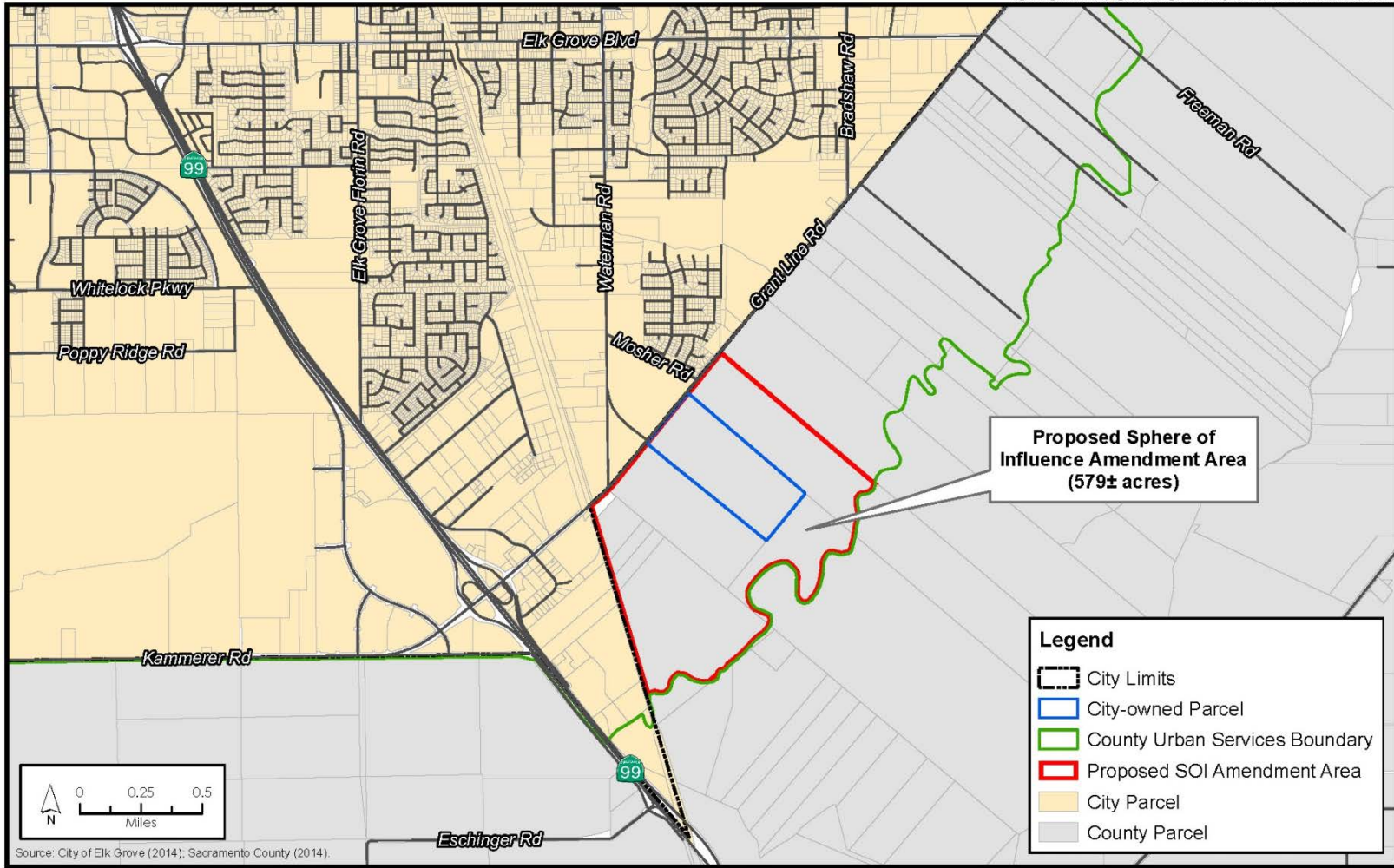


Exhibit A



*Melba Mosher Moshier Ranch*  
*10161 Grant Line Rd Elk Grove CA 95624 916-685-9747*

March 31, 2015

Laura Gill  
City Manager  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758

Re: Moshier Ranch – Elk Grove Sphere of Influence Application

Dear Ms. Gill:

In response to our recent meeting and on behalf of the Mosher family, I am requesting that the portion of the Mosher Ranch situated north of the 100-year flood plain of the Cosumnes River, located at the address listed above and shown on the attached exhibit, be included in the City's amended Sphere of Influence (SOI) application with the Sacramento County Local Agency Formation Commission (LAFCo).

As you know, the Mosher Ranch is east of and contiguous to the City's proposed Sports Park facility. As you also know, we have significant concerns regarding the potential impacts of the City's proposal, unless the two properties can be planned together concurrently in order to adequately address land use compatibility issues between the Sports Park facility and the existing and future planned land uses on our property. To enable that concurrent planning to take place, we believe it imperative that the Mosher Ranch be included in the City's amended LAFCo application.

We thank you in advance for your consideration of our request and hope to work supportively with the City on its amended application before LAFCo.

Very truly yours,

Melba Mosher

cc: Elk Grove City Council  
Sacramento County Local Agency Formation Commission

**Julie Cline  
Darren Wilson  
Christopher Jordan**

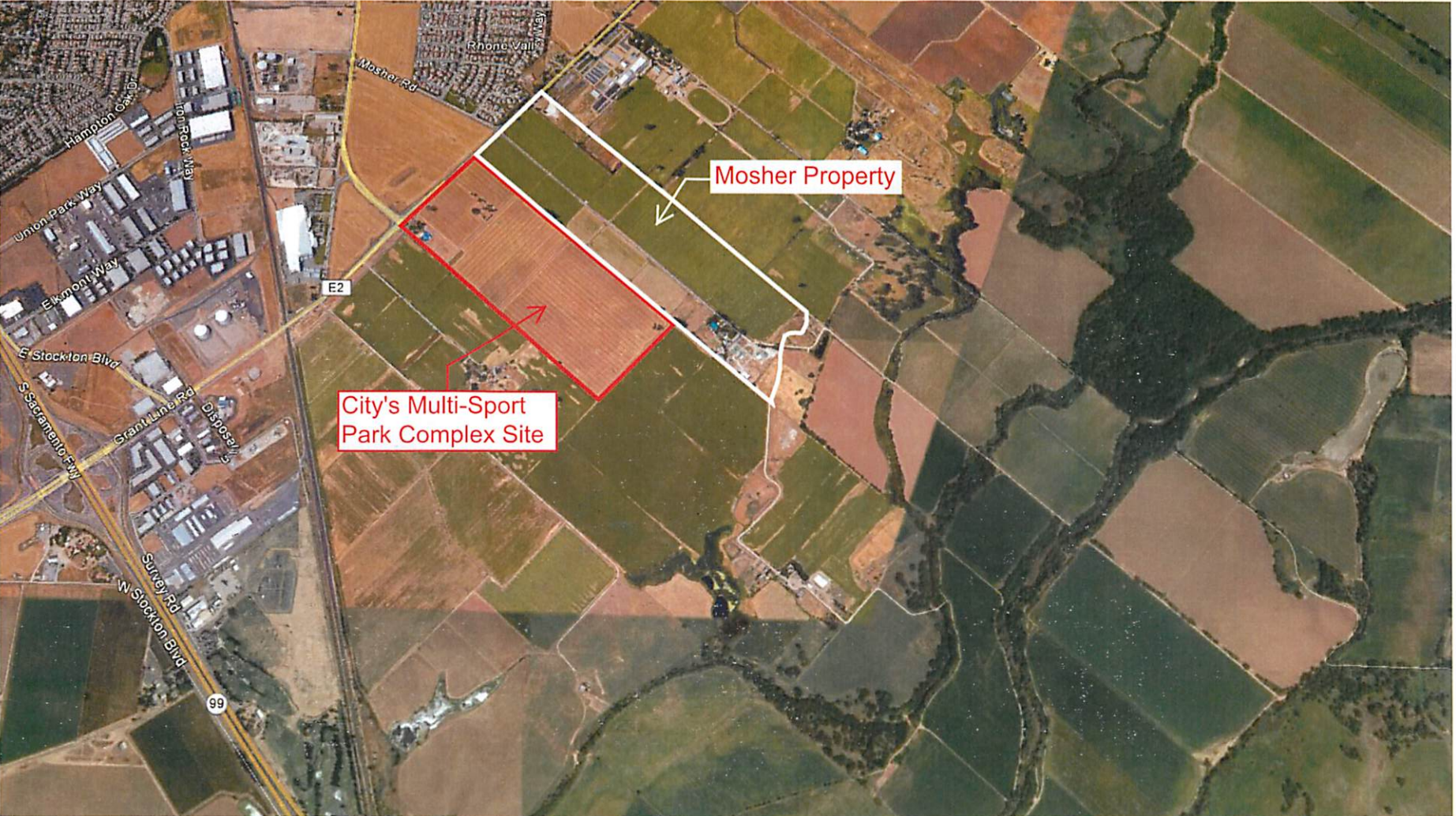


Exhibit A

March 30, 2015

Laura S. Gill, City Manager  
City of Elk Grove  
8401 Laguna Palms Drive  
Elk Grove, CA 95758

Peter Brundage, Executive Officer  
Sacramento Local Agency Formation Commission  
1112 I Street, Suite 100  
Sacramento, CA 95814

RE: Elk Grove Sports Complex Project

Dear Mrs. Gill and Mr. Brundage,

Our family has been engaged in ranching and other agricultural activities in the Elk Grove area for 133 years. Our current operations consist of a cow-calf herd of approximately 250 head, feed and forage products, and renovation of our historic equestrian facilities. We encourage you to view our website for more information at <http://mahonranch.com>.

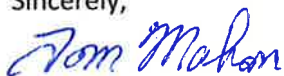
We are excited about the City's plans for a sports park complex adjacent to our land on Grant Line Road. We believe that this project can, and will, be designed as a compatible activity to our agricultural operations.

Since the City first met with us to discuss their project, we have identified opportunities to explore teaming up on various project components. As a working farm, we believe there are opportunities to develop agri-tourism ventures and other compatible uses on our property, such as a County Fair complex. As such, we welcome, support, and request inclusion in the pending Sphere of Influence Amendment for our property that is currently within the Urban Services Boundary.

Should our property be included in the Sphere Amendment, we would like the land to be considered as an extension of the City's project. While discussions are on-going and no final decisions have been made, we believe that both the County Fair complex and the stadium/entertainment venue would be compatible components to our existing operations.

Should you have any questions, please contact me. We look forward to being part of this collaborative process, balancing the needs of the City and the preservation and promotion of our precious agricultural resources.

Sincerely,



Tom Mahon



March 29, 2015

Laura S. Gill, City Manager  
City of Elk Grove  
8401 Laguna Palms Drive  
Elk Grove, CA 95758

Peter Brundage, Executive Officer  
Sacramento Local Agency Formation Commission  
1112 I Street, Suite 100  
Sacramento, CA 95814

RE: Elk Grove Sports Project

Dear Mrs. Gill and Mr. Brundage,

We own approximately 100 acres directly west of the City's planned sports complex. We understand from the February 2015 Commission meeting that LAFCo is interested in considering a Sphere of Influence as part of the City's project that would include our land. We strongly support and request inclusion in this effort.

Our property presents an excellent opportunity to transition from the more industrial land uses to the west towards the City's project. We believe there are future use opportunities along our Grant Line Road frontage for commercial (approximately 25 acres), with the balance being a combination of commercial (along the shared property line with the City) and industrial uses. We envision potential commercial uses, such as hotels, dining establishments, and sports-oriented retail spaces, along with private indoor sports training uses could be privately developed on our property, all complementing and supporting the City's proposed use.

We look forward to being part of the process.

Sincerely,



Leonard Kendrick  
Leonard Kendrick and Son, Inc.

**PHILLIPS LAND LAW, INC.**

5301 Montserrat Lane  
Loomis, California 95650  
Telephone (916) 979-4800  
Telefax (916) 979-4801

April 2, 2015

Laura Gill  
City Manager  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95658

Re: Elk Grove Sphere of Influence

Dear Ms Gill:

On behalf of Dale and Pat Mahon and John and Jack Kautz, we respectfully request that the City consider amending its current application with LAFCo to include the properties outlined in red on the attached exhibit.

We understand that the Mosher and Daehling families are also interested in having their properties included in the City's SOI application. We are supportive of their interest.

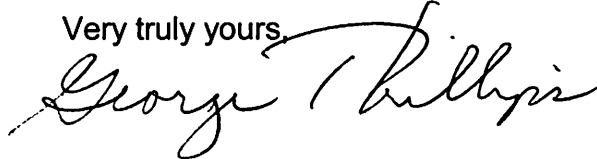
As we have shared with you, we believe that the City's Sports Park proposal is a bold step. One, however, that bears land use consequences well beyond the boundary of the proposed park site itself. We believe that the appropriate scope for the City's SOI process should be focused, but also sufficiently comprehensive in order to best address the land use effects of such a regional sports facility.

We are supportive of the City's goal of creating a significant sports and recreational amenity for the residents of Elk Grove. We ask only that the process utilized to achieve that goal be one that recognizes all of the impacts of the Sports Park proposal on the landowners in the affected area.

Laura Gill  
April 2, 2015  
Page 2

We appreciate your consideration of our request.

Very truly yours,

A handwritten signature in black ink that reads "George E. Phillips". The signature is written in a cursive style with a large, stylized initial "G".

George E. Phillips

cc: Elk Grove City Council  
Sacramento County Local Formation Commission  
Julie Cline  
Darren Wilson  
Christopher Jordan  
Dale and Pat Mahon  
John Kautz  
Jack Kautz



# Attachment H: Letters of Support

---





July 15, 2015

Peter Brundage, Executive Officer  
Sacramento Local Agency Formation Commission  
1112 I Street, Suite 100  
Sacramento, CA 95814

**RE: City of Elk Grove Multi-Sport Park Complex**

Dear Mr. Brundage,

On behalf of the Cosumnes Community Services District, I am writing you in support of the City of Elk Grove's (City's) application for the above referenced project. As you are aware, the Cosumnes Community Services District (CCSD) provides park and recreation services to the Elk Grove Community, including management of 93 parks, 18 miles of off-street trails, two community centers, four recreation centers, and two aquatics complexes, in addition to operating a wide range of recreational, sports, health, fitness, and educational activities and special events for all ages.

The CCSD sees the City's project as complementing our services and facilities. Specifically, the City facility will provide a new training and competition venue, allowing our facilities to continue focusing on the recreational needs of the community. This complementary aspect will benefit our residents and provide for an enhanced recreational program.

We look forward to seeing this facility develop and benefiting the residents of Elk Grove.

Sincerely,

A handwritten signature in blue ink that reads 'Jeff Ramos'.

Jeff Ramos  
General Manager  
Cosumnes Community Services District







July 14, 2015

Peter Brundage, Executive Director  
Sacramento Local Agency Formation Commission  
1112 I Street, Suite 100  
Sacramento, CA 95614

**RE: Elk Grove Multi-Sports Park Complex - Support**

Dear Mr. Brundage:

On behalf of the Elk Grove Youth Soccer League, I'm writing in support of the City's Multi-Sport Park Complex. Over 6,000 young people play soccer in the Elk Grove Youth Soccer League. Our mission is to give players a positive experience while they learn how to play the game with pride and passion. Having quality facilities is key to the success of our program. Quality training and tournament facilities are badly needed in this region, and we strongly support the City's efforts to address this growing need.

By way of example, our May 2015 Kick-off Classic tournament featured 250 teams playing over two days. To accommodate this level of play, we required field space at 12 different facilities, ranging from Bartholomew Sports Complex and Cosumnes River College to Johnson Park in Laguna West. This range of locations required coordination of travel and logistics. Had the tournament been hosted at one location, the event would have been more efficient and the impacts to local neighborhoods eliminated.

If you have any questions about Elk Grove Youth Soccer and our operations, we are more than happy to meet. We look forward to the Commission's consideration of this facility and its eventual construction and operation. It will be an incredible opportunity and asset for the community.

Sincerely,

**ELK GROVE YOUTH SOCCER LEAGUE**

By  
Debra Carlton, President

**Address:** Elk Grove Soccer, 9880 Waterman Rd, Suite 100, Elk Grove, CA  
**Phone:** (916) 682 – 6500 - **Email:** [dcarlton@elkgrovesoccer.com](mailto:dcarlton@elkgrovesoccer.com) - **Web:** [www.elkgrovesoccer.com](http://www.elkgrovesoccer.com)



# Attachment I: Maps

---



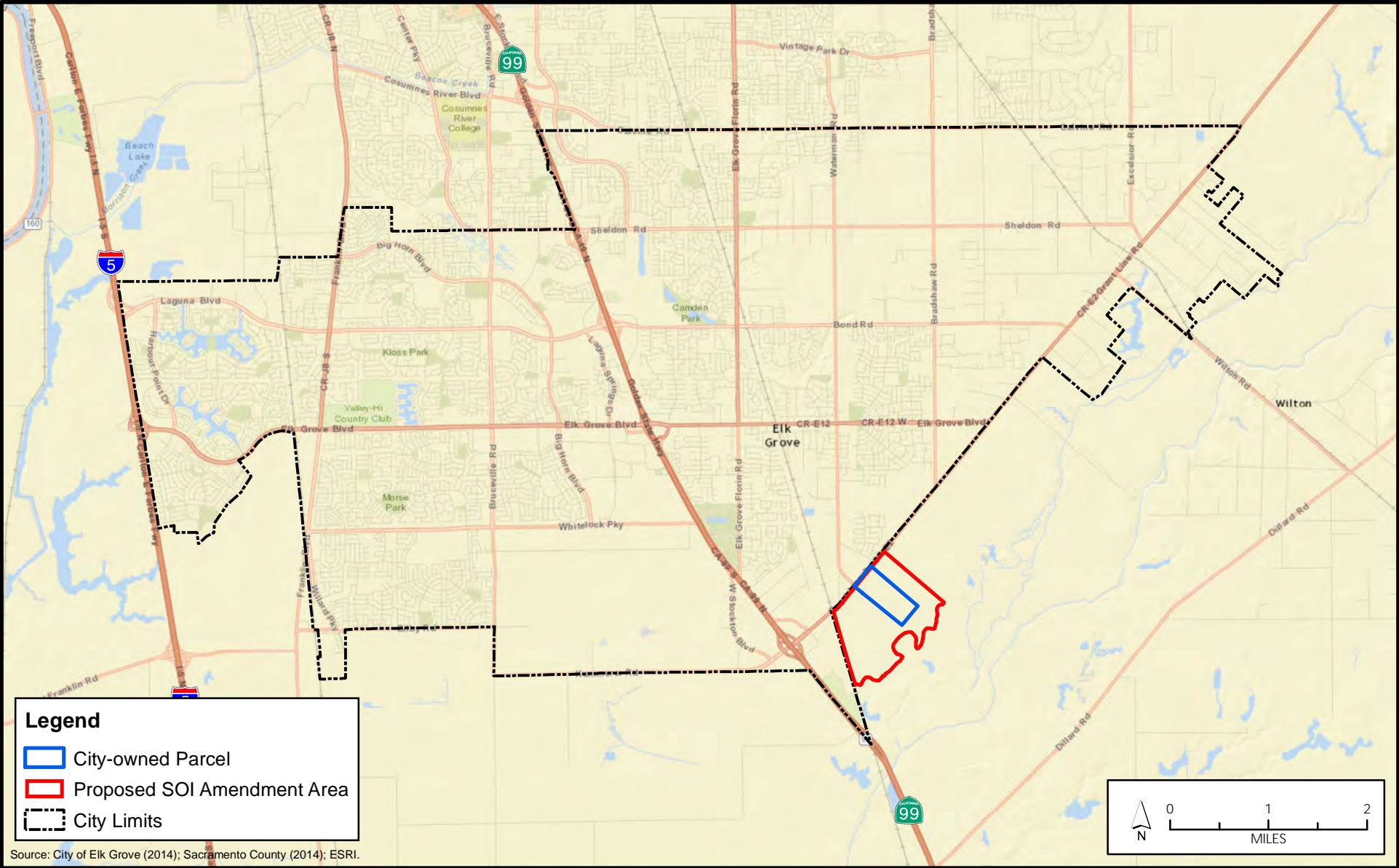
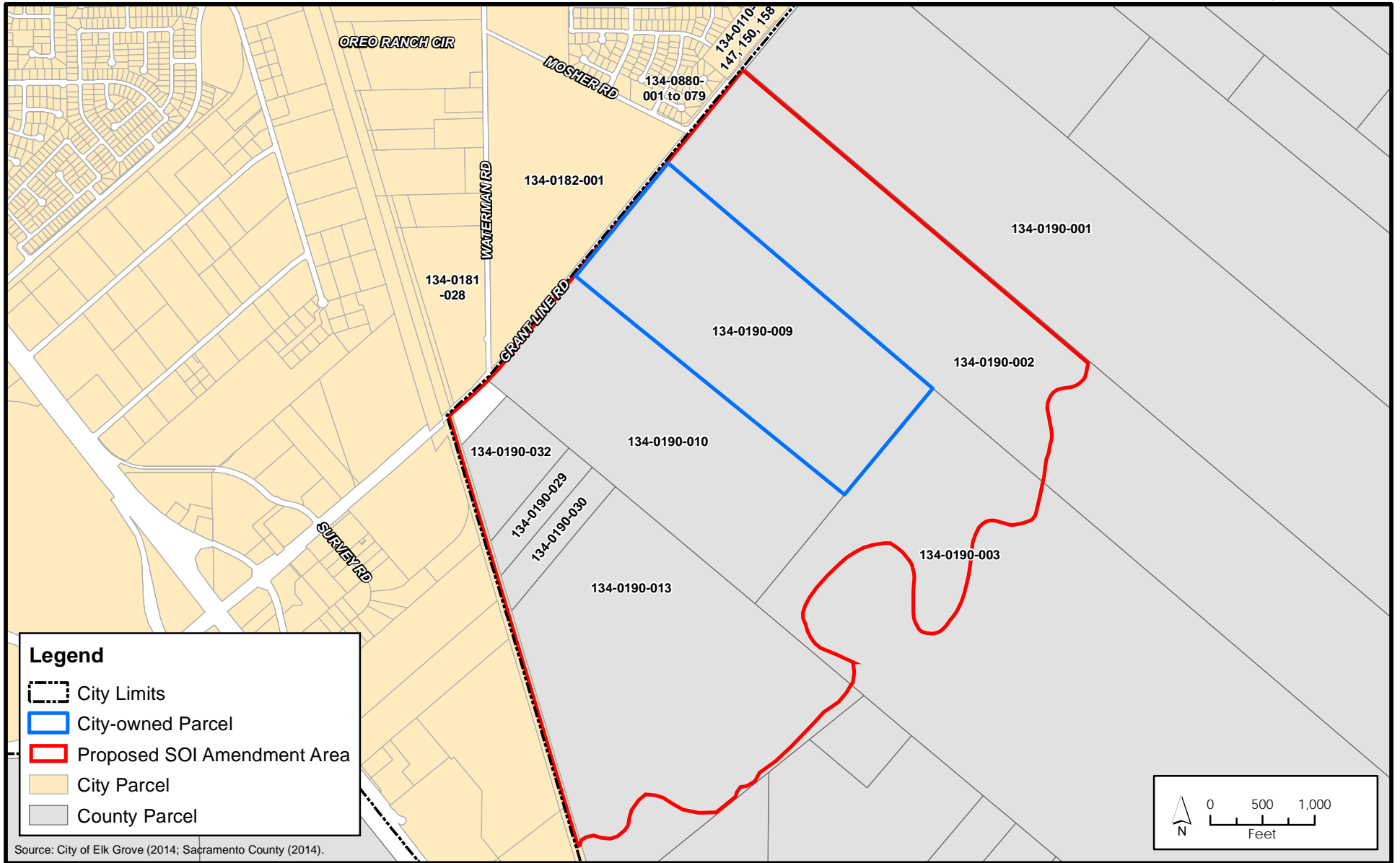


Figure 1  
Project Location



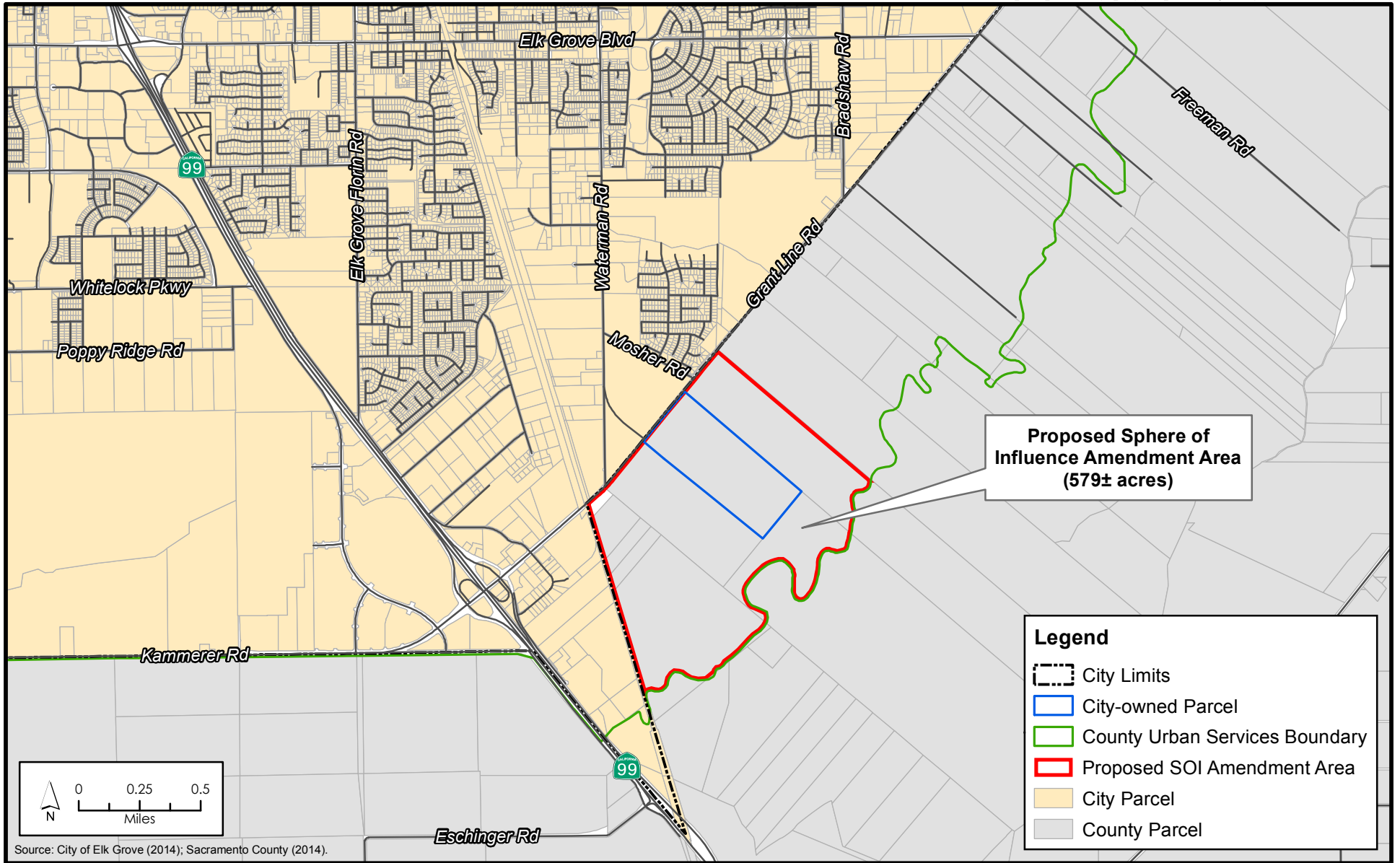


Source: City of Elk Grove (2014); Sacramento County (2014).

Figure 2  
Assessor's Parcel Map







**Figure 3**  
Proposed Sphere of Influence Amendment



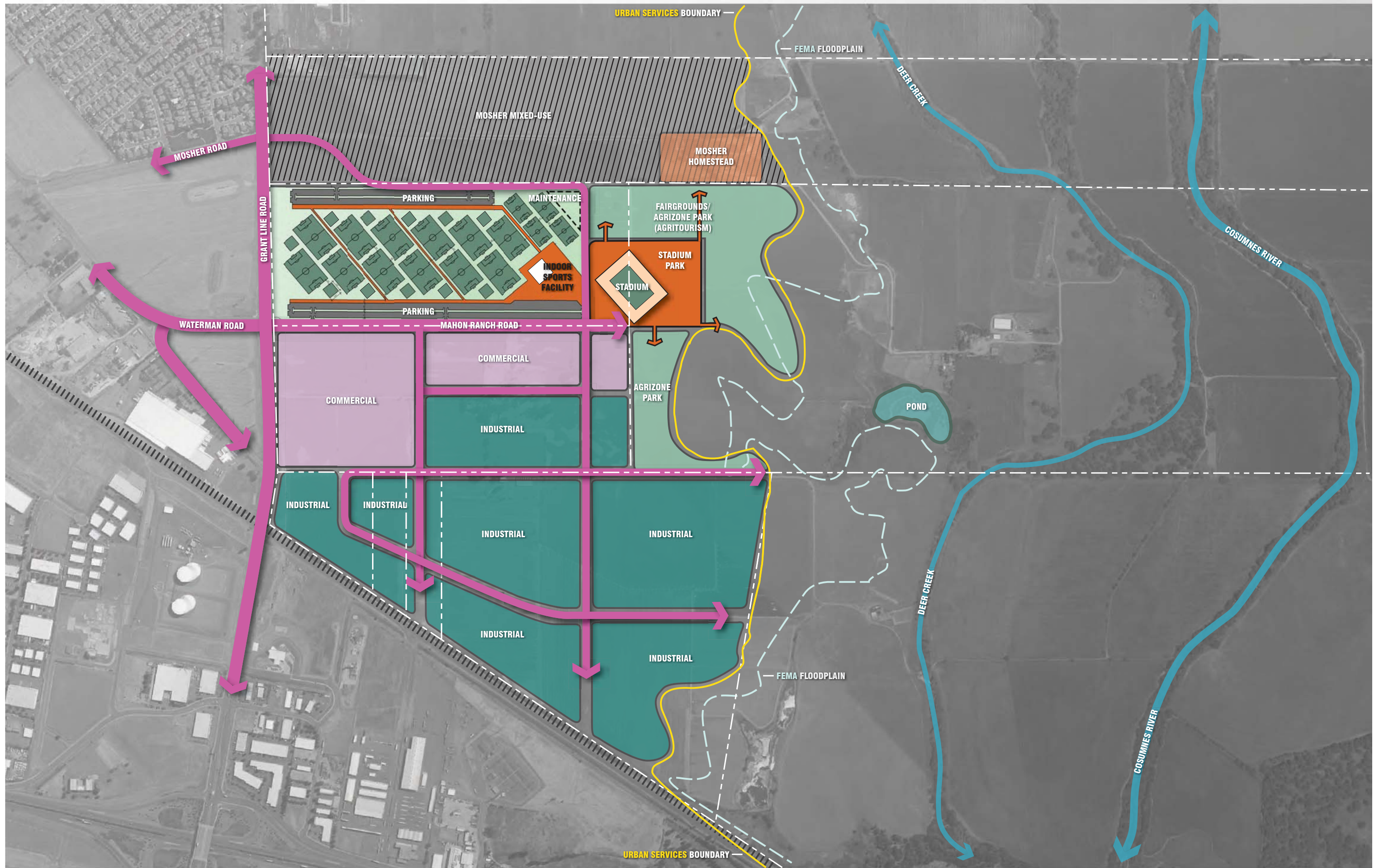


Figure 4A - Full SOIA Area Buildout



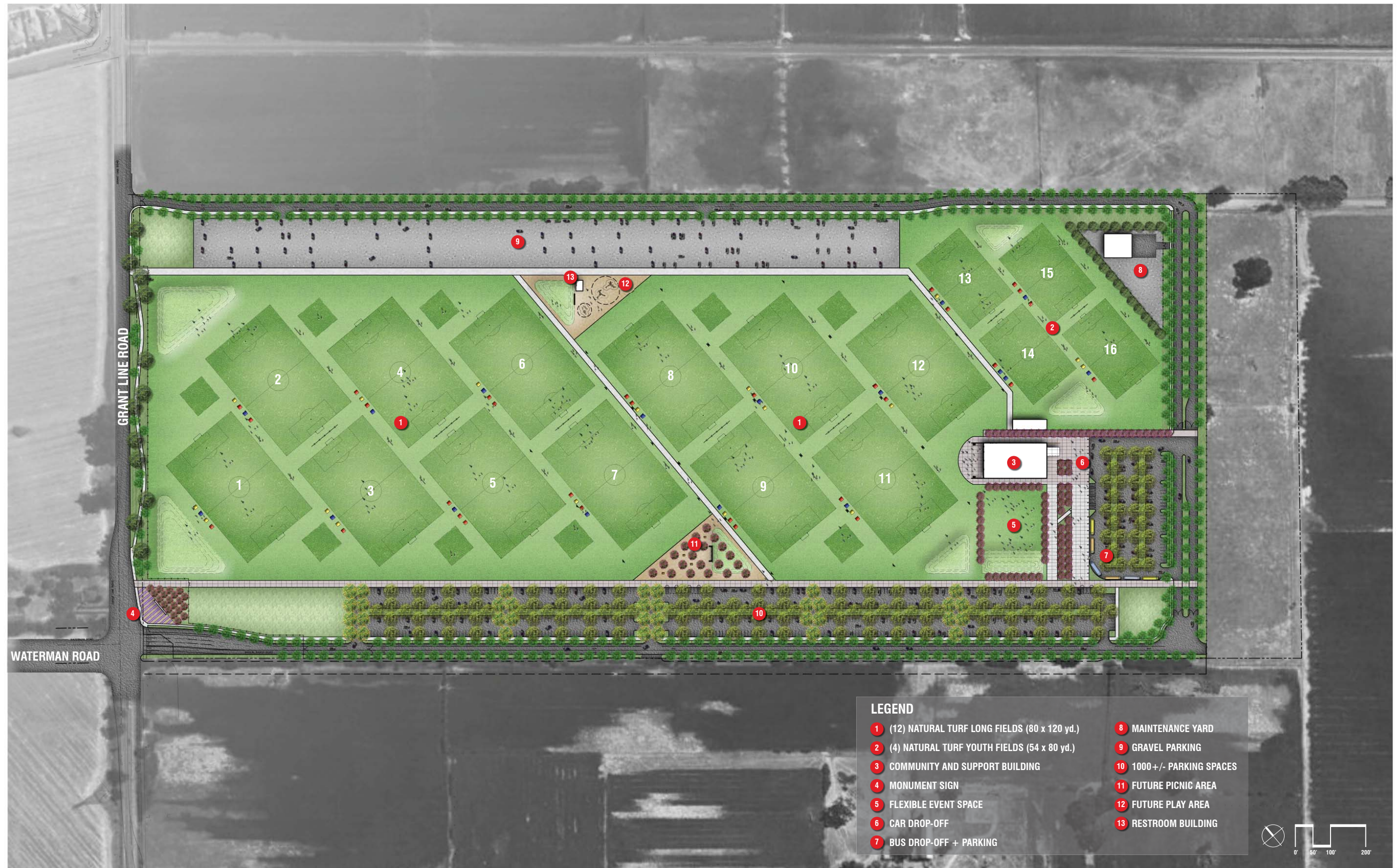


Figure 4B - Phase 1 Site Plan





Figure 4C - Daytime Rendering







Figure 4D - Nighttime Rendering



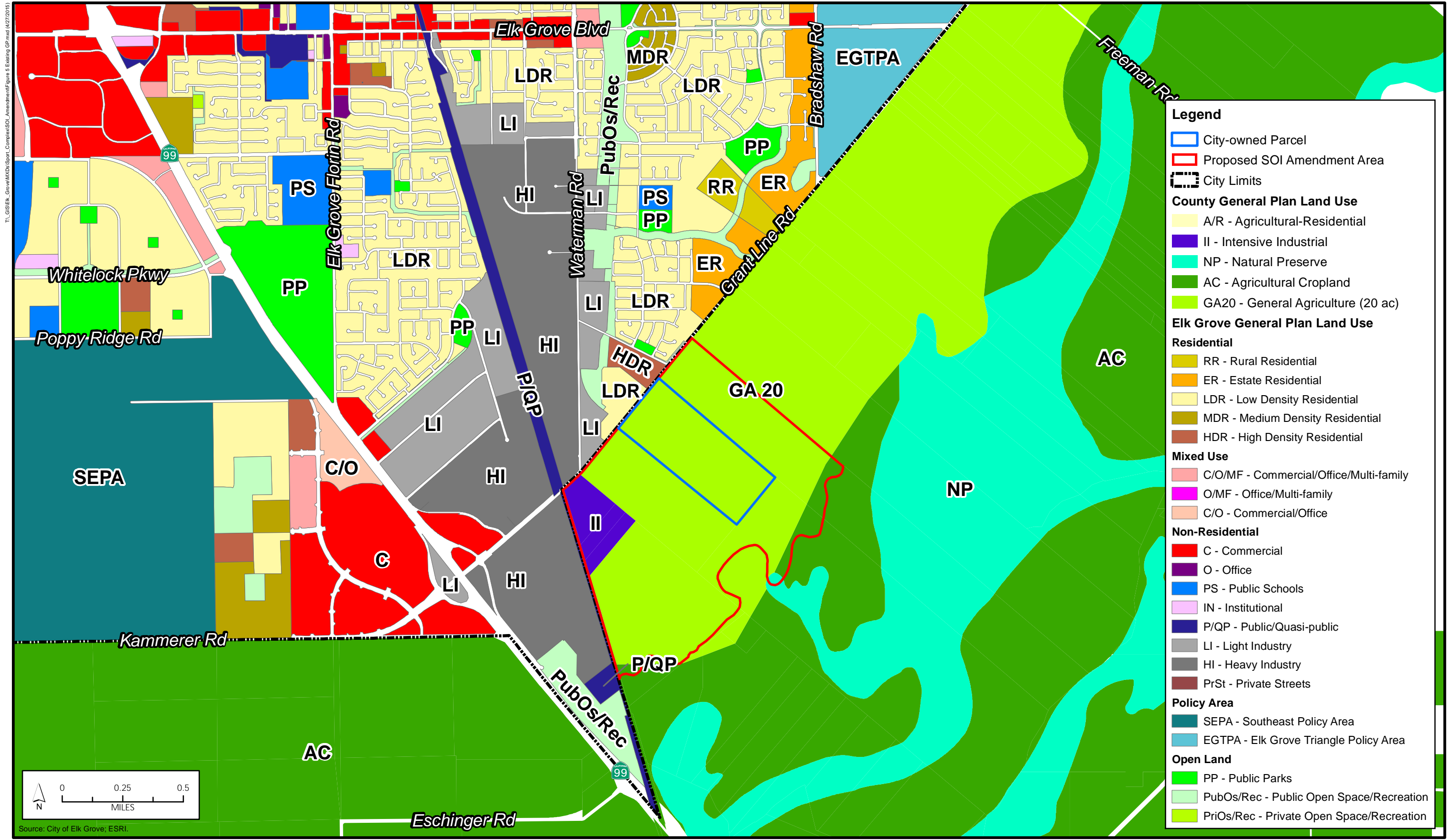
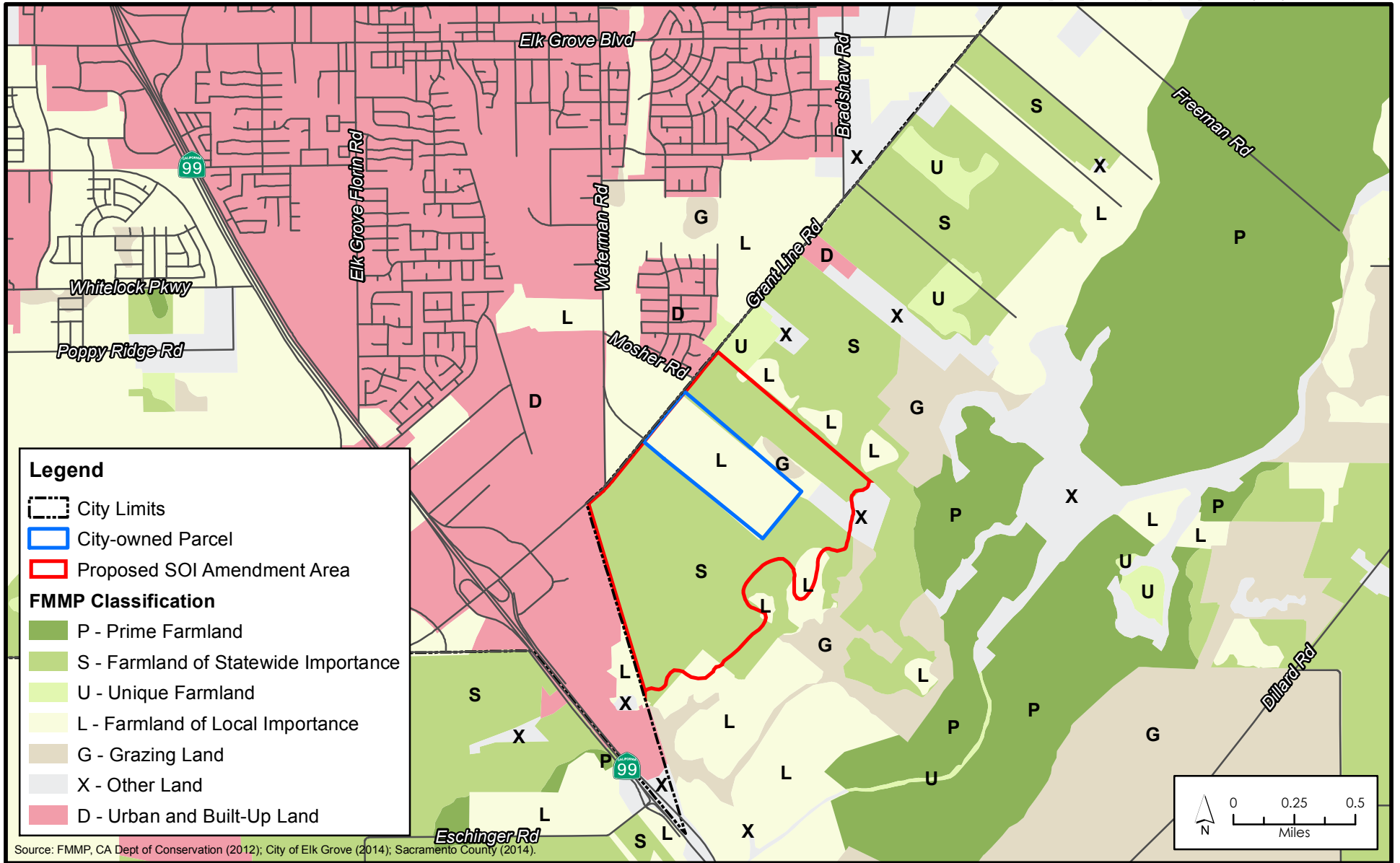


Figure 5  
Existing City and County General Plan Designations





**Figure 6**  
Agricultural Land On and Surrounding the Project Site



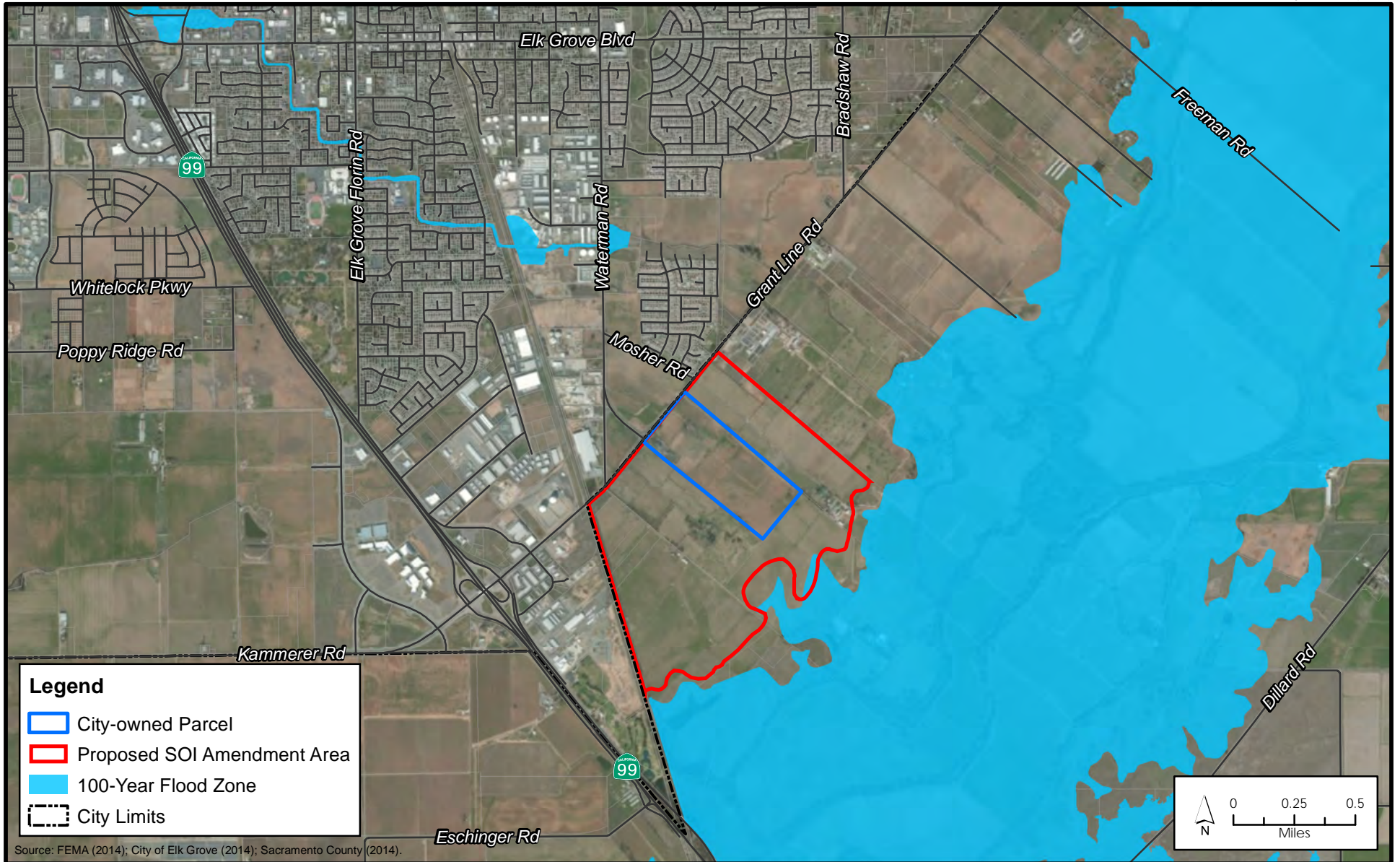


Figure 7  
100-Year Floodplain On and Surrounding the Project Site





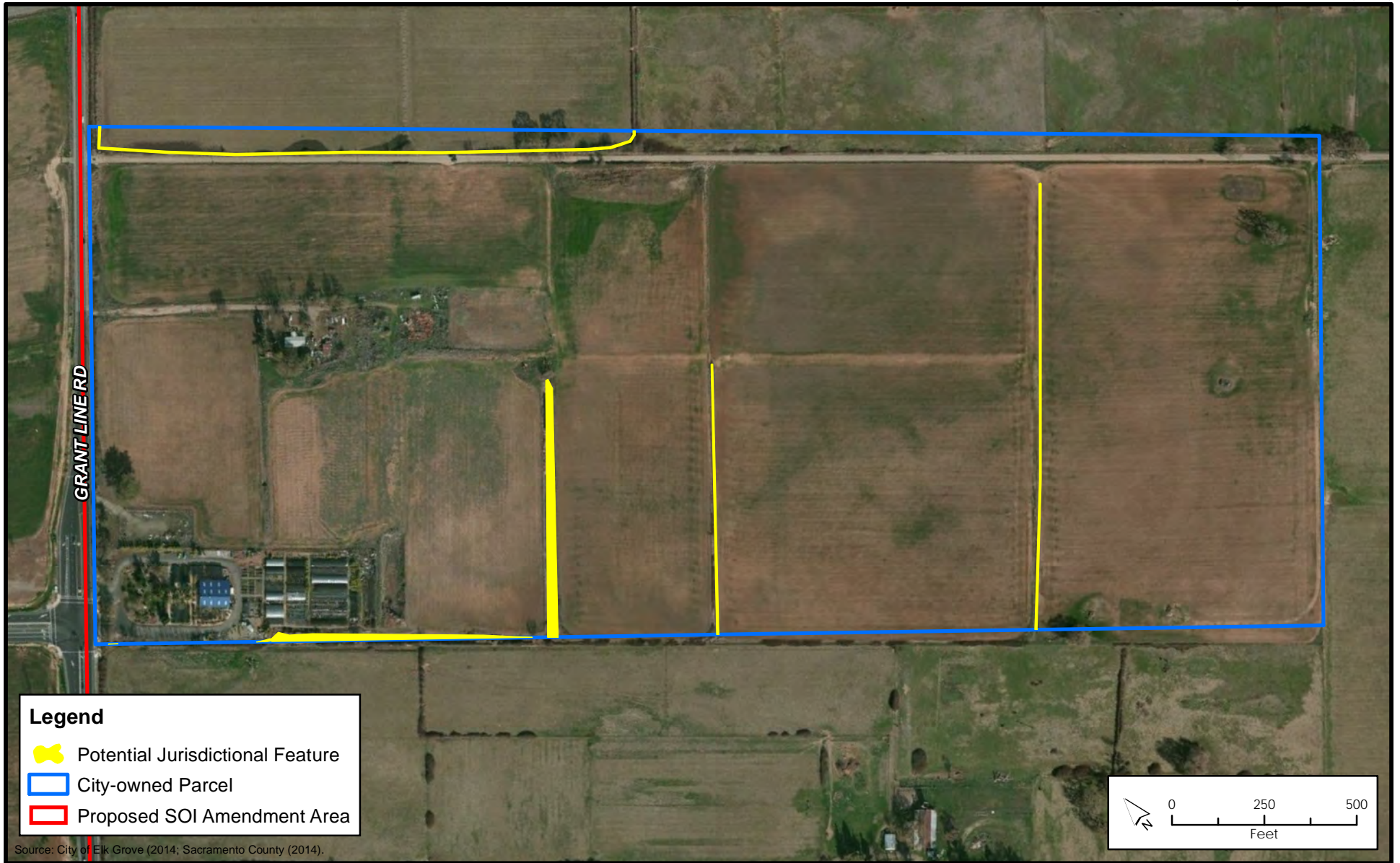
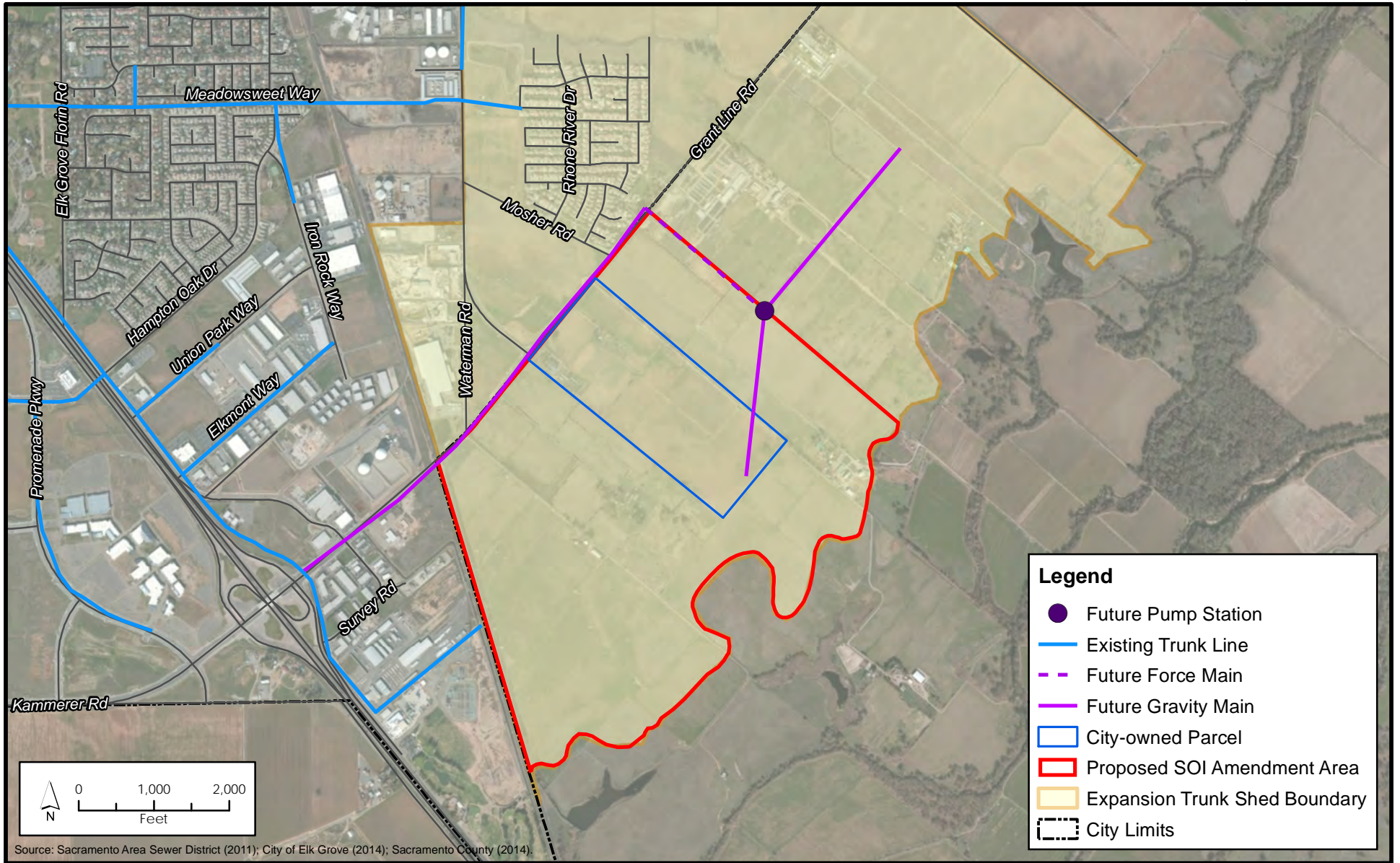


Figure 8  
Potential Jurisdictional Features







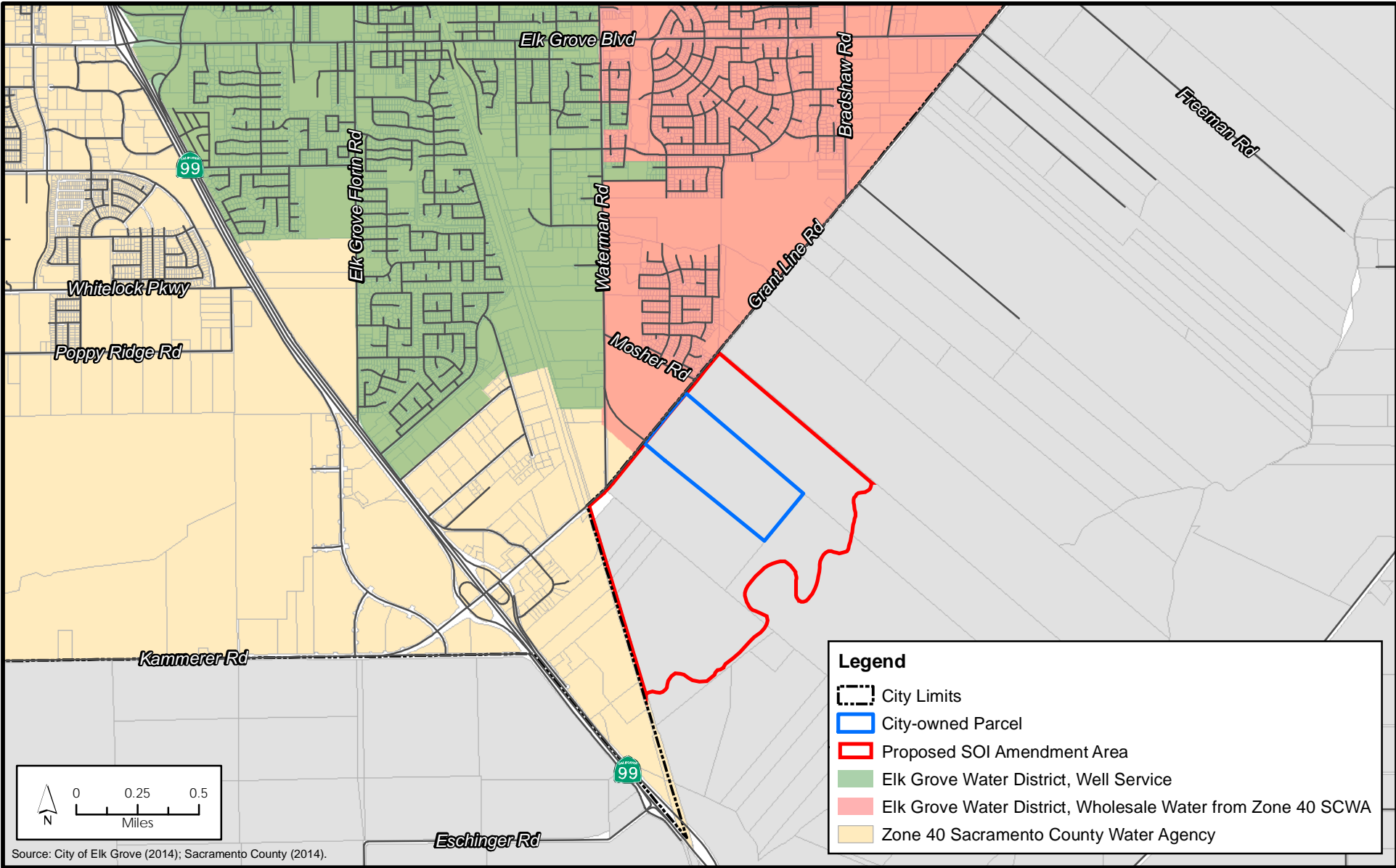


Figure 10  
Map of Area Potable Water Districts



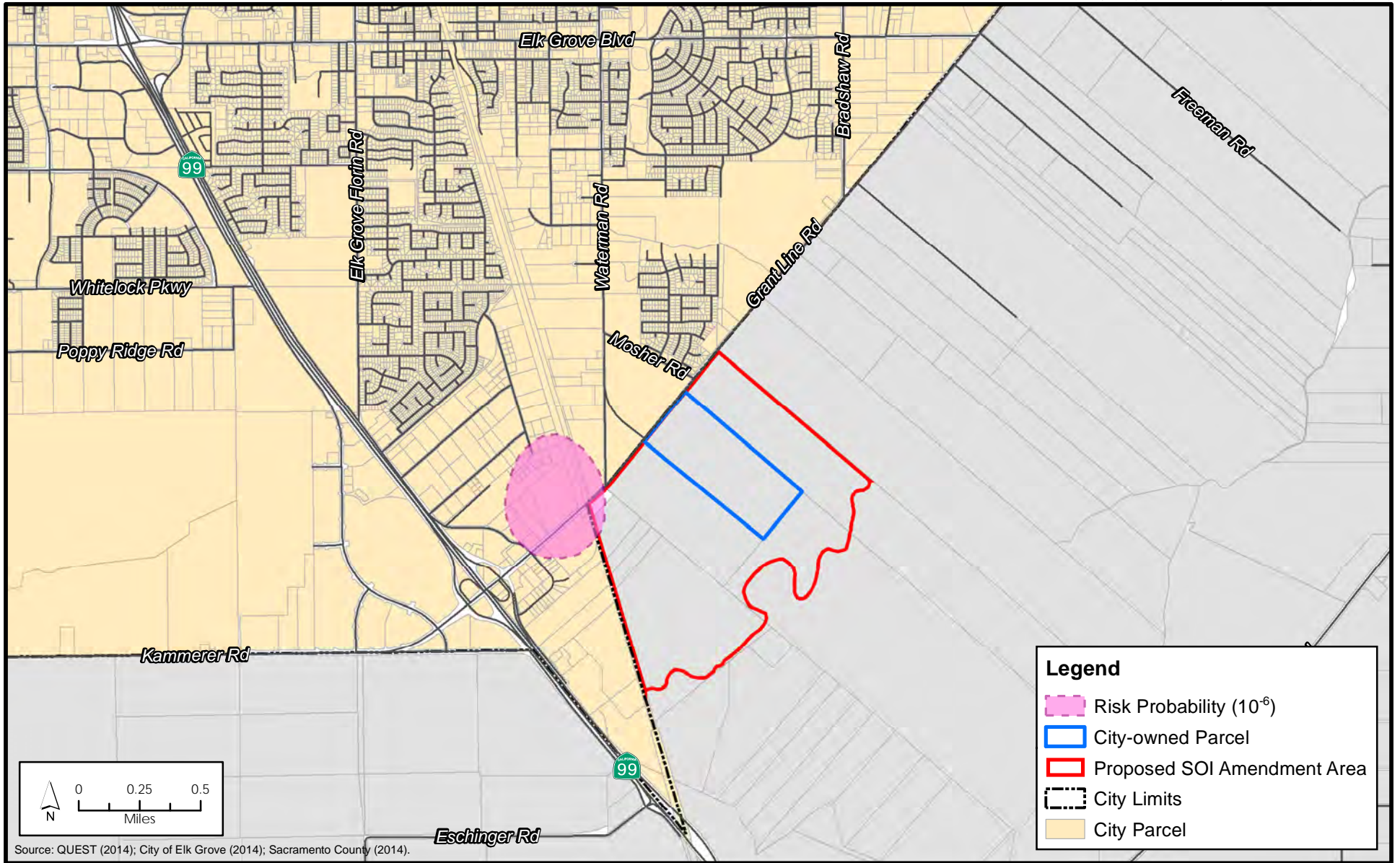
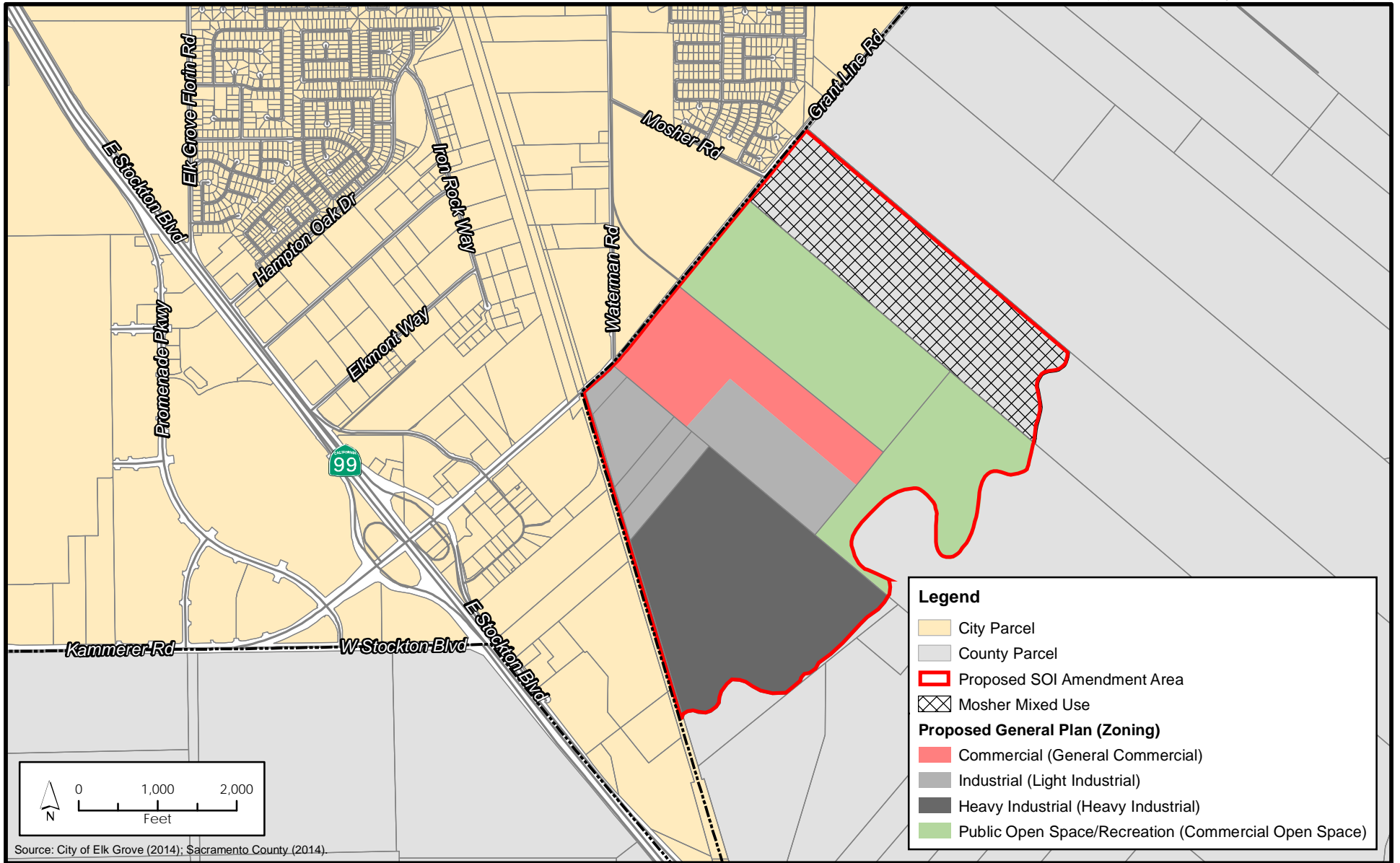


Figure 11







Source: City of Elk Grove (2014); Sacramento County (2014).

Figure 12  
Proposed General Plan and Zoning



# Attachment J: Draft Municipal Service Review

---



City of Elk Grove

# Elk Grove Multi-Sport Park Complex

**Sphere of Influence Amendment: Municipal  
Service Review**



Administrative Draft  
June 8, 2015

**TABLE OF CONTENTS**

1.0 Executive Summary ..... 1.0-1

2.0 Introduction ..... 2.0-1

3.0 Area Growth and Population ..... 3.0-1

4.0 Services, Infrastructure, and Facilities ..... 4.0-1

    4.1 Water ..... 4.0-1

    4.2 Wastewater..... 4.0-9

    4.3 Drainage and Flood Control..... 4.0-19

    4.4 Solid Waste..... 4.0-24

    4.5 Circulation and Roadways..... 4.0-27

    4.6 Fire Protection and Emergency Medical Response ..... 4.0-31

    4.7 Law Enforcement..... 4.0-36

    4.8 Animal Control ..... 4.0-38

    4.9 Code Enforcement..... 4.0-39

    4.10 Parks and Recreation ..... 4.0-41

    4.11 Libraries..... 4.0-46

    4.12 Electricity and Natural Gas ..... 4.0-48

5.0 Financing Ability..... 5.0-1

6.0 Sharing of Facilities ..... 6.0-1

7.0 Accountability, Structure, and Operations ..... 7.0-1

**LIST OF TABLES**

Table 1.0-1 Proposed Sphere of Influence Acreage ..... 1.0-1

Table 1.0-2 Summary of Services in the Sphere of Influence Amendment Area ..... 1.0-3

Table 3.0-1 Population Estimates, 2001-2014 ..... 3.0-4

Table 3.0-2 Elk Grove Population Projections ..... 3.0-5

Table 3.0-3 County General Plan Land Use Designations ..... 3.0-6

Table 5.0-1 Revenues FY 2013-14 ..... 5.0-1

Table 5.0-2 Revenue Neutrality Tax Agreement ..... 5.0-2

Table 5.0-3 Expenditures FY 2013-14 ..... 5.0-3

**LIST OF FIGURES**

Figure 1.0-1 Sphere of Influence Amendment Area ..... 1.0-4

Figure 3.0-1 Constraints Surrounding Elk Grove ..... 3.0-3

Figure 3.0-2 Sacramento County General Plan Designations ..... 3.0-7

Figure 4.1-1 Water Service Providers ..... 4.0-5

Figure 4.2-1 Wastewater Service Providers ..... 4.0-13

Figure 4.2-2 SASD Future Expansion Facilities & Interceptors ..... 4.0-17

Figure 4.6-1 Fire Protection Service Providers ..... 4.0-33

Figure 4.10-1 Parks and Recreation Service Providers ..... 4.0-42

**APPENDIX**

References ..... Appendix 1

---

# **1.0 EXECUTIVE SUMMARY**

---



## 1.0 EXECUTIVE SUMMARY

### ABOUT THE CITY OF ELK GROVE

The City of Elk Grove (City), located in the southwestern part of Sacramento County, between urban and agricultural areas, was incorporated in 2000 with a council-manager form of government. The City provides a limited range of services including law enforcement; construction and maintenance of streets, roads, and infrastructure; land use planning and zoning; transportation; and general administrative and support services. With a current population of approximately 160,688 (California Department of Finance, May 2014), the City has seen significant growth over the past decade.

### PURPOSE OF THIS DOCUMENT

This Municipal Service Review (MSR) document is required to amend the City's Sphere of Influence (SOI) to ensure that adequate public services can be provided within the probable physical boundaries and service area of the City over the next 20 years, as required by California Government Code Section 56425. A Sphere of Influence Amendment (SOIA) application is being filed in conjunction with this report.

### PROPOSED SPHERE OF INFLUENCE AMENDMENT

The City has requested to amend its SOI in order to accommodate the future development of the Elk Grove Multi-Sport Park Complex (Park Complex). The Park Complex is planned to provide up to 16 multi-purpose sports fields, a 9,000-seat soccer stadium, fair reservation area, and associated support services and facilities. The Park Complex will also include the features necessary to attract and host international, national, and regional tournament competitions, camps, clinics, and showcase events such as professional and elite amateur soccer, and other field sports and activities. As the Park Complex will be situated on a 100-acre City-owned parcel, the proposed SOIA Area includes an additional 479 acres consisting of seven surrounding properties situated around the Park Complex site and towards the existing City limits to the southwest. The Sacramento County Urban Services Boundary establishes the southern boundary of the SOIA Area. The purpose for including the surrounding properties as part of the SOIA Area is to avoid the creation of a "peninsula" shaped SOI boundary that would have been created if the 100-acre Park Complex site was exclusively the SOIA Area. The creation of peninsula shaped boundaries are discouraged pursuant to the policies of the Sacramento Local Agency Formation Commission (LAFCo). Therefore, the total acreage of the proposed SOIA Area is 579 acres. The SOIA Area is just south of the intersection of Grant Line Road and Waterman Road. **Figure 1.0-1** illustrates the proposed SOIA Area and **Table 1.0-1** below provides the City's existing and proposed SOI acreages.

**Table 1.0-1**  
**Proposed Sphere of Influence Acreage**

Area	Acreage
Existing City Boundary/SOI	26,974
Proposed SOI Amendment	579
<b>Overall Proposed SOI</b>	<b>27,553</b>

SUMMARY OF SERVICES

**Table 1.0-2** shows the various service providers located within or adjacent to the proposed SOIA Area. The table shows the current status of each provider, as to which services are provided, and if services are provided to the Area, or a part of the Area.

The preferred urban service provider will be the service provider who is most capable of planning for and supporting urban service demands within the SOIA Area. This assumption is based on the current level of services provided, existing plans, and financing and service capabilities.

The future development of the SOIA Area will require adequate planning for service. If approved, the proposed SOIA will allow the service providers to plan and ensure adequate financing, services, and infrastructure are available. Future actions may include the amendment of an affected service provider's Sphere of Influence and/or annexation in order to fully plan for and support future service demand.

**TABLE 1.0-2**  
**SUMMARY OF SERVICES IN THE SPHERE OF INFLUENCE AMENDMENT AREA**

Service Provider	Services Provided	Currently Providing Service in SOI Amendment Area	Provider in the event of Annexation
County of Sacramento	Roadway	X	
	Law Enforcement	X	
	Animal Control	X	
	Code Enforcement	X	
City of Elk Grove	Solid Waste		*
	Roadway		X
	Law Enforcement		X
	Animal Control		X
	Code Enforcement		X
	Drainage		X
	Water	X	X
Sacramento County Water Agency (County)	Drainage	X	X
	Irrigation	X	
Omochumne-Hartnell Water District	Wastewater – <i>local conveyance</i>	X (partial)	X
Sacramento Area Sewer District	Wastewater – <i>treatment</i>	X (partial)	X
Sacramento Regional County Sanitation District	Solid Waste	X	X
Sacramento Regional Solid Waste Authority	Fire and Emergency Medical	X	X
Cosumnes Community Services District	Parks and Recreation	X	X
	Library	X	X
Sacramento Public Library Authority	Electricity	X	X
Sacramento Municipal Utility District	Natural Gas	X	X
Pacific Gas and Electricity			

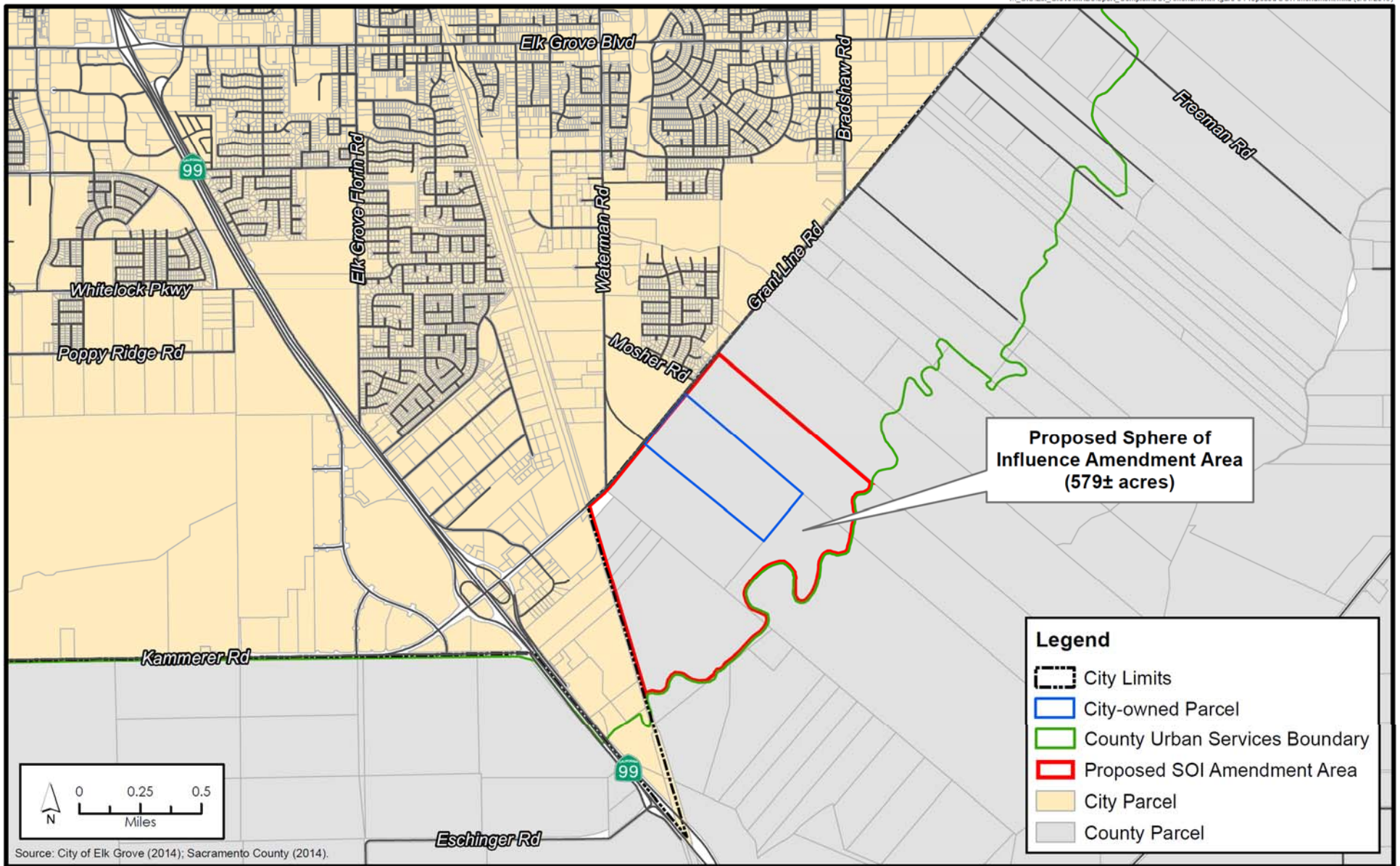


Figure 1.0-1 Sphere of Influence Amendment Area

---

# **2.0 INTRODUCTION**

---

## 2.0 INTRODUCTION

### PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The Municipal Service Review (MSR) will be used to determine if municipal service providers can feasibly finance and extend infrastructure, services, and facilities into the proposed Sphere of Influence Amendment (SOIA) Area to adequately serve projected future growth within the next 20 years, with no adverse impact to current ratepayers, infrastructure, services and/or facilities. This MSR provides an analysis of the existing service capabilities of the City of Elk Grove and other municipal service providers in the vicinity that could be likely future service providers. **Figure 1.0-1** in Section 1 illustrates the proposed SOIA Area.

A Sphere of Influence (SOI) indicates the probable physical boundaries and service area of the City over the next 20 years. This proposed SOIA, if approved, will facilitate the long-range planning efforts of the City to direct growth. The MSR may also serve to assist the City in the development of a phased Comprehensive Annexation Program (CAP) for future annexation of this Area. In addition, if approved, the proposed SOIA will provide direction to service providers about the location and extent of the City's growth.

This MSR evaluates the structure and operation of the City and various service providers. The MSR includes a discussion of the plans and ability of each provider to ensure continued adequate municipal service provision, as well as the means and capacity to serve future developments upon annexation into the City boundaries. Key sources for this study included publicly available documents, City Council hearings, master plans, and agency-specific information gathered through research and interviews.

This MSR has been prepared by the City of Elk Grove in collaboration with LAFCo in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Sacramento LAFCo Municipal Service Review Guidelines, and applicable LAFCo policies as a means of identifying and evaluating public services related to the SOIA Area and possible amendments to the City's SOI.

### BACKGROUND

The existing SOI for the City is currently coterminous with the City limit. The proposed SOIA Area is comprised of 579 acres consisting of eight parcels located outside the current City limits, just south of the intersection of Grant Line Road and Waterman Road – see **Figure 1.01**. The purpose of the SOIA is to amend the City's current SOI in order to accommodate the future development of the Elk Grove Multi-Sport Park Complex. The proposed SOIA Area is located within an area that the City's General Plan identifies as an "Urban Study Area", an area envisioned where urbanization can occur pending studies to determine the development potential. These study areas are currently within the jurisdiction of the County of Sacramento.

With exception to the future proposed development of the Park Complex, the remaining SOIA Area has not been planned for specific land uses by the City. The City envisions that urban growth in the remaining Area is appropriate and would likely occur over the next twenty years. Development of the Park Complex is planned to be phased and could start construction within the three years.

No changes in the existing land use within the SOIA Area are planned at this time. Existing Sacramento County land use jurisdiction, and General Plan and Zoning designations will remain in place. The City would use the SOIA boundaries, if approved, to cooperatively plan for future growth of the City, with interested parties, including the County, affected service providers, landowners, residents, and stakeholders.

### LAFCO'S ROLE

LAFCo's role is to implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), commencing with Government Code Section 56000 et. seq., consistent with local Policies,

Procedures and Guidelines. The CKH Act guides LAFCo's decisions. The major goals of LAFCo as established by the CKH Act include:

- Encourage orderly growth and development, which are essential to the social, fiscal, and economic well being of the state;
- Promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- Discourage urban sprawl;
- Preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- Exercise its authority to ensure that affected populations receive efficient governmental services;
- Promote logical formation and boundary modifications that direct the growth to those local agencies that are best suited to provide necessary services and housing;
- Make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development so as to advantageously provide for the present and future needs of each county and its communities;
- Establish priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions, and financial resources;
- Determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;
- Update SOIs as necessary; and
- Conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, SOI updates or the creation of new SOIs.

To carry out State policies, LAFCo has the power to conduct studies, approve or deny proposals, modify and approve boundaries, and impose mitigation measures and terms and conditions on approval of proposals. LAFCo has no direct land use authority, although some of LAFCo's discretionary actions may indirectly affect land use. LAFCo conducts proceedings to weigh, balance, deliberate, and set forth the facts, findings and determinations of a specific action when considering a proposal.

### SERVICES AND ISSUE REVIEW

This analysis is divided up into seven sections, as listed and described below. These sections represent the analysis and determinations required in the topic areas set forth in the CKH Act, as amended in 2011. The determinations are included at the end of each section, and compiled in the end of the report.

1. **Area Growth and Population** - This section reviews projected growth within the City and within the probable physical boundaries and service area of the City over the next 20 years.

2. **Services, Infrastructure, and Facilities** - This section analyzes whether sufficient infrastructure and capital are in place or can reasonably be expected to be in place in a timely manner, if adequate long-term planning has occurred, and reviews capabilities for accommodating future growth in service demands. Services studied include:
- Water
  - Wastewater Collection, Conveyance and Treatment
  - Storm Drainage and Flood Control
  - Solid Waste and Recycling
  - Circulation and Roadways
  - Fire Protection and Emergency Medical Response
  - Law Enforcement
  - Animal Control
  - Code Enforcement
  - Parks and Recreation
  - Libraries
  - Electricity

Some services will be provided by other agencies, which may necessitate amending the respective, existing SOI. This MSR does not cover any such subsequent actions.

3. **Financing Ability** - This section examines the fiscal status of the City. The City's funding sources, rate structure, expenditures, and debts are evaluated to determine viability and ability to meet existing and expanded service demands.
4. **Sharing of Facilities** - This section evaluates sharing of facilities for needed infrastructure and improvements, including utilized opportunities and potential opportunities for shared facilities for City Departments and other agencies to reduce costs.
5. **Accountability, Structure, and Operations** - This section examines how well the City makes its processes transparent to the public and invites and encourages public participation. Overall management practices are discussed and considered. This section includes a discussion of the City's ability to meet its demands under its existing government structure, alternatives to the current government structure, boundaries, and future service areas.
6. **Municipal Service Review Determinations** - This section summarizes the required Municipal Service Review Commission determinations for the five sections previously considered.
7. **Sphere of Influence Findings** - This section evaluates the proposed Sphere of Influence Amendment, relative to the capabilities of the service providers and future growth demands.



---

## **3.0 AREA GROWTH AND POPULATION**

---

### **3.0 AREA GROWTH AND POPULATION**

This section analyzes the projected growth within the City and within the probable physical boundaries and service area of the City over the next 20 years.

#### **EXISTING CONDITIONS**

The City of Elk Grove is an incorporated suburban city with a growing population. The City is immediately south of the City of Sacramento and the urbanized unincorporated Sacramento County (Vineyards and South Sacramento Communities). The City was known for its rapid growth during the first decade of incorporation, while maintaining its distinct rural areas within the City. The City anticipates continued growth, while preserving its agricultural roots.

Much of the developed growth in the community has been for residential uses. Major growth areas were primarily west of State Route 99, while portions of the City retained the rural character which once typified the entire community. Along with the residential growth, retail growth has also expanded. New retail centers have opened, and most neighborhoods have a wide variety of retail services nearby.

#### **GROWTH CONSTRAINTS**

There are several constraints that limit the City's expansion of boundaries. The potential major constraints are analyzed and discussed below. **Figure 3.0-1** depicts the constraints around the City discussed below.

##### **City of Sacramento**

The City of Sacramento borders the City of Elk Grove immediately to the north, providing both a physical and political barrier to growth and expansion of the City of Elk Grove towards the north. In addition, the City of Sacramento's Sphere of Influence borders another portion of the City to the north. While not optimal, it should be noted that agency spheres may overlap, and the City of Elk Grove is permitted to request a SOIA that may overlap with the SOI of the City of Sacramento. Elk Grove is unable to expand into territory within the City of Sacramento. See **Figure 3.0-1**.

##### **Sacramento County South Sacramento and Vineyards Planning Areas**

Sacramento County's South Sacramento and Vineyards Planning Areas are just north of the City, providing a political barrier to growth and expansion of the City towards the north. The Vineyard Planning Area currently consists of three separate plans to provide direction for existing and future growth in the area, which include the North Vineyard Station Specific Plan, the Vineyard Springs Comprehensive Plan, and the Florin-Vineyard Community Plan. The Vineyard area includes a mix of urbanized and non-urbanized areas, which have been planned by the County for urbanization. The South Sacramento Community Plan area includes mostly developed urbanized uses. Since there are existing plans from other jurisdictions for the South Sacramento and Vineyards areas, the City is unable to expand to the north. See **Figure 3.0-1**.

##### **Sacramento County Jackson Highway Visioning**

Sacramento County's Jackson Highway Visioning Planning Area is just northeast of the City. Sacramento County's General Plan identifies the Jackson Highway area as a potential new growth area. No plans exist for the Jackson Highway area, as the County is currently in the process of developing the conceptual plans with community input. This includes defining general goals and policies, conceptual land uses, transportation corridors and options, and infrastructure to serve new growth. See **Figure 3.0-1**.

### **Stone Lakes National Wildlife Refuge**

The Stone Lakes National Wildlife Refuge is just west of the City, thus providing a protected natural barrier to growth and expansion of the City towards the west. The refuge project area currently encompasses approximately 18,200 acres, roughly west of Interstate 5 and east of the Sacramento River. The refuge was established by the U.S. Fish and Wildlife Service for the conservation of wetlands, protection of fish and wildlife resources, use as an inviolate sanctuary for migratory birds, and for the conservation of endangered and threatened species. See **Figure 3.0-1**.

### **Cosumnes River**

The Cosumnes River is located to the south of the SOIA Area. The FEMA 100-year floodplain is located between the proposed SOIA Area and Cosumnes River, which provides a natural physical barrier between urbanization and the Cosumnes River corridor. See **Figure 3.0-1**.

### **100-Year Flood Plain**

The area within the FEMA-designated 100-Year Flood Zone is generally located along the Cosumnes River, roughly south of Lambert Road and generally along and west of Franklin Boulevard, providing a natural physical barrier to urbanization towards the east, west, and south of Lambert Road. Areas within the designated 100-year flood zone are calculated by FEMA to have a one percent chance of flooding in any year. Floodwaters in this area can come from the Cosumnes River, Sacramento River, and various smaller streams and sloughs. Three large areas, immediately south of the City roughly to Lambert Road, immediately southwest of the City near the Cosumnes River, and immediately northeast of the City, are not within the 100-year flood zone and are considered less likely to be inundated from flood waters during a 100-year flood event. See **Figure 3.0-1**.

### **Sacramento County Urban Services Boundary**

Sacramento County adopted an Urban Services Boundary (USB) line to contain growth. Originally established with the 1993 County General Plan, it has been refined as a part of the County's 2011 General Plan Update. The USB is based upon natural and environmental constraints to urban growth. In addition, the USB defines the unincorporated area expected to receive urban levels of public infrastructure and services within the 20-year planning period.

Several formerly unincorporated communities have become cities since the 1993 General Plan was last updated including Citrus Heights, Rancho Cordova and Elk Grove while growth in the region has become more dispersed. As a County policy, the USB is not binding on the land use authority of cities. Unlike some other California counties, there is no overall city/county urban limit line mutually adopted among all Sacramento County land use jurisdictions and LAFCo.

The proposed SOIA Area is within the County's Urban Services Boundary (USB). The existing USB extends just south of the City of Elk Grove's boundaries along Kammerer Road and just southeast of the City along the 100-year floodplain. Several service providers such as water and wastewater have developed long-range infrastructure master plans based on the USB boundaries.

### **South Sacramento Habitat Conservation Plan (SSHCP)**

The South Sacramento Habitat Conservation Plan (SSHCP) is currently being developed as a regional approach to addressing issues related to urban development, habitat conservation and agricultural protection. The SSHCP is intended as a collaborative effort across multiple jurisdictions to consolidate environmental efforts that protect and enhance wetlands (primarily vernal pools,) upland habitats, and provide ecologically viable conservation areas. The City of Elk Grove is not a participant in the SSHCP.





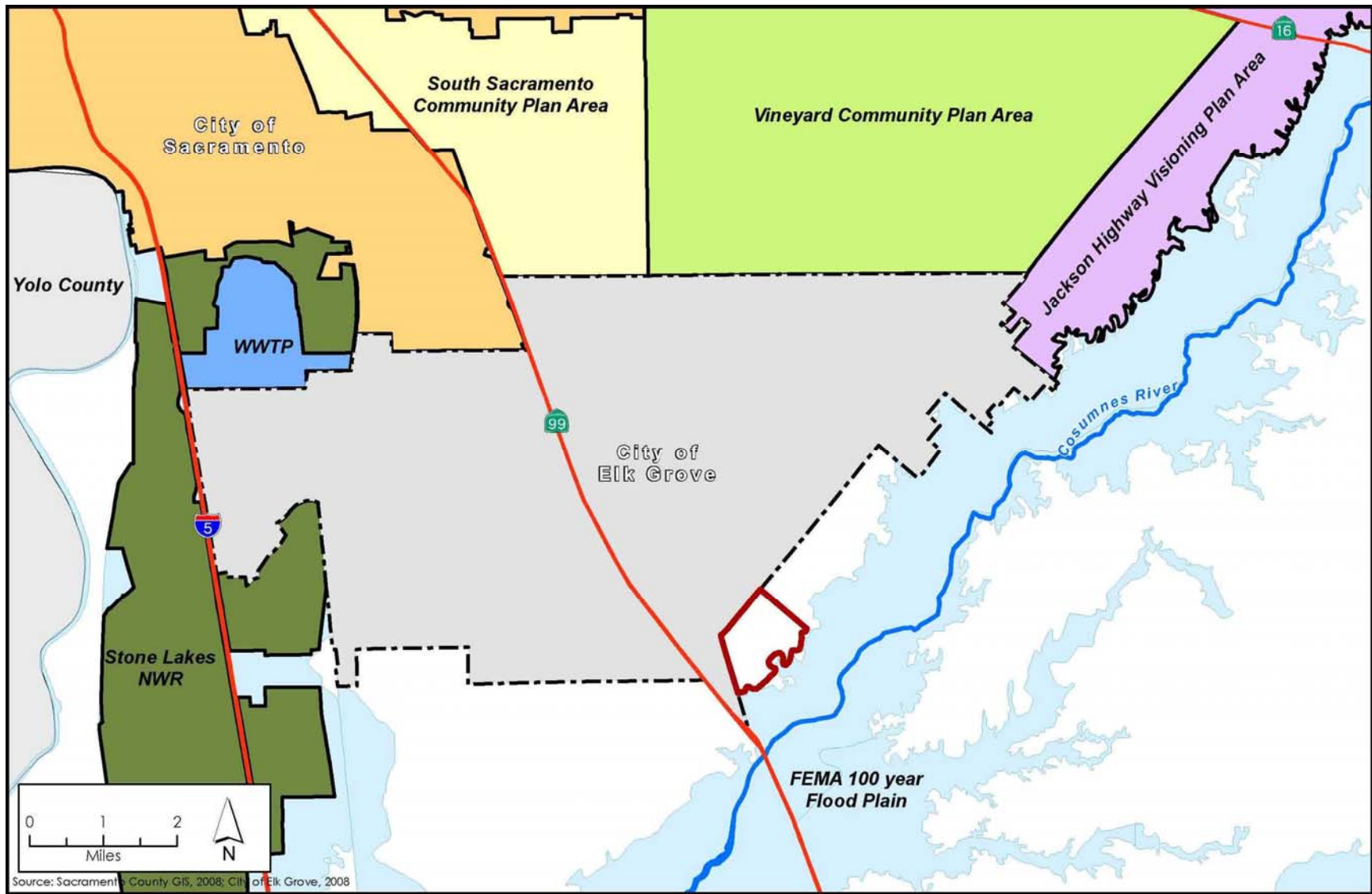


FIGURE 3.0-1 CONSTRAINTS SURROUNDING ELK GROVE

PROJECTED GROWTH OF THE CITY

As mentioned in Section 1.0, the purpose of the SOIA is to amend the City’s current SOI in order to accommodate the future development of the Park Complex. The Park Complex will not generate additional population growth, but rather serve the existing recreational needs of the City and the Sacramento region. Thus, the growth projection information provided below is to only provide an overview of the City’s expected future growth pursuant to the requirements of the SOIA application. The projection information is not intended for evaluating the need for additional residential, commercial, and industrial lands based on projected growth as typically associated with other Municipal Service Reviews.

**Population**

Shortly after incorporation in July 2000, the population of Elk Grove was estimated by the California Department of Finance (DOF) to be 76,298 persons beginning on January 1, 2001 (all years represented in **Table 3.0-1** are as of January 1<sup>st</sup> for the respective year). As indicated in **Table 3.0-1** below, from January 2001 through January 2015, the City experienced a 113.5 percent increase in population, growing from approximately 76,298 residents to 162,899 residents in 2015. It should be noted that the City annexed the Laguna West area in 2003, which accounted for an instant population increase of approximately 13,400 persons, or 55 percent of the total growth in the year 2003. Since incorporation, the City’s population grew by 86,601 persons.

**TABLE 3.0-1  
POPULATION ESTIMATES, 2001-2015**

Year	Population <sup>1,2</sup>	Increase	% Change From Prior Year	% Change From 2001
2001	76,298	---	---	---
2002	82,932	6,634	8.7%	8.7%
2003	88,954	6,022	7.3%	16.6%
2004	113,391	24,437	27.5%	48.6%
2005	125,703	12,312	10.9%	64.8%
2006	135,996	10,293	8.2%	78.2%
2007	142,003	6,007	4.4%	86.1%
2008	146,083	4,080	2.9%	91.5%
2009	149,302	3,219	2.2%	95.7%
2010	152,652	3,350	2.2%	100%
2011	154,426	1,774	1.2%	102.4%
2012	155,516	1,090	0.7%	103.8%
2013	158,664	3,148	2%	108%
2014	160,723	2,059	1.3%	110.7%
2015	162,899	2,176	1.4%	113.5%

<sup>1</sup> Population estimates as of January 1<sup>st</sup> of the respective year.

<sup>2</sup> The population estimates includes the 2000 and 2010 decennial census counts. The revised estimates attempt to provide a consistent data series reflecting both decennial census counts by utilizing the Error of Closure (EOC) adjustment procedure.

Sources: State of California, Department of Finance, E-4 Historical Population Estimates for Cities, Counties, and

*the State, 2001-2010, with 2000 and 2010 Census Counts, Revised November 2012; and E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark, May 2015.*

Based on the population estimates provided by DOF, the City’s population increased at an annual rate of about 1.5 percent per year from 2010-2015. Utilizing a 1.5 percent average annual population growth rate, the City projects the current population will grow by 34.7 percent to 216,423 residents in the year 2035. **Table 3.0-2** provides the population projections.

**TABLE 3.0-2  
ELK GROVE POPULATION PROJECTIONS**

	<b>Current Estimate</b>	<b>2035 Growth Projection*</b>
Year	2014	2035
Population <sup>1,2</sup>	160,688	216,423
Population Increase		55,735
Percent Increase		34.7%

<sup>1</sup> Population for City of Elk Grove based on State of California, Department of Finance, E-4 Historical Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 and 2010 Census Counts, Revised November 2012; and E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark, May 2014.

<sup>2</sup> Population in 2035 is based on a linear trend utilizing average of last five year’s of population growth (CA DOF estimates) as the annual rate.

**Future Growth Areas**

Future growth areas can only occur towards those areas where the City is not physically constrained by existing development or adjoining spheres of influence. The City’s General Plan has identified areas to the south and southeast of the City limit as areas for future growth and refers to these areas as the “Urban Study Areas”. The Urban Study Areas are envisioned by the City’s General Plan as areas in which future study should be conducted to determine the extent to which urban growth should occur. These areas are currently within the jurisdiction of the County of Sacramento. With exception to the Park Complex project site, the remaining Urban Study Areas have not been planned for specific urban uses.

**Projected Land Demands**

In October 2014, the City purchased a 100-acre parcel just south of the intersection of Grant Line Road and Waterman Road for the purpose of creating an opportunity for potential City recreational or other public uses. Parks, recreation, and open space are important components that contribute to the quality of life as desired by the residents of Elk Grove. In recognizing the recreational needs of the City residents, the City purchased the parcel due to its size and ability to enable the development of a significantly sized recreational area, in addition to being easily accessible from State Route 99 and frontage along Grant line Road.

On January 28, 2015, the City Council adopted Resolution 2015-020, requesting LAFCo to process a SOIA to include the Park Complex site. On February 4, 2015, City staff presented the proposed SOIA to LAFCo as part of a request for a Memorandum of Understanding (MOU) regarding joint preparation of the required Environmental Impact Report (EIR) for the Park Complex. During the meeting, the LAFCo Commission noted that the proposed SOI boundary created a peninsula, which is a configuration not preferred by LAFCo policies. While the Commission appreciated the City’s desire to only seek a SOI boundary that conformed to the Sport Complex boundary, the Commission suggested that the City consider a larger area to avoid the peninsula result. The Commission asked the City to seek feedback from surrounding property owners and, if necessary, to modify the proposed SOI boundaries to include additional properties. The City has met with the



surrounding property owners and briefed them on the City’s Park Complex Project. All property owners the City met with have indicated support for inclusion in the SOIA application. The surrounding properties to be included consist of seven additional parcels totaling 479 acres as shown in **Figure 1.0-1**. Thus, the total SOIA Area acreage is 579 acres.

EXISTING LAND USE PLANNING

**Sacramento County General Plan**

The Sacramento County General Plan Update designates the majority of the SOIA Area as General Agriculture (20 acre minimum). **Table 3.0-3** illustrates the County’s General Plan Land Use designation for the area and **Figure 3.0-2** below provides the County General Plan Land Use designation acreages.

**TABLE 3.0-3  
COUNTY GENERAL PLAN LAND USE DESIGNATIONS**

County General Plan Land Use	Acreage
Intensive Industrial	43
Natural Preserve	2
Agricultural Cropland	25
General Agriculture (20 acre)	509
<b>Total</b>	<b>579</b>

**City of Elk Grove General Plan**

The City’s General Plan addresses land uses in both the current City of Elk Grove’s corporate boundaries and a larger planning area outside the City. The Planning Area considered in the Elk Grove General Plan corresponds to the area selected by the Elk Grove City Council in October 2000 as the potential ultimate area, which could be included in the City’s Sphere of Influence and/or City limits. The Planning Area includes two areas identified as the Urban Study Area.

The General Plan does not identify a formal land use plan for the area and directs future study in cooperation with the public and other agencies. If approved, the City may utilize the approved SOIA Area to define the area that will be studied and planned.

Under Land Use Policy 16, the City’s General Plan envisioned future growth in the areas to be generally in compliance with the following criteria:

- Development should be limited to areas outside of the 100-year floodplain.
- Development should take place in compliance with the goals and policies of this General Plan.
- Any study of potential land uses in these areas should be accomplished in cooperation with the County of Sacramento, the Sacramento Local Agency Formation Commission, and other agencies and parties with ownership or jurisdiction of lands in and near the study area.
- Any study of land uses in these areas should be accompanied by an environmental evaluation of the potential impacts of development.

### **3.0 AREA GROWTH AND POPULATION**

---

- Prior to the completion of land use studies, the City's policy is that the County of Sacramento's land use designations in effect as of December 31, 2002, are retained.

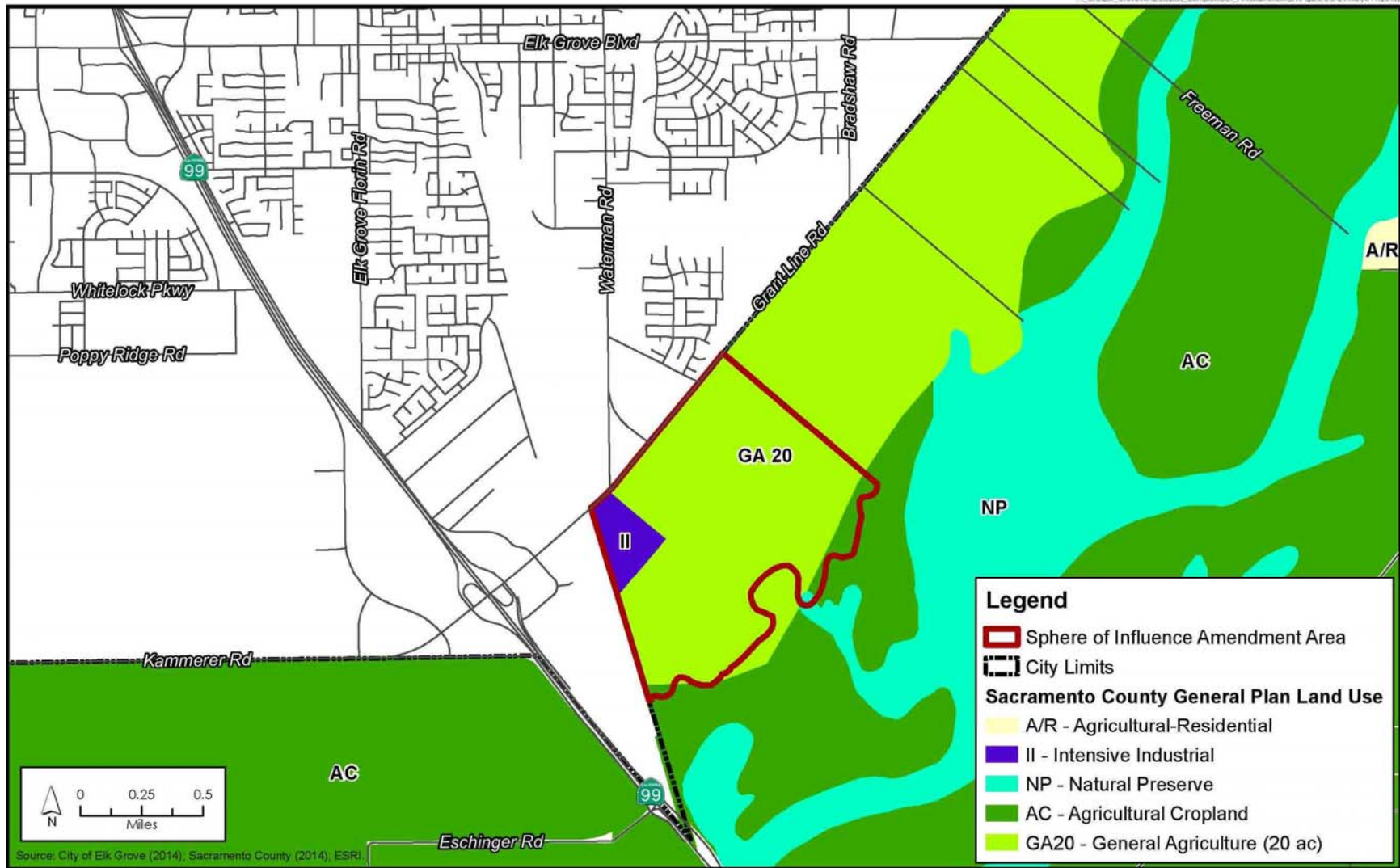


FIGURE 3.0-2 SACRAMENTO COUNTY GENERAL PLAN DESIGNATIONS

UNDER LAND USE POLICY 17, THE GENERAL PLAN REQUIRES THE IMPLEMENTATION OF A COMPREHENSIVE AND CITY-WIDE STRATEGY FOR THE PRESERVATION OF OPEN SPACE, HABITAT AND AGRICULTURE, BOTH INSIDE AND OUTSIDE THE EXISTING CITY LIMITS. THE SOIA AREA COULD INCLUDE OPEN SPACE, HABITAT AND AGRICULTURAL LAND USES.

### **Growth Planning and Anticipated Uses**

Currently, the Park Complex is the only planned development in the proposed SOIA Area. No other plans for development are proposed within the remaining 479 acres. The area designated by the City's General Plan as the Urban Study Area has been envisioned as the area where growth would be most likely to occur. At present, no specific future land uses have been determined for the remaining 479 acres. The planning of future land uses would be part of the pre-zoning associated with any future annexation of lands. If the SOIA is approved, any future annexation must be consistent with this MSR.

### DETERMINATION

#### **Area Growth and Population**

The Commission will make this determination after the Draft MSR public circulation and review period.

---

## **4.0 SERVICES, INFRASTRUCTURE, AND FACILITIES**

---

## **4.0 Services, Infrastructure, and Facilities**

This section addresses the adequacy of each provider's current services, major infrastructure and facilities to serve existing users in Elk Grove's proposed SOIA Area and their abilities to extend services, in the event of annexation and related growth of the area. The adequacy of each provider's facilities is generally based on each provider's current and long range plans and service standards consistent with local policies, standards and procedures. This self-assessment is augmented, where necessary and appropriate, by comparison to surrounding communities or industry standards.

The section is organized by service, with each of the urban services considered in relation to the availability of infrastructure to meet the existing and future service demands. Several municipal services are provided by public service providers other than the City of Elk Grove. **Table 1.0-1** shows a summary of the various service providers, their authorized services, and services actually provided. Some service providers may require amendments to respective service areas to provide service. Such action would be agency specific to any related SOIA with MSR and future annexation.

Within each service area, the analysis is presented in two ways; by the current level of service and the planned future level of service. The current level of services analyzes the service provider's current infrastructure and the services presently being provided. The future level of service assesses current plans, if any, for upgrades and expansions of services to serve future growth within the SOIA Area.

### **4.1 Water**

#### EXISTING LEVELS OF SERVICE AND IMPROVEMENTS

Approximately 514 acres of the proposed SOIA Area is located within the "overlap service area" of the Omoichumne-Hartnell Water District (OHWD) (groundwater recharge and irrigation) and the Sacramento County Water Agency (SCWA) (municipal and industrial (M&I)); with the exception of 17 acres and 48 acres that are located exclusively in the service areas of OHWD and SCWA, respectively. The Elk Grove Water District (EGWD) (M&I) also directly serves the City on some areas east of State Route 99. **Figure 4.1-1** shows the existing boundaries of the three water service providers within the vicinity of the SOIA Area. As the proposed SOIA Area land uses are primarily agricultural, the primary water service demands in the area are for irrigation water. Domestic demand is currently met with private onsite wells.

Any urbanized development in the proposed SOIA Area would require adequate M&I water service. As mentioned above, SCWA is the designated M&I water service provider for the majority of the SOIA Area. It should be noted that OHWD has indicated prior interest in providing M&I water service within its jurisdictional boundaries. Should SCWA become the exclusive service provider in the proposed SOIA Area, action would be required by the Sacramento County Board of Supervisors in their role as the SCWA Board of Directors, including any annexations to its service area. Such action would not be subject to LAFCo purview. Any change to the service area for OHWD would be subject to LAFCo proceedings.

#### **Sacramento County Water Agency**

##### Water Service

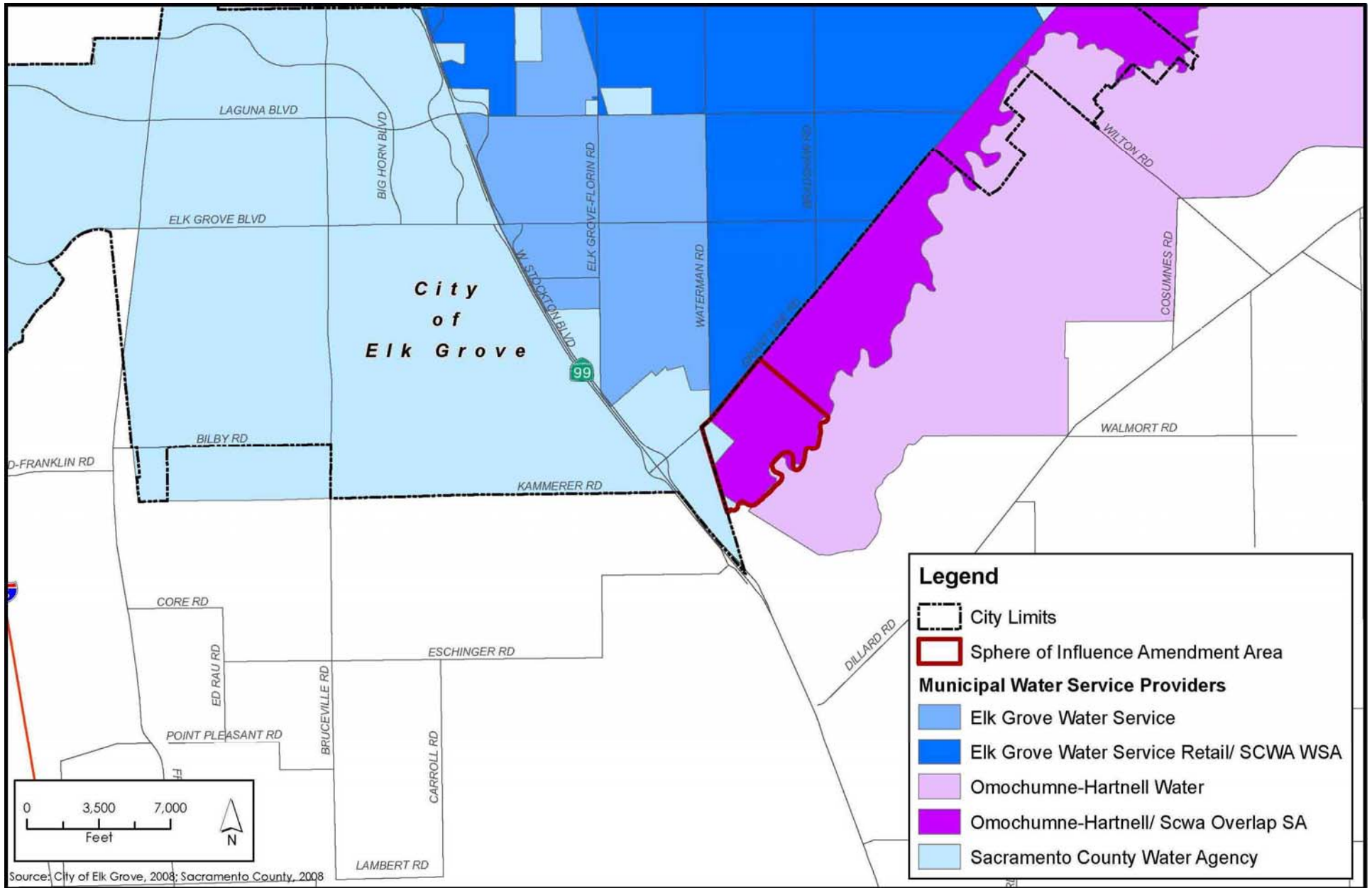
SCWA, Zone 41, is responsible for operating and maintaining its public water system. SCWA Zone 41 currently provides M&I water to the northern and western portions of the City of Elk Grove and unincorporated portions of the County. The majority of the SOIA Area is within the service area of Zone 41.

SCWA provides municipal water to approximately 49,000 households. Approximately 75 percent of SCWA's water supply comes from groundwater wells. SCWA pumps groundwater from the South American Sub-basin of the Sacramento Valley Groundwater Basin (identified locally as the Central Basin). This groundwater basin is not adjudicated, meaning that landowner's correlative right has not been defined and therefore there may be a level of uncertainty. According to the Water Forum Agreement the annual long-term sustainable yield of this basin is 273,000 acre-feet. Current groundwater pumping from the basin is significantly below this threshold. The basin is not considered to be in overdraft. However, intensive groundwater extraction from the Central Basin has resulted in a general lowering of groundwater elevations near the center of the basin away from the sources of recharge. These depressions have grown and coalesced into a single cone of depression centered near Elk Grove. To address this and other groundwater related issues a groundwater management program was developed for the Central Basin containing basin management objectives that are designed to protect the productivity and integrity of the basin. This program is described in the Central Sacramento Groundwater Management Plan; implementation of this program is the responsibility of the Sacramento Central Groundwater Authority.

The remaining water demand is met by surface water supplies – consistent with the Water Forum Successor Effort. Customers in various parts of the Zone 40 service area receive a portion of their drinking water from surface water (American and Sacramento River) from the City of Sacramento via the Franklin Intertie with SCWA and the Vineyard Surface Water Treatment Plant via the Freeport Regional Water Project.

SCWA's Zone 40 provides for the planning and construction of major water supply facilities in the urban and urbanizing areas of the Elk Grove, Vineyard, and Rancho Cordova communities, generally located in the central part of the County. The majority of the SOIA Area is within the boundaries of Zone 40. Major facilities are funded by development and utility charges.

In addition, SCWA owns and operates more than 60 wells and more than 10 water treatment plants. Major services include water supply development review, planning, and water supply capital facilities design.



Source: City of Elk Grove, 2008; Sacramento County, 2008

FIGURE 4.1-1 ) WATER SERVICE PROVIDERS



### Infrastructure Planning

Zone 40's efforts are guided by four primary documents for the planning of future infrastructure and services. These documents are:

- Environmental Impact Report (EIR) for the 2002 Zone 40 Water Supply Master Plan (EDAW, November 2003, SCH 2002122068)
- Zone 40 Water Supply Master Plan (SCWA/MWH, February 2005)
- Central Sacramento County Groundwater Management Plan (Central Basin GMP) (MWH, February 2006)
- Zone 40 Water System Infrastructure Plan (SCWA/MWH, November 2006)

The planning documents describe and quantify the facilities needed to provide adequate municipal water service to the anticipated service area in the year 2030, which projects new areas of future growth. The majority of the proposed SOIA Area is within the Zone 40 Water Supply Master Plan Study Area.

SCWA's Water Supply Master Plan (February 2005) provides an analysis, based on a 2030 planning horizon, of the water supply needs throughout the service area. SCWA has planned for and anticipated increased water demand throughout their service area including build-out of several large areas within the City. The analysis included within the Water Supply Master Plan indicates that SCWA has the resources to implement the Plan and can meet current and projected water demands within its existing planning area.

### Elk Grove Water District (Florin Resource Conservation District)

Elk Grove Water District (EGWD) currently provides M&I water service to the southeastern portion of the City of Elk Grove, generally bounded by Sheldon Road to the north, Highway 99 to the west, Grant Line Road to the east and the Union Industrial Park to the south. EGWD's current service boundaries are immediately adjacent to the proposed SOIA Area. EGWD is typically supplied from groundwater sources. During peak periods in the summer, EGWD purchases wholesale treated surface water and groundwater from SCWA Zone 40. EGWD is a signatory to the Water Forum Successor Effort. EGWD provides water to approximately 12,050 connections, with a customer base of approximately 35,600 people within the City.

EGWD currently receives a portion of their water supply from SCWA Zone 40. EGWD is provided water through a wholesale master water agreement with SCWA. Tariff Area No. 2 is located within the boundaries of SCWA's Zone 40, which has various sources of water supply, including groundwater and surface water, consistent with the Water Forum Successor Effort. EGWD has a contractual agreement of up to 8,000 AF/yr. As a recipient of water supplies from SCWA as a wholesaler for Tariff Area No. 2, EGWD is indirectly a part of SCWA's Zone 40 Water Supply Master Plan.

EGWD could be an alternative municipal water service provider in the SOIA Area as the proposed SOIA Area is adjacent to EGWD's service area boundary along Grant Line Road.

### Omochumne-Hartnell Water District

The Omochumne-Hartnell Water District (OHWD) provides groundwater recharge and untreated irrigation water strictly for agricultural uses. OHWD's current service area generally extends into the Deer Creek and Cosumnes River basins with Grant Line Road, State Route 99, and just north of Highway 16 forming the north, west, and east District boundaries. The OHWD is the designated irrigation service provider for the majority of the SOIA Area. Future growth of the proposed SOIA Area may not necessitate water services from OHWD as they do not currently provide M&I services, therefore, no infrastructure analysis is needed. OHWD would remain the irrigation water service provider until urban growth occurs – affected territory may

be proposed for detachment from the district, concurrently with an annexation proposal. It should be noted that OHWD has indicated that the District is preparing a plan regarding the provision of domestic water service within its boundaries. Although SCWA is the designated M&I service provider in the OHWD/SCWA overlap service area, should OHWD be able to provide M&I services in the future, they could be considered as an optional service provider in the event of urban development in the proposed SOIA Area.

### PLANS AND REGULATORY REQUIREMENTS AFFECTING SERVICE

There are a variety of federal, state, and local laws which guide the design and operation of municipal water systems. Listed below are the applicable regulatory rules for the water treatment and conveyance system.

#### **Federal**

##### Safe Drinking Water Act

The Safe Drinking Water Act (SDWA) of 1974 gave the United States Environmental Protection Agency (EPA) the authority to set standards for contaminants in drinking water supplies. The EPA was required to establish primary regulations for the control of contaminants that affect public health and secondary regulations for compounds that affect the taste, odor, or aesthetics of drinking water. Under the provisions of the SDWA, the California Department of Health Services (DHS) has the primary enforcement responsibility. Title 22 of the California Code of Regulations establishes DHS authority and stipulates State drinking water quality and monitoring standards.

#### **State**

##### Urban Water Management Planning Act

In 1983, the California Legislature enacted the Urban Water Management Planning Act (WMPA, Water Code Sections 10610 – 10656). The WMPA requires that every urban water supplier that provides water to 3,000 or more customers, or that provides over 3,000 acre-feet of water annually shall prepare and adopt an Urban Water Management Plan (UWMP). Water suppliers are to prepare an Urban Water Management Plan within a year of becoming an urban water supplier and update the plan at least once every five years. The WMPA also specifies the content of a UWMP.

It was the intention of the legislature to permit levels of water management planning commensurate with the number of customers served and the volume of water supplied. The act states that urban water suppliers should make every effort to ensure the appropriate level of reliability in its water service sufficient to meet the needs of its various categories of customers during normal, dry, and multiple dry years. The act also states that the management of urban water demands and the efficient use of water shall be actively pursued to protect both the people of the State and their water resources.

##### Senate Bill (SB) 610 and Assembly Bill (AB) 901

During the 2001 regular session of the State Legislature, SB 610 and AB 901 – Water Supply Planning, were signed and became effective January 1, 2002. SB 610 amends Public Resources Code section 21151.9, requiring any EIR, negative declaration, or mitigated negative declaration for a qualifying project to include consultation with affected water supply agencies (previous law applied only to Notices of Preparation). SB 610 also amended the following: Water Code 10656 and 10657 to restrict state funding for agencies that fail to submit their Urban Water Management Plan to the Department of Water Resources; and Water Code section 10910 to describe the water supply assessment that must be undertaken for projects referred under PRC Section 21151.9, including an analysis of groundwater supplies. Water agencies would be given 90 days from the start of consultation in which to provide a water supply assessment to the CEQA lead agency; Water

Code section 10910 would also specify the circumstances under which a project for which a water supply assessment was once prepared would be required to obtain another assessment. AB 901 amended Water Code section 10631, expanding the contents of the Urban Water Management Plans to include further information on future water supply projects and programs and groundwater supplies.

### Senate Bill (SB) 221

SB 221 adds Government Code section 66455.3, requiring that the local water agency be sent a copy of any proposed residential subdivision of more than 500 dwelling units within 5 days of the subdivision application being accepted as complete for processing by the City or County. It adds Government Code section 66473.7, establishing detailed requirements for establishing whether a “sufficient water supply” exists to support any proposed residential subdivisions of more than 500 dwellings, including any such subdivision involving a development agreement. When approving a qualifying subdivision tentative map, the City or County must include a condition requiring a sufficient water supply to be available. Proof of availability must be requested of and provided by the applicable public water system. If there is no public water system, the City or County must undertake the analysis described in section 66473.7. The analysis must include consideration of effects on other users of water and groundwater.

### **Local**

#### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and any affected agencies and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4). A Municipal Services Review is prepared to meet these requirements. In addition, LAFCo requires that any annexation provides for the lowest cost and highest quality of urban services (Section I, Standard Number 5). As discussed further below, it is anticipated that the various service providers would be able to provide adequate municipal water supply services for the urbanization consistent with LAFCo provisions. Where local policies may be silent, the Commission will make findings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), which establishes procedures for local government changes of organization, including annexations. Included among the factors to be considered in the review of a proposal is the timely availability of water supplies adequate for projected needs.

#### Sacramento County Water Agency Zone 41 Urban Water Management Plan and Zone 40 Water Supply Master Plan

Every urban water supplier that provides water to more than 3,000 customers or supplies more than 3,000 AF/yr is required to prepare and adopt an Urban Water Management Plan (UWMP) that describes the service area of the supplier, including current and projected population, climate, and other demographic factors affecting the supplier's water management planning. The plan describes the sources of supplies and the major infrastructure required to meet those demands.

Additionally, the UWMP identifies and quantifies, to the extent practicable, the existing and planned sources of water available to the supplier and the reliability of the water supply and vulnerability to seasonal or climatic shortages. SCWA is responsible for developing the UWMP for their service area.

The Master Plan was prepared in 2005 by SCWA with the Water Forum Agreement as its foundation. The Master Plan provides a flexible plan of water management alternatives, which can be implemented and revised as availability and feasibility of water supply sources change in the future.

### Sacramento County Department of Water Resources Local Floodplain Management Plan

Sacramento County Water Agency has established the Local Floodplain Management Plan (2001). The Local Floodplain Management Plan area has been mapped out and the Planning Area is included in the majority of the Morrison Creek Stream Group and a portion of the South County area. The Floodplain Management Plan outlines policies and mitigations for minimizing impacts from new development within most areas of Sacramento County.

### Water Forum Agreement

The Water Forum is a diverse group of business and agricultural leaders, citizens groups, environmentalist, water managers and local governments in Sacramento County. The Water Forum was developed to address water related issues facing the Sacramento region, which include water shortages, environmental degradation, groundwater contamination and reliability, and economic prosperity. The Water Forum resulted in the establishment of principles to guide regional development and the development of the Water Forum Agreement (WFA) and related Successor Effort. The comprehensive WFA allows the region to meet its needs in a balanced way through implementation of seven elements. The elements include detailed understandings among stakeholders on how this region will deal with key issues, which include groundwater management practices, water diversions, dry year water usage, water conservation measures, and the protection of the Lower American River. The understandings were included in the Memorandum of Understanding for the Water Forum Agreement, which created the overall political and moral commitment to the WFA. The WFA established the following two main coequal objectives: "Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030" and "Preserve the fishery, wildlife, recreational, and aesthetic values of the Lower American River."

### City of Elk Grove General Plan

The following City of Elk Grove General Plan public water service policies are applicable.

**PF-1:** Except when prohibited by state law, the City shall require that sufficient capacity in all public services and facilities will be available on time to maintain desired service levels and avoid capacity shortages, traffic congestion, or other negative effects on safety and quality of life.

**PF-3:** Water supply and delivery systems shall be available in time to meet the demand created by new development, or shall be assured through the use of bonds or other sureties to the City's satisfaction.

**PF-6:** The City shall seek to protect the quality and quantity of groundwater resources, including those which serve households and businesses which rely on private wells.

**PF-7:** The City shall require that water flow and pressure be provided at sufficient levels to meet domestic, commercial, industrial, and firefighting needs.

### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The SOIA Area currently requires minimal municipal water services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require municipal water service. Thus, providing municipal water service to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The water service demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to municipal water service providers about the location and extent of the City's growth. This will allow the affected agency to conduct the necessary planning to ensure adequate services and infrastructure are available. Should SCWA become the exclusive service provider in the proposed SOIA Area, action would be required by the Sacramento County Board of Supervisors in their role as the SCWA Board of Directors. Such action would not be subject to LAFCo purview. Any change to the service area for OHWD and/or EGWD would be subject to LAFCo proceedings.

### **Sacramento County Water Agency**

SCWA is a logical M&I water service provider for future urban land uses in the proposed SOIA Area. As SCWA is the designated M&I service provider for the majority of the SOIA Area, SCWA would require the least planning to extend infrastructure and services to fully serve the entire SOIA Area. As mentioned above, the SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

### Infrastructure Extensions

SWCA's nearest water transmission main to the SOIA Area is located at the Grant Line Road-State Route 99 interchange. SCWA is capable of expanding infrastructure and services to provide adequate municipal water services in the proposed SOIA Area. The proposed SOIA Area lies within SCWA's Zone 40 and is currently included in SCWA's 2030 Study Area. Area-specific planning will be conducted when service demands require an expansion of services in the area to ensure adequate facilities are available to serve the area.

### **Elk Grove Water District**

EGWD is a potential M&I water service provider for future development in the proposed SOIA Area east of State Route 99. EGWD would need to plan and extend infrastructure and services to fully serve the SOIA Area. As mentioned above, the EGWD is subject to LAFCo purview.

### DETERMINATION

#### Water

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.2 Wastewater**

### EXISTING LEVELS OF SERVICE AND IMPROVEMENTS

Approximately 186 acres of the proposed SOIA Area lie within the service boundaries of the Sacramento Area Sewer District (local collection and conveyance) and the Sacramento Regional County Sanitation District (regional treatment). **Figure 4.2-1** shows the existing boundaries of the two wastewater service providers. As the proposed SOIA Area is primarily agricultural, the predominant wastewater service consists of private onsite septic systems.

Urbanization in the proposed SOIA Area would require adequate municipal wastewater service. As no municipal wastewater services are currently provided to the proposed SOIA Area, future extension of wastewater service will require annexation into a wastewater service provider's boundaries. Some service providers may require amendments to the respective service areas to provide service. Such action would be agency specific to any related SOIA with MSR and future annexation.

### **Sacramento County Environmental Management Department**

#### Septic Systems

Existing agricultural and rural residential land uses are served by individual septic systems. Thus, all land uses within the proposed SOIA Area is served by private septic systems. The Sacramento County Environmental Management Department (EMD) provides mandated regulatory services in food service, hazardous materials, solid waste facilities and septic service. Conventional septic systems use seepage pits of varying depths. The standard pit depth in the area is 35 feet. Any service conversion from on-site septic system to available municipal service would also entail proper abandonment of the septic system.

The SASD Sewer Ordinance sets requirements for sewer connections for customers currently on septic systems. The SASD ordinance states the following:

#### **Section 2. Sewer Use**

##### 2.1 Sewer Connection Requirements

##### 2.1.1 No Existing Onsite Wastewater Treatment System

Connection to the District sewer collection system is required if a premises that generates wastewater abuts any street or easement where a District sewer pipeline is available within 200 feet of the property line, or if the jurisdictional land use authority requires the developer to install, at his or her expense, connection to the District sewer collection system. A connection includes a lower lateral and cleanout and all sewer facilities necessary to connect the upper lateral to the District sewer collection system. The connection must occur at a location approved by the District according to the provisions of this Sewer Ordinance.

##### 2.1.2 Existing Onsite Wastewater Treatment System

Septic tanks and other onsite wastewater treatment systems are regulated by the Sacramento County Environmental Management Department. The District does not regulate the repair, construction, reconstruction, relocation, alteration, abandonment, or permitting of any onsite wastewater treatment systems or private sewage disposal systems.

It is unlawful to repair or reconstruct any septic tank, onsite wastewater treatment system, or other facilities intended or used for the disposal of sewage within the District if a District public sewer is available. The public sewer will be considered as NOT available if:

- Public sewer is located more than 200 feet from the property line or,
- Connection to public sewer is not practical in terms of physical configuration or property access, as determined by the District or,
- For residential properties only, the total cost to connect to public sewer (including construction costs, and all permit and impact fees) is greater than twice the total cost to repair or reconstruct the existing septic system, based on estimated costs provided by licensed contractors or engineers.

This residential property cost criteria will not apply if:

- The property is included in a collector reimbursement agreement, unless the property owner satisfies the obligations of the agreement or,
- The property owner is responsible for construction of collector sewer across the property frontage that could benefit an upstream property owner, unless the property owner agrees to a Deferred Sewer Infrastructure Agreement or otherwise participates in the construction of the collector sewer.

When the owner of parcel with access to the District sewer collection system or a non-District owned sewer collection system, is informed by the Sacramento County Environmental Management Department that the onsite wastewater treatment system serving the parcel has failed and has been deemed irreparable, the system shall be properly abandoned and wastewater shall be discharged into a public sanitary sewer in accordance with this ordinance.

The owner of the parcel shall connect at a location approved by the District according to the provisions of this Sewer Ordinance within such time as designated by the Environmental Management Department.

### **Sacramento Area Sewer District**

#### Wastewater Collection

The Sacramento Area Sewer District provides local wastewater collection and conveyance services and infrastructure throughout the Sacramento region. SASD maintains and provides wastewater collection and conveyance from the local residences and businesses in the urbanized, unincorporated areas of the County, the cities of Elk Grove, Rancho Cordova, Citrus Heights, portions of the City of Sacramento and a very small area in the City of Folsom. The service area covers approximately 270 square miles and has a population of over 750,000. The smaller local pipelines that SASD operates connect to the larger regional pipelines maintained by Sacramento Regional County Sanitation District.

SASD has an adopted master planning document analyzing sewer conveyance needs of the area within the County's Urban Services Boundary (USB). Relief, rehabilitation, and expansion projects that are needed to meet demand are identified in the SASD Master Plan. SASD's Sewer System Capacity Plan also identifies future relief and expansion projects within their service area.

### Sacramento Regional County Sanitation District

#### Wastewater Collection

The Sacramento Regional County Sanitation District (Regional San) provides large pipeline conveyance of wastewater from all areas serviced by SASD, including the cities of Sacramento, West Sacramento, Citrus Heights, Rancho Cordova, Elk Grove and Folsom to the wastewater treatment plant. The trunk lines that transport wastewater from the local residences and businesses flow into much larger regional interceptors maintained by Regional San. Regional San conveys wastewater through the larger regional pipes into the wastewater treatment plant operated and maintained by the District. After wastewater is treated and de-chlorinated, the treated effluent is discharged into the Sacramento River.

Regional San has completed an Interceptor Sequencing Study (February 2013) that will aid Regional San in planning and implementing regional conveyance projects and assisting contributing agencies in coordination collection system facilities. The most current SASD Sewer System Capacity Plan can be reviewed on the SASD website at <http://www.sacsewer.com/master-plansewer-system-capacity-plan>.

#### Wastewater Treatment

The Regional San's Sacramento Regional Wastewater Treatment Plan (SRWTP) has a permitted capacity of 181 MGD ADWF (average dry weather flow). The facility's current ADWF is approximately 140 MGD. Regional San received its latest National Pollutant Discharge Elimination System (NPDES) by the Central Valley Regional Water Quality Control Board (RWQCB) in December 2010. In adopting the latest Discharge Permit, the RWQCB initially required Regional San to meet significantly more restrictive treatment levels over its current levels. Regional San believes that many of these new conditions go beyond what is reasonable and necessary to protect the environment, and appealed the permit decision to the State Water Resources Control Board. Ultimately, this led to Regional San filing a lawsuit in December 2011 against the RWQCB and the State Water Board, but was eventually settled in exchange for certain changes to the original permit, as listed below:

- Two-year time extension to comply with filtration and enhanced disinfection requirements.
- Revisions to the requirements for two disinfection byproducts that will be generated when the disinfection process changes as part of the EchoWater upgrades. It was determined these byproducts can be effectively assimilated in the Sacramento River without impacts to beneficial uses of the river.
- Removal of the final effluent limitations for NDMA (nitrosodimethylamine) because those limits were based on data that has since been determined to be unreliable due to analytical difficulties.
- Seasonal disinfection requirements to allow for construction of substantially smaller filtration facilities that could still filter up to 97% of the total flow

#### PLANS AND REGULATORY REQUIREMENTS AFFECTING SERVICE

##### **Federal**

#### National Pollution Discharge Elimination System Permit

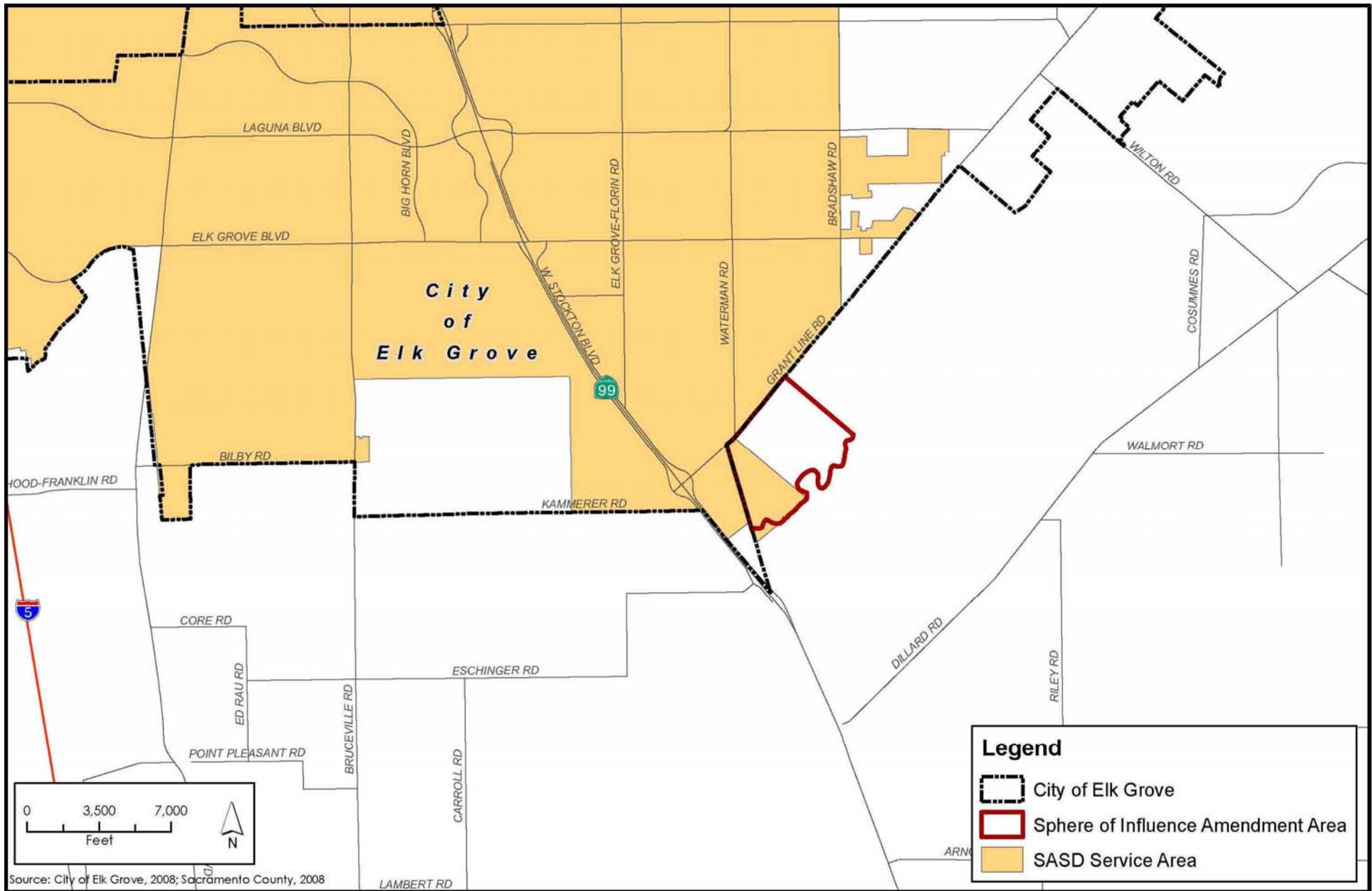
Discharge of treated wastewater to surface water(s) of the United States, including wetlands, require a National Pollutant Discharge Elimination System (NPDES) permit. In California, the Regional Water Quality Control Boards (RWQCB) administers the issuance of these federal permits. Obtaining an NPDES permit requires preparation of detailed information, including characterization of wastewater sources, treatment



## **4.0 SERVICES, INFRASTRUCTURE, AND FACILITIES**

---

processes, and effluent quality. Whether or not a permit may be issued, the conditions of a permit are subject to many factors such as basin plan water quality objectives, impaired water body status of the receiving water, historical flow rates of the receiving water, effluent quality and flow, the State Implementation Plan (SIP), the California Toxics Rule (CTR), and established Total Maximum Daily Loading (TMDL) rates for various pollutants. These factors are highly specific to the potential discharge point. Obtaining an NPDES permit is generally considered difficult in inland areas and may not be possible in sensitive areas.



Source: City of Elk Grove, 2008; Sacramento County, 2008

Figure 4.2-1 Wastewater Service Providers

### Local

#### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures take in to consideration whether the affected agency or agencies are able to demonstrate that adequate services will be provided within the time frame needed, at the lowest cost and highest quality. These provisions also require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and affected agencies. (Section I, Standard Number 4 and. Section I, Standard Number 5). As discussed further below, Regional San and SASD are anticipated to be the appropriate wastewater services provider for the area, consistent with LAFCo provisions.

#### The Sacramento Regional County Sanitation District

Regional San, under the direction of the Sanitation District's Board, provides public wastewater treatment, and disposal in the unincorporated and urbanized portions of Sacramento County within the USB as well as other member agencies. Regional San was formed in 1973, and in 1982 the SRWTP began service. Regional San is governed by a 17-member Board of Directors representing the jurisdictions served. Regional San has prepared the following documents to guide the development of wastewater facilities in Sacramento County:

- **Sanitary Sewer Management Plan.** Regional San is required to comply with the State Water Resources Control Board Order No. 2006-0003, Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. The purpose of the Order is to require agencies to prepare a plan and schedule for measures to be implemented to reduce sanitary sewer overflows, as well as measures to effectively clean-up and report sanitary sewer overflows. Supporting documentation for the Sanitary Sewer Management Plan includes the 2000 Interceptor Master Plan, as described below.
- **Regional Interceptor Master Plan 2000** - Regional San has prepared a long-range master plan for the large diameter interceptors that transport wastewater to the Sacramento Regional Wastewater Treatment Plant and includes interceptor upgrades/expansions to accommodate anticipated growth through 2035.
- **Interceptor Master Plan 2000 (MP2000)** uses land use and population projections to determine wastewater needs. Plan 2000 uses geographically based sewer-billing information to predict existing flows and Sacramento Council of Governments (SACOG) geographically based population projections to predict areas of future growth and development densities.
- **Interceptor Sequencing Study (ISS)** was prepared to evaluate the proposed interceptor facilities identified in Regional San's Interceptor System Master Plan 2000, to determine if there were other alternatives including delaying, realigning, or eliminating proposed interceptors.
- **Regional 2020 Master Plan** - The Sacramento Wastewater Treatment Plant Master Plan (2020 Master Plan) for the SRWTP provides a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and to meet existing and anticipated regulatory requirements through the year 2020. The 2020 Master Plan addresses both public health and environmental protection issues while ensuring reliable service at affordable rates for Regional San customers. The key goals of the 2020 Master Plan are to provide sufficient capacity to meet growth projections and an orderly expansion of SRWTP facilities, to comply with applicable water quality standards, and to provide for the most cost-effective facilities and programs from a watershed perspective.

- **Sacramento Area Sewer District 2010 Sewer System Capacity Plan-** The overall goal of the SASD 2010 Sewer System Capacity Plan (2010 SCP) is to estimate the future capital improvement needs of the SASD trunk sewer system, both in capacity relief projects for the existing system and expansion projects to serve newly developed areas. This plan provides for sewerage facilities and relief sewers to address future development within SASD's service area and to minimize the risk from potential sewer overflows that could occur during storm events. This plan also addresses the financial aspects of the SASD Trunk Expansion Program.

### City of Elk Grove General Plan

The following City of Elk Grove General Plan public wastewater service policies are applicable.

**PF-1:** Except when prohibited by state law, the City shall require that sufficient capacity in all public services and facilities will be available on time to maintain desired service levels and avoid capacity shortages, traffic congestion, or other negative effects on safety and quality of life.

**PF-2:** The City shall coordinate with outside service agencies—including water and sewer providers, the Elk Grove Community Services District, and the Elk Grove Unified School District—during the review of plans and development projects.

**PF-8:** Sewage conveyance and treatment capacity shall be available in time to meet the demand created by new development, or shall be assured through the use of bonds or other sureties to the City's satisfaction.

**PF-14:** Independent community sewer systems may not be established for new development.

### SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently does not require municipal wastewater services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require municipal wastewater service. Thus, providing municipal wastewater service to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The wastewater service demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to municipal wastewater service providers about the location and extent of the City's growth. This will allow the affected agencies to conduct the necessary planning to ensure adequate services and infrastructure are available. Future actions may include the amendment of the service provider's SOI with related MSR annexation.

### **Sacramento Area Sewer District**

SASD will be the local wastewater collection service provider for development in the proposed SOIA Area. The City of Elk Grove would need to annex the unincorporated portion of the proposed SOIA Area into the Regional San and SASD service areas. Infrastructure and services will need to be extended to fully serve the entire SOIA Area.

### Infrastructure Extensions

The closest point of connection to a major SASD infrastructure near the proposed SOIA Area boundaries would be at the Grant Line Road-State Route 99 interchange. SASD 2010 Sewer System Capacity Plan provides conceptual plans for providing sewer service to the undeveloped areas. **Figure 4.2-2** illustrates the future expansion facilities and interceptors identified near and within the proposed SOIA Area.

## 4.0 SERVICES, INFRASTRUCTURE, AND FACILITIES

---

SASD service area would need to be expanded for its infrastructure and services to provide adequate local wastewater conveyance services in the proposed SOIA Area. Nearly two-thirds of the proposed SOIA Area lies outside of SASD's service boundary. The future expansion of facilities and interceptors in SASD's expansion area has been included in the 2010 SCP. The alternatives identified in the 2010 SCP will be further evaluated through more detailed sewer studies and/or mid-range planning when service demands require an expansion of services to the affected territory to ensure adequate facilities to serve the area.

Development projects are required to design and build project-specific infrastructure, sized appropriately for anticipated demand. These improvements typically consist of underground pipelines that connect to the overall conveyance systems, through varying pipeline sizes and pump stations. Since the City's incorporation, SASD has approved every new connection request to the existing conveyance system from a development project. SASD staff has indicated that the SASD system should have adequate capacity to meet future demands as a result of appropriate long-term service planning. SASD will issue sewer permits to connect to the system if it is determined that capacity is available and the property has met all other requirements for service.

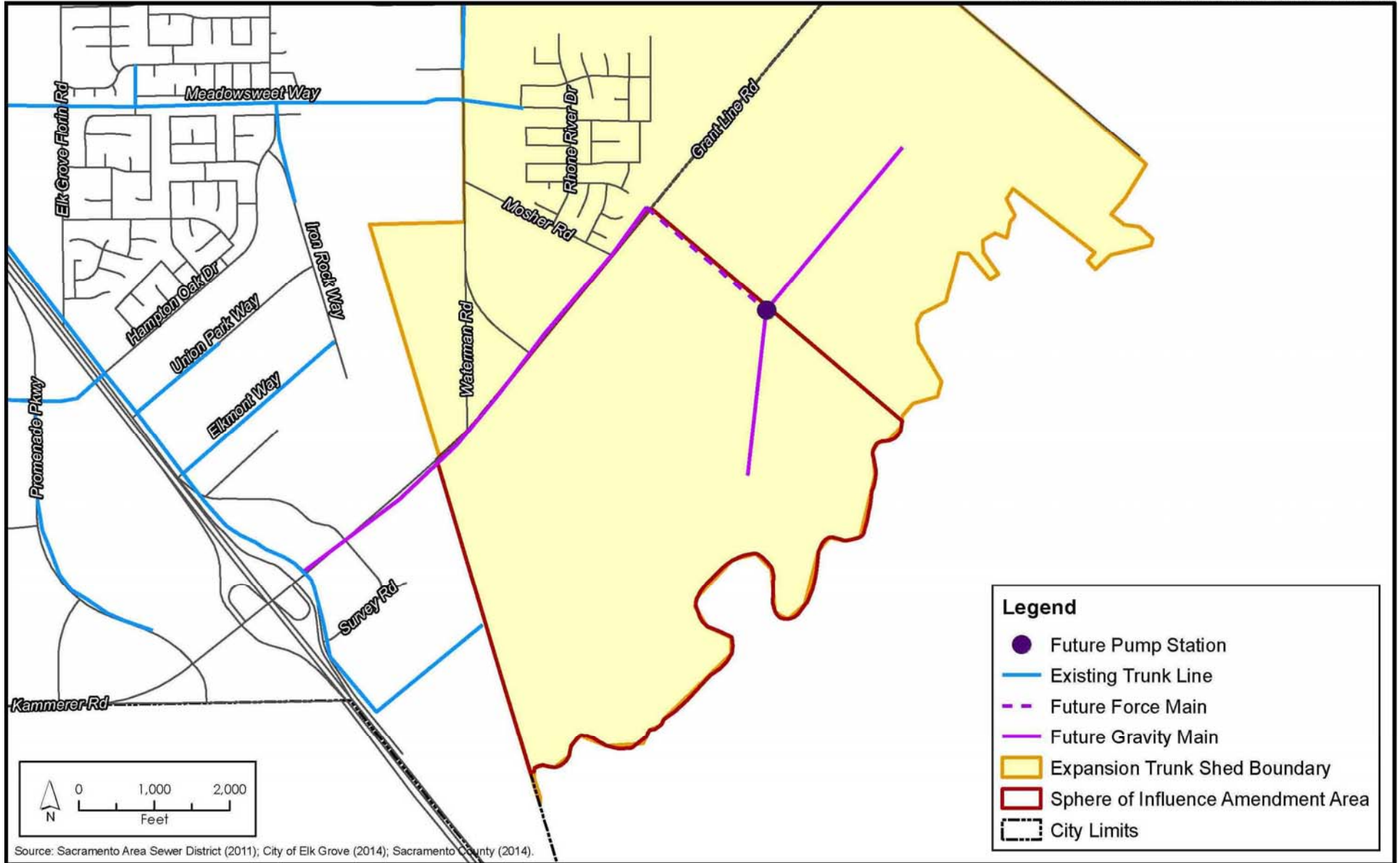


FIGURE 4.2-2 SASD FUTURE EXPANSION FACILITIES & INTERCEPTORS

**Sacramento Regional County Sanitation District**

Regional San is the most appropriate regional wastewater treatment service provider for development in the proposed SOIA Area. SASD conveys wastewater to Regional San’s regional interceptors for treatment at Regional San’s regional wastewater treatment plant, located within the City boundaries just east of Interstate 5. The City would need to annex the proposed SOIA Area to the Regional San service area in order to receive regional wastewater treatment services.

Infrastructure Expansions

Regional San’s 2000 Master Plan originally planned for the area located within the USB to be served by the South Interceptor. All wastewater from the proposed SOIA Area is anticipated to travel through SASD’s pipelines, then to Regional San’s pipelines to the treatment plant. Regional San will issue sewer permits to connect to the system if it is determined that capacity is available and the property has met all other requirements for service.

Regional San has completed an Interceptor Sequencing Study that included study of the proposed SOIA Area and provides general information about the best way to serve the proposed SOIA Area, including reevaluating the current alignment and/or need for the South Interceptor and potential interim facilities that may be necessary to provide service. The Interceptor Sequencing Study also studied potential impacts that areas outside the County’s USB may have on future facilities. However, Regional San staff has stated that future sewer service to these areas cannot be planned until annexation into Regional San has occurred.

**DETERMINATION**

Wastewater

The Commission will make this determination after the Draft MSR public circulation and review period.

### 4.3 Drainage and Flood Control

#### EXISTING LEVELS OF SERVICE AND IMPROVEMENTS

##### **Sacramento County Water Agency**

###### Storm Drainage

Sacramento County Water Agency (SCWA) provides for the construction of major drainage facilities in the urban and urbanizing areas of the unincorporated county and the cities of Citrus Heights, Elk Grove, and Rancho Cordova. A majority of the City of Elk Grove is within SCWA's Zone 11A. Fees collected within the Zone at the time of development fund the construction of the major drainage infrastructure in the urbanizing areas.

The area zones were created in order to finance, construct, acquire, reconstruct, maintain, operate, extend, repair, or otherwise improve any work or improvement of common benefit to such zone or participating zones.

SCWA Development Review staff evaluates new development proposals for subdivisions and commercial properties to ensure that improvement plans are in compliance with drainage and floodplain management policies. New development is required to conform to County standards, drainage ordinances, and floodplain development policies. SCWA also administers the Federal Emergency Management Agency (FEMA) National Flood Insurance Program (NFIP) for the unincorporated portion of the County.

##### **City of Elk Grove, Development Services Group, Public Works Department, Water Resources**

###### Storm Drainage

The City of Elk Grove provides local stormwater drainage services to development within the City's boundaries. The Water Resources Division is responsible for drainage, flood control, storm water quality, and long term water and urban runoff planning within the City. The Division's mission is to protect the residents and businesses from the threat and damage of flooding, preserve natural areas, and protect water quality throughout the City.

The Division operates and maintains 66 miles of open channels, 330 miles of drainage pipes, 6 pump stations, over 8 miles of levees, and 22 flood control and water quality detention basins.

The Division's activities include:

- Pipeline, channel, and creek clearing and repairing;
- Detention basin and pump station maintenance, rehabilitation, and replacement;
- Response to drainage and flooding problems during storms;
- Complying with state and federal permitting requirements; and
- Engineering and Planning.

The Division reviews drainage studies and plans for new development to ensure that new storm drainage facilities meet the goals of the City of Elk Grove's Storm Drain Master Plan to accommodate the stormwater



runoff generated from new structures and roads and safely convey stormwater to the Sacramento and Cosumnes Rivers. The Division also works to protect the City from seasonal flooding.

The City is a partner in the Sacramento Storm Water Quality Partnership, comprised of the County of Sacramento and cities of Sacramento, Citrus Heights, Folsom, Rancho Cordova, Elk Grove and Galt. The California Regional Water Quality Control Board, Central Valley Region issued members in the partnership a National Pollutant Discharge Elimination system (NPDES) Municipal Storm Water Permit to allow the lawful discharge of Sacramento area urban runoff into local creeks and rivers. The Storm Water Permit, a result of federal regulations driven by the Clean Water Act requires the members in the Partnership to reduce pollutants in urban storm water discharges to maximum extent practicable.

### PLANS AND REGULATORY REQUIREMENTS AFFECTING SERVICE

#### **Federal and State**

##### Clean Water Act (CWA)

The Clean Water Act (CWA), initially passed in 1972, regulates the discharge of pollutants into watersheds throughout the nation. Section 402(p) of the Act establishes a framework for regulating municipal and industrial storm water discharges under the NPDES Program. Section 402(p) requires that storm water associated with industrial activities that discharges either directly to surface waters or indirectly through municipal separate storm sewers must be regulated by an NPDES permit.

The State Water Resources Control Board (SWRCB) is responsible for implementing Section 402 of the Clean Water Act and does so through issuing National Pollution Discharge Elimination System (NPDES) permits to cities and counties through regional water quality control boards. Sacramento County is located within a portion of the State that is regulated by the Sacramento Main Office of the Central Valley Regional Water Quality Control Board (RWQCB).

The SWRCB has issued a statewide General Permit (Water Quality Order No. 99-08-DWQ) for construction activities within the State. The Construction General Permit (CGP) is implemented and enforced by the RWQCBs. The CGP applies to construction activities that disturb one acre or more and requires the preparation and implementation of a Storm Water Pollution Prevention Plan (SWPPP) that requires control of pollutant discharges that utilize the best available technology (BAT) economically feasible and best conventional pollution technology (BCT) to meet water quality standards.

The SWRCB has also issued a statewide General Permit (Water Quality Order No. 97-03-DWQ) for regulating storm water discharges associated with industrial activities. This General Permit requires the implementation of management measures that will achieve the performance standard of best available technology economically achievable (BAT) and best conventional pollutant control technology (BCT). It also requires the development and implementation of a SWPPP, a monitoring plan, and the filing of an annual report.

Certain actions also need to conform to a General Permit (Water Quality Order No. 5-00-175) that requires that a permit be acquired for dewatering and other low threat discharges to surface waters, provided that they do not contain significant quantities of pollutants and are either (1) four months or less in duration, or (2) the average dry weather discharge does not exceed 0.25 mgd. Examples of activities that may require the acquisition of such a permit include well development water, construction dewatering, pump/well testing, pipeline/tank pressure testing, pipeline/tank flushing or dewatering, condensate discharges, water supply system discharges, and other miscellaneous dewatering/low threat discharges.

The SWRCB has renewed a NPDES Permit (Renewed Waste Discharge Requirements NPDES No. CAS082597) for the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, and Sacramento. This permit is for storm water discharges from municipal separate storm sewer systems (MS4).

### Federal Emergency Management Agency (FEMA)

The City and County are participants in the National Flood Insurance Program (NFIP), a Federal program administered by FEMA. Participants in the NFIP must satisfy certain mandated floodplain management criteria. The National Flood Insurance Act of 1968 has adopted as a desired level of protection an expectation that developments should be protected from floodwater damage of the Intermediate Regional Flood (IRF). The IRF is defined as a flood that has an average frequency of occurrence on the order of once in 100 years although such a flood may occur in any given year. Communities are occasionally audited by FEMA and DWR to insure the proper implementation of FEMA floodplain management regulations.

### **Local**

#### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and affected agencies, and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4). In addition, LAFCo requires that any annexation provide for the lowest cost and highest quality of urban services (Section I, Standard Number 5).

#### City of Elk Grove General Plan

The following City of Elk Grove General Plan drainage and flood control policies are applicable.

**SA-12:** The City opposes the construction of flood control facilities that would alter or reduce flows in the Cosumnes River and supports retention of the Cosumnes River floodplain in non-urban uses consistent with location in an area subject to flooding.

**SA-13:** The City shall require that all new projects not result in new or increased flooding impacts on adjoining parcels on upstream and downstream areas.

**SA-14:** The City shall give priority to the designation of appropriate land uses in areas subject to flooding to reduce risks to life and property. Construction of new flood control projects shall have a lower priority, unless land use controls (such as limiting new development in flood-prone areas) is not sufficient to reduce hazards to life and property to acceptable levels.

**SA-15:** Development shall not be permitted on land subject to flooding during a 100-year event, based on the most recent floodplain mapping prepared by the Federal Emergency Management Agency (FEMA) or updated mapping acceptable to the City of Elk Grove. Potential development in areas subject to flooding may be clustered onto portions of a site which are not subject to flooding, consistent with other policies of this General Plan.

**SA-16:** A buildable area outside the 100-year floodplain must be present on every residential lot sufficient to accommodate a residence and associated structures. Fill may be placed to create a buildable area only if approved by the City and in accordance with all other applicable policies and regulations. The use of fill in the 100-year floodplain to create buildable area is strongly discouraged, and shall be subject to review to determine potential impacts on wildlife, habitat, and flooding on other parcels.

**SA-17:** Vehicular access to the buildable area of all parcels must be at or above the 10-year flood elevation.

**SA-18:** Creation of lots whose access will be inundated by flows resulting from a 10-year or greater storm shall not be allowed. Bridges or similar structures may be used to provide access over creeks or inundated areas, subject to applicable local, state, and federal regulations.

**SA-20:** Parcels should not be created on which the presence of easements, floodplain, marsh or riparian habitat, or other features would leave insufficient land to build and operate structures. This policy shall not apply to open space lots specifically created for dedication to the City or another appropriate party for habitat protection, flood control, drainage, or wetland maintenance.

**SA-23:** The City shall require all new urban development projects to incorporate runoff control measures to minimize peak flows of runoff and/or assist in financing or otherwise implementing Comprehensive Drainage Plans.

**CAQ-20:** Fill may not be placed in any 100-year floodplain as delineated by currently effective FEMA Flood Insurance Rate Maps or subsequent comprehensive drainage plans unless specifically approved by the City. No fill shall be permitted in wetland areas unless approved by the City and appropriate state and federal agencies.

**CAQ-21:** Development adjacent to a natural stream(s) shall provide a “stream buffer zone” along the stream.

**CAQ-23:** Uses in the stream corridors shall be limited to recreation and agricultural uses compatible with resource protection and flood control measures. Roads, parking, and associated fill slopes shall be located outside of the stream corridor, except at stream crossings.

**CAQ-24:** Open space lands within a stream corridor shall be required to be retained as open space as a condition of development approval for projects that include a stream corridor. Unencumbered maintenance access to the stream shall be provided.

### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently requires minimal storm drainage services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require storm drainage service. Thus, providing storm drainage service to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The storm drainage service demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to storm drainage and flood control service providers about the location and extent of the City’s growth. This will allow the provider to conduct the necessary planning to ensure adequate services and infrastructure are available. Future actions may include the expansion of the service provider’s facilities, which are not subject to LAFCo purview.

Excluding the proposed Park Complex, the required drainage and flood control infrastructure and facilities for the remaining SOIA Area cannot be projected as the future land uses are not fully known. Growth in the SOIA Area could increase runoff and alter existing drainage patterns in the current agricultural area.

The City and SCWA could be logical storm drainage and flood control service providers for the SOIA Area. Both the City and SCWA can review drainage studies and plans for new development to ensure that new

storm drainage facilities will accommodate the storm water runoff generated from new structures and roads to convey stormwater to the Sacramento and Cosumnes Rivers. Any drainage planning now would be speculative until land uses and development are further defined.

### DETERMINATION

#### Drainage and Flood Control

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.4 Solid Waste, Recycling, and Green Waste**

### EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE

#### **Sacramento Regional Solid Waste Authority**

The Sacramento Regional Solid Waste Authority (SWA) is a joint powers authority between two agencies, the County and the City of Sacramento. SWA regulates commercial solid waste collection by franchised haulers through the SWA Code. The proposed SOIA Area is currently within the service boundaries of the Sacramento County Municipal Services Agency, Department of Waste Management & Recycling, but service is provided by mostly private franchised hauling companies for the commercial and industrial customers. The private hauling companies are under a franchise agreement with the Sacramento Regional Solid Waste Authority to perform collection and disposal at properties and convey waste to landfills and recycling stations, as appropriate. Private providers do not fall under the jurisdiction of LAFCo. It should be noted, pursuant to California Government Code section 49520:

If a local agency has authorized, by franchise, contract, license, or permit, a solid waste enterprise to provide solid waste handling services and those services have been lawfully provided for more than three previous years, the solid waste enterprise may continue to provide those services up to five years after mailed notification to the solid waste enterprise by the local agency having jurisdiction that exclusive solid waste handling services are to be provided or authorized, unless the solid waste enterprise has an exclusive franchise or contract. If the solid waste enterprise has an exclusive franchise or contract, the solid waste enterprise shall continue to provide those services and shall be limited to the unexpired term of the contract or franchise or five years, whichever is less.

#### Residential Service (Central Valley Waste Services)

Sacramento County has contracted out residential solid waste services in the unincorporated area south of Calvine Road, which includes the proposed SOIA Area, to Central Valley Waste Services (dba Waste Management), a private commercial hauler. These services include solid waste management and recycling services.

#### Commercial Service (Various Commercial Haulers)

The commercial solid waste collected by private franchised haulers are sent to private transfer stations to be processed and disposed at various facilities, including the Sacramento County Keifer Landfill, Yolo County Landfill, and L and D Landfill.

#### **City of Elk Grove, Neighborhood Services Group, Integrated Waste Department**

The Integrated Waste Department manages the City's residential solid waste franchise and plans, coordinates, promotes and implements citywide solid waste reduction, recycling, composting, and public education activities.

Solid waste diversion information indicates that the City discarded 3.5 pounds/person/day of solid waste in the year 2014 exceeding the 50% diversion requirement of CalRecycle, complying with AB939. Approximately 101,212 tons of solid waste was disposed by Elk Grove residents and businesses in 2014. This volume of waste could double within 25 years.

The City's solid waste is currently managed under an exclusive franchise agreement by Republic Services. In April 2014, the City's Special Waste Collection Center was opened, which accepts typical household

hazardous waste. As of April 2015, the Collection Center received over 123 tons of household hazardous waste.

### Residential Service (Republic Services)

The City of Elk Grove has contracted out residential solid waste services to Allied Waste Services of North America, LLC (subsidiary of Republic Services, Inc.), a private commercial hauler. Allied Waste Services provides solid-waste collection services under an exclusive franchise agreement with the City. These services include collection of all solid waste, residential recyclables, used motor oil and yard trimmings, along with other services. Residential garbage service is provided on a weekly basis. Green waste and mixed recycling are collected on an alternating week basis. Green waste and mixed recycling are collected on an alternating week basis; green waste is collected one week and mixed recycling the next. Refuse from residences are collected by an automated truck collection system.

### Commercial Service (Various Commercial Haulers)

The City of Elk Grove has contracted out commercial solid waste services to a variety of commercial haulers. All commercial waste haulers operating, conducting business, or providing solid waste services within the City of Elk Grove boundaries must register with the City and receive a registration decal placed in their vehicles in order to operate. Businesses may select which commercial hauler to utilize for solid waste services.

Current solid waste facilities being utilized include the Kiefer Landfill, Elder Creek Transfer & Recovery Inc., BLT Enterprises, Florin-Perkins Landfill Inc., Jackson Road Landfill, and Sacramento Recycling & Transfer Station.

## PLANS AND REGULATORY REQUIREMENTS AFFECTING SERVICE

### **State**

#### California Integrated Waste Management Act

To minimize the amount of solid waste that must be disposed of by transformation and land disposal, the State Legislature passed the California Integrated Waste Management Act of 1989 (AB 939), effective January 1990. According to AB 939, all cities and counties are required to divert 25 percent of all solid waste from landfill facilities by January 1, 1995 and 50 percent by January 1, 2000. Solid waste plans are required to explain how each city's AB 939 plan will be integrated with the respective county plan. They must promote (in order of priority) source reduction, recycling and composting, and environmentally safe transformation and land disposal. Cities and counties that do not meet this mandate are subject to \$10,000 per day fines. As a result, each community in the State has developed a number of recycling programs for residents and businesses.

### **Local**

#### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4). In addition, LAFCo requires that any annexation provide for the lowest cost and highest quality of urban services (Section I, Standard Number 5). As discussed further below, it is anticipated that the various solid

waste service providers would be able to provide adequate solid waste services for the proposed SOIA Area consistent with LAFCo provisions.

### City of Elk Grove General Plan

The City of Elk Grove's General Plan does not have any solid waste policies applicable to this proposal.

### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

Any future growth or change in organization is not anticipated to significantly affect the current solid waste services provided. Solid waste collection and disposal for commercial, industrial, and multifamily residential units would be serviced by the current private haulers. It is anticipated that single family residential customers would be served by the City contractors.

While specific solid waste generation rates are not available for the area, the average per capita rate is six pounds per day. AB 939 and the County Integrated Waste Management Plan will continue to apply to the proposed SOIA Area, require recycling programs that result in a 50 percent diversion away from landfills.

### DETERMINATION

#### Solid Waste

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.5 Circulation and Roadways**

Grant Line Road is currently the only local roadway that serves the proposed SOIA Area; bordering to the north of the SOIA Area with the road centerline serving as the jurisdictional boundary between the City and Sacramento County. Access to the agricultural residences within the SOIA Area are served by private driveways/roads that bisect Grant Line Road. The Sacramento County Department of Transportation currently maintains the local roadways within the County, including the south half of Grant Line Road. The California Department of Transportation (Caltrans) maintains one highway near the proposed SOIA Area; State Route 99 (SR-99) located to the west. Roadway infrastructure considered herein includes roadways, sidewalks, traffic signals, signage, and other facilities located within the right-of-way for local and regional roadways.

The City in partnership with Sacramento County and Caltrans has initiated work on the Kammerer Road Widening and Extension Project to extend and widen Kammerer Road between Highway 99 and Interstate 5, providing an east-west connector bypassing downtown Sacramento and alleviating traffic on Laguna and Elk Grove Boulevards. The City plans to widen Kammerer Road to four lanes, and include a grade separated crossing at the Union Pacific Railroad Tracks.

The City is also involved with the Capital SouthEast Connector Project (Connector), a 35-mile-long multi-modal, limited access transportation facility that will link communities in Sacramento and El Dorado Counties, including Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. A Joint Powers Authority (JPA) has been formed for the project that consists of the Cities of Elk Grove, Rancho Cordova, and Folsom, and Sacramento and El Dorado Counties. The Connector will consist of 4 and 6 lane thoroughfare/expressway segments that will serve the regional transportation needs, as well as, providing a link between residential and employment centers. The Connector will extend from Interstate 5 (I-5)/Hood Franklin Road interchange in southwest Sacramento County to approximately 35 miles northeastward, terminating at U.S. Highway 50 (US 50) in the community of El Dorado Hills. Both, Kammerer Road and Grant Line Road will serve as part of the Connector corridor within Elk Grove.

### EXISTING LEVELS OF SERVICE

#### **Sacramento County Department of Transportation**

The Sacramento County's Department of Transportation is responsible for planning, improving, operating and maintaining a transportation system. The County currently maintains the south half of Grant Line Road (City maintains north half).

#### **City of Elk Grove Public Works Department**

The City of Elk Grove's Public Works Department is responsible for maintaining the City's transportation infrastructure, which includes engineering, construction, parking, and street maintenance services. The Department maintains and repairs over one-thousand of miles of City roads, curbs, gutters, sidewalks, streetlights, signalized intersections, traffic signs, landscaped medians and right-of-way throughout the City. The City is responsible for maintaining over 1,000 miles of lane roadway.

Street Maintenance activities include:

- Pothole patching and pavement repairs;
- Traffic signals, street signs and street markings;
- Street lights;



- Street sweeping;
- Landscape and sidewalk maintenance;
- Roadside ditches and drainage; and
- Creeks/channels and storm water drainage.

The Department provides adequate roadway maintenance services. The Annual Pavement Resurfacing Program provides for the primary resurfacing treatments based on the recommendation of the City's computerized Pavement Management System. Roadways that are identified are overlaid (a new layer of asphalt placed on top of existing pavement) and slurry sealed (sealing the entire street surface with an asphalt emulsion/sand slurry). In addition, the City has on-going annual Capital Improvement Programs to maintain and improve the current roadway system within the City.

The Department provides adequate pedestrian and bicycle facilities. The Bicycle and Pedestrian Improvements Program provides various bicycle and pedestrian related improvements throughout the City in accordance with the City's Bicycle, Pedestrian, and Trails Master Plan. This program is used to fund a wide array of improvements, including but not limited to new bike trails/lanes, new sidewalks, sidewalk replacement, curb ramp improvements, high-visibility crosswalks, countdown pedestrian signals, and pedestrian refuges.

### **City of Elk Grove, E-Tran**

The City of Elk Grove provides fixed-route bus service, known as "e-tran", and a paratransit/dial-a-ride service, known as "e-van". All e-tran routes are coordinated with Sacramento Regional Transit (RT) bus and light rail service, and South County Transit/Link (SCT/LINK) service, to areas outside of the City. The City's e-van service is limited to locations within the City's defined boundaries.

The City owns its bus fleet and contracts with a transit provider for the operation and maintenance of the e-tran and e-van services. E-tran's fixed route service is split into both a local and commuter service. Currently, the local fixed route service" operates 5 days a week and includes 9 local routes, and a weekend shuttle service. The commuter fixed route service" provides a connection to downtown Sacramento on 7 routes and to Rancho Cordova on 2 routes. E-van provides demand responsive, door to door, shared ride service, as required under the Americans with Disabilities Act (ADA) and for seniors that are age 75 years old and older that are unable to ride e-tran.

### **PLANS AND REGULATIONS GOVERNING SERVICE**

#### **State**

##### State of California Transportation Concept Reports

California Department of Transportation (Caltrans) is responsible for planning, designing, constructing, operating, and maintaining all state-owned roadways in Sacramento County. Federal highway standards are implemented in California by Caltrans. Any improvements or modifications to the state highway system within the Sacramento County or the City of Elk Grove need to be approved by Caltrans, and the County or City has no ability to unilaterally make improvements to the state highway system.

Caltrans operates and maintains State Route 99 (SR-99), Interstate 5 (I-5), SR-16, and SR-160, which provides regional access to the City and the SOIA Area. Additionally, the Caltrans Division of Planning has four major functions including the Office of Advance Planning, Regional Planning/Metropolitan Planning Organization,

Local Assistance/IGR/CEQA, and System Planning Public Transportation. For planning purposes, Caltrans has established an LOS D as the minimal acceptable LOS for all roadways under their jurisdiction.

### Local

#### Metropolitan Transportation Plan/Sustainable Communities Strategy 2035 Update

In April 2012, the Sacramento Area Council of Governments (SACOG) adopted the Metropolitan Transportation Plan/Sustainable Communities Strategy 2035 Update (MTP/SCS 2035 Update), which is a long-range planning document for identifying and programming roadway improvements throughout the Sacramento region, and also establishes a strategy to reduce greenhouse gas emissions and provide incentives for projects that are consistent with the SCS goals. As the MTP was customarily a stand-alone document, the SCS component was combined with the MTP as a result of the passing of Senate Bill 375 and the requirement for the MTP to include a SCS component. The SCS generally integrates regional land use, housing, transportation, and climate change into an incentive program that provides for California Environmental Quality Act (CEQA) incentives for projects that are consistent with the established MTP/SCS map. The MTP provides the regional vision for surface transportation, within the constraints of funding the region can reasonably expect to receive. The MTP/SCS 2035 Update provides a 20-year transportation vision and corresponding list of projects. If a city, county, or public agency in the region wants to use of federal or state transportation funding for projects or programs, the projects must be contained in, or be consistent with the MTP/SCS 2035 Update.

As the MTP component is required to be updated every four years, SACOG is currently in the process of updating the MTP/SCS 2035 document. Referred to as the 2016 MTP/SCS Update, the document updates are to focus on the implementation challenges and commitments of the current MTP/SCS Plan. It is anticipated that the SACOG Board will adopt the final updated plan in early-2016.

#### City of Elk Grove General Plan

The following City of Elk Grove General Plan circulation and roadway policies are applicable.

**PF-1:** Except when prohibited by state law, the City shall require that sufficient capacity in all public services and facilities will be available on time to maintain desired service levels and avoid capacity shortages, traffic congestion, or other negative effects on safety and quality of life.

**PF-2:** The City shall coordinate with outside service agencies—including water and sewer providers, the Elk Grove Community Services District, and the Elk Grove Unified School District—during the review of plans and development projects.

**CI-6:** The City shall require that transit service is provided in all areas of Elk Grove, including rural areas, so that transit dependent residents of those areas are not cut off from community services, events, and activities.

**CI-13:** The City shall require that all roadways and intersections in Elk Grove operate at a minimum Level of Service “D” at all times.

**CI-15:** Development projects shall be required to provide funding or to construct roadway/intersection improvements to implement the City’s Circulation Master Plan. The payment of established traffic impact or similar fees shall be considered to provide compliance with the requirements of this policy with regard to those facilities included in the fee program, provided that the City finds that the fee adequately funds all required roadway and intersection improvements. If payment of established fees is used to provide compliance with this policy, the City may also require

the payment of additional fees if necessary to cover the fair share cost of facilities not included in the fee program.

### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently requires no circulation and roadway services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require circulation and roadway services. Thus, providing circulation and roadway services to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The circulation and roadway services demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

The City would be the most appropriate circulation and roadways service provider for the proposed SOIA Area upon urbanization. If approved, the proposed SOIA will allow the City to adequately plan for major infrastructure and services in the area of the City's growth.

Excluding the proposed Park Complex, the required circulation and roadway infrastructure for the remaining SOIA Area cannot be projected as the future land uses are not fully known. Any circulation and roadways planning now would be speculative until land uses and development are further defined. The primary roadway providing access into the proposed SOIA Area will be Grant Line Road.

Any future private development projects would be responsible for the design and construction of certain improvements, typically ranging from street frontage improvements (curb, gutter, and sidewalk construction) to full-street improvements (new streets created by subdivisions). Developer Impact Fees, also known as the Elk Grove Roadway Fee, can provide funding for the City to construct and maintain future roadways to support urbanized uses.

The City will also be conducting a feasibility study to assess the location for a multimodal transit station that would provide a major transfer station serving Amtrak passenger rail service, e-tran local and commuter bus service, and RT light rail service. The proposed location is situated along the Union Pacific Railroad tracks south of Grant Line Road, and just west of the SOIA Area. It is anticipated that E-tran bus service would provide for a convenient connection for all these transit modes to the proposed Park Complex.

### DETERMINATION

#### Circulation and Roadways

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.6 Fire Protection and Emergency Medical Response**

The proposed SOIA Area is within the service boundary of the Cosumnes Community Service District. Any future annexations by the City are not anticipated to change the fire protection service provider. **Figure 4.6-1** shows the current boundaries of the nearby fire protection service providers.

### EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE

#### **Cosumnes Community Service District, Fire Department**

The Cosumnes Community Service District (CCSD) provides fire protection, emergency medical, and rescue services to the cities of Elk Grove and Galt, as well as unincorporated areas in the region covering over 157 square miles. In the Elk Grove area, CCSD currently operates six fire stations, with two additional stations in the City of Galt, and a state-of-the-art fire training facility. The fire stations are currently located in Elk Grove, East Franklin, East Elk Grove, Laguna Creek, Lakeside, and Elk Grove - West Vineyard area.

#### Service Response

The Fire Department responds to various emergencies dispatched throughout the community including fires, vehicle collisions, hazardous materials spills, and medical and public assistance calls. The Department has approximately 150 personnel in the Operations Division, which has units devoted to Fire Suppression, Training, and Emergency Medical Services. The Department currently staffs eight engine companies, one ladder truck company, six ambulances, and a command vehicle each day on a 24 hour basis. Also in the Elk Grove area, six grass engines and other specialty apparatus are also staffed using these personnel as seasons and emergency circumstances dictate their use. Specialty apparatus includes one heavy foam unit, a Heavy Rescue, a mass decontamination trailer, a mass casualty incident trailer, a swift water rescue boat, and four flood boats.

The Department provides ambulance transportation and pre-hospital care for the cities of Elk Grove, Galt, and portions of the unincorporated area. The Department employs over 80 paramedics and an additional 60+ emergency medical technicians (EMTs). Four medic units operate around the clock and are based in East Elk Grove, Laguna, East Franklin, Central Elk Grove, and two medic units in Galt.

#### Service Standards

CCSD is currently handling more emergency response calls than the state average, due to substantial growth and increases in traffic volumes and traffic congestion. The District has established a response time goal of arriving on scene in six minutes or less 90 percent of the time in the urbanized portions of the City. Additionally, the District has adopted a standard response time of 12 minutes or less 90 percent of the time in the rural areas. The proposed SOIA Area is considered rural.

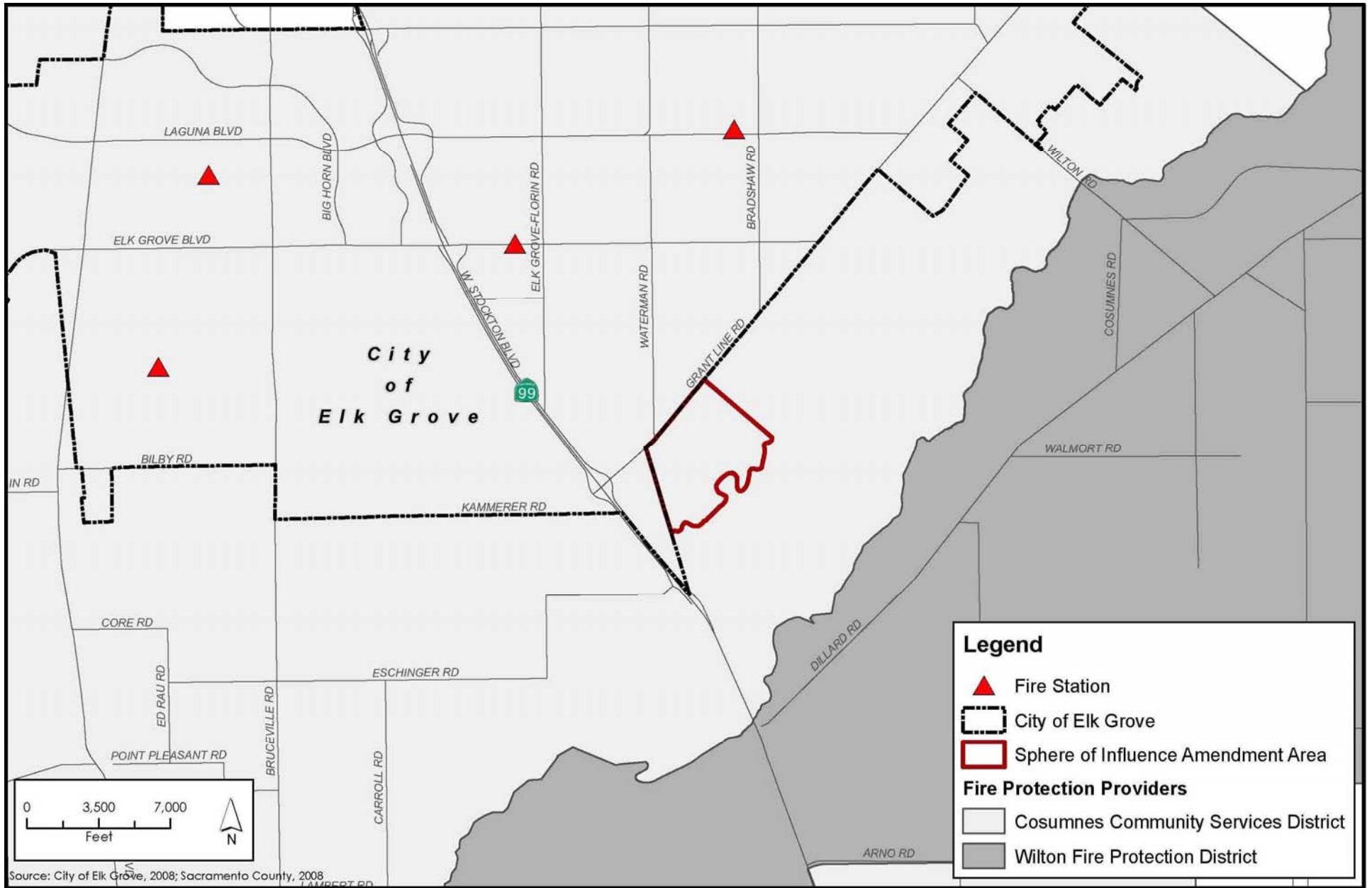
The Cosumnes Community Service District has been given an Insurance Services Office (ISO) rating of 3 in "watered" areas and 9 in "unwatered" areas, such as the proposed SOIA Area. The ISO rating is the recognized classification for a fire department or district's ability to defend against major fires. According to the ISO, newly developing urban areas should have a fire station opened within 1½ miles of all commercial development and 2 ½ miles from all residential development when "build-out" exceeds 20 percent of the planned area. A rating of 10 generally indicates no protection, whereas an ISO rating of 1 indicates high firefighting capability. The proposed SOIA Area is considered "unwatered".

In response to current economic difficulties, the CCSD has implemented a temporary "Brownout" practice of closure of one Engine Company on a frequency of four days out of every six days in the City of Elk Grove. This will enable the District to cut costs and help to reduce the CCSD's annual structural budget. The

Brownout policy is anticipated to remain in place through FY 2014/15, however it may be reviewed with the mid-year budget revise. The Brownout policy is not being implemented in the City of Galt.

While the CCSD acknowledges the current policy as cited, it should be noted that this is only a near term policy that is not intended to become a service standard going forward. The MSR is a long-term planning document that addresses both the current service providers within the City of Elk Grove and what agency is the preferred service provider within the proposed SOIA Area. The CCSD is currently providing fire protection and emergency medical and rescue services within the City boundary, and throughout the entire District, including the City of Galt. The CCSD adopted response time goal, as noted above, is to arrive on scene in six minutes or less 90 percent of the time. The CCSD has not recorded any consistent deviation for the response standard, even with the current temporary brownout policy. The CCSD remains committed to continue to meet the response time goal throughout the entire service area.

The CCSD is the primary fire protection and emergency medical response service within the SOIA Area. Sacramento Metro Fire District (SMFD) and the CCSD share common jurisdictional boundaries and participate in a regional mutual aid agreement. If the proposed SOIA is approved, the area may develop over time. As the recognized primary service provider for fire protection and emergency medical and rescue services, the CCSD and the City will be encouraged to work together closely to identify fire station locations, equipment and personnel needs to support any increased demands on the CCSD. The development review process should minimize service impacts to joint responder agencies, such as SMFD.



**FIGURE 4.6-1 FIRE PROTECTION SERVICE PROVIDERS**

**Aid from Other Agencies**

Fire and emergency services in Sacramento County have developed a Joint Powers Authority (JPA) for a unified dispatch system. Under the JPA, the closest unit available is dispatched to an incident and fire district boundaries are not an issue when an incident occurs.

The Sacramento Regional Fire/EMS Communications Center, a Joint Powers Authority, is comprised of the following:

- Sacramento Fire Department ISO Class 2 Rating
- Sacramento Metropolitan Fire District ISO Class 3 Rating
- Cosumnes Community Service District, Fire Department ISO Class 3 Rating
- Folsom Fire Department ISO Class 3 Rating

The ISO Class Ratings listed above are for their respective service areas with established water distribution systems and hydrants.

**PLANS AND REGULATIONS AFFECTING SERVICE PROVISION**

**State**

California Occupational Safety and Health Administration

In accordance with California Code of Regulations, Title 8 Sections 1270 “Fire Prevention” and 6773 “Fire Protection and Fire Equipment”, the California Occupational Safety and Health Administration (Cal OSHA) has established minimum standards for fire suppression and emergency medical services. The standards include, but are not limited to, guidelines on the handling of highly combustible materials, fire hosing sizing requirements, restrictions on the use of compressed air, access roads, and the testing, maintenance and use of all firefighting and emergency medical equipment.

Uniform Fire Code

The Uniform Fire Code (UFC) contains regulations relating to construction, maintenance, and use of buildings. Topics addressed in the code include fire department access, fire hydrants, automatic sprinkler systems, fire alarm systems, fire and explosion hazards safety, hazardous materials storage and use, provisions intended to protect and assist fire responders, industrial processes, and many other general and specialized fire-safety requirements for new and existing buildings and the surrounding premises. The UFC contains specialized technical regulations related to fire and life safety.

California Health and Safety Code

State fire regulations are set forth in Sections 13000 *et seq.* of the California Health and Safety Code, which includes regulations for building standards (as set forth in the California Building Code), fire protection and notification systems, fire protection devices such as extinguishers, smoke alarms, high-rise building, childcare facility standards, and fire suppression training.

### Local

#### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento Local Agency Formation Commission (LAFCo) Policies, Standards and Procedures require that proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City or affected agency, and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4).

#### City of Elk Grove General Plan

The following City of Elk Grove General Plan fire protection policies are applicable.

**PF-1:** Except when prohibited by state law, the City shall require that sufficient capacity in all public services and facilities will be available on time to maintain desired service levels and avoid capacity shortages, traffic congestion, or other negative effects on safety and quality of life.

**PF-2:** The City shall coordinate with outside service agencies—including water and sewer providers, the Elk Grove Community Services District, and the Elk Grove Unified School District—during the review of plans and development projects.

**SA-32:** Cooperate with the Elk Grove Community Services District (EGCSD) Fire Department to reduce fire hazards, assists in fire suppression, and promotes fire safety in Elk Grove.

**PF-7:** The City shall require that water flow and pressure be provided at sufficient levels to meet domestic, commercial, industrial, and firefighting needs.

#### SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently requires minimal fire protection and emergency medical response services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require fire protection and emergency medical response services. Thus, providing fire protection and emergency medical response services to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The fire protection and emergency medical response service demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to fire protection service providers about the location and extent of the City's growth. This will allow the provider to conduct the necessary planning to ensure adequate services and infrastructure are available.

CCSD has not estimated the need for additional facilities, equipment, or staff, as future land uses and growth are not fully known. Urbanization of the proposed SOIA Area would require an enhanced level of fire protection and emergency medical services. Possible improvements could include the construction of additional fire stations, purchase of additional fire engines and equipment, hiring of additional firefighters and EMTs, and the installation of appropriate fire hydrants as a part of development. CCSD would remain the most appropriate fire protection and emergency medical response service provider for the SOIA Area when growth occurs.



DETERMINATION

Fire Protection and Emergency Medical Response

The Commission will make this determination after the Draft MSR public circulation and review period.

**4.7 Law Enforcement**

The proposed SOIA Area is within the service boundaries and served by the Sacramento County Sheriff's Department. The City of Elk Grove's Police Department also provides certain law enforcement services through a mutual aid agreement.

EXISTING LEVELS OF SERVICE AND IMPROVEMENTS

**Sacramento County Sheriff's Department**

The proposed SOIA Area is currently served by the Sacramento County Sheriff's Department (SCSD) which provides specialized law enforcement services to the County and local police protection to both the incorporated and unincorporated areas. Specialized law enforcement includes providing court security services, operating a system of jails for pretrial and sentenced inmates, and operating a training complex. Local police protection includes response to calls and trouble spots, investigations, surveillance, and routine patrolling.

There are six patrol districts in the unincorporated area of the County covering approximately 880 square miles. Approximately four patrol cars serve each patrol district. The SCSD consists of roughly 1,293 sworn officers, including 289 patrol officers.

Patrol Services operate the SCSD towing and parking enforcement, and community resources and service centers. The patrol function is staffed 24 hours each day and is broken up into three different ten-hour shifts.

**City of Elk Grove Police Department**

The City of Elk Grove Police Department (EGPD) provides comprehensive police services throughout the City including emergency and routine call response, follow-up investigations of crime, traffic enforcement, specialized anti-gang initiatives, and other crime prevention activities. During the Fiscal Year (FY) 2014-2015, EGPD's staffing consisted of 132 sworn positions and 80 non-sworn positions. This is equivalent to a staffing ratio of 0.82 sworn officers per 1,000 residents, a number similar to other, comparable, agencies in the region. For FY 2015-2016, it is anticipated staffing will be increased to 134 sworn officers and 82 non-sworn positions.

The Police Department operates out of one police station, located at 8400 Laguna Palms Way, part of the City Hall complex. As part of this facility, EGPD operates a Community Service Center to report non-urgent or ongoing crimes, to have crime reports taken, and to take fingerprints and process other, routine requests for information. The Department handles approximately 100,000 service calls per year with a goal of handling Priority One calls (those involving a violent crime in-progress or other life-threatening emergency) within five minutes. During FY 2014-2015, EGPD's actual average Priority One response time was 5.5 minutes.

PLANS AND REQUIREMENTS RELATED TO SERVICE PROVISION

**City of Elk Grove General Plan**

The following City of Elk Grove General Plan law enforcement policies are applicable.

**PF-1:** Except when prohibited by state law, the City shall require that sufficient capacity in all public services and facilities will be available on time to maintain desired service levels and avoid capacity shortages, traffic congestion, or other negative effects on safety and quality of life.

**PF-2:** The City shall coordinate with outside service agencies—including water and sewer providers, the Elk Grove Community Services District, and the Elk Grove Unified School District—during the review of plans and development projects.

**SA-29:** The City shall regularly monitor and review the level of police staffing provided in Elk Grove, and ensure that sufficient staffing and resources are available to serve local needs.

PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently requires minimal law enforcement services, as the area remains primarily agricultural. However, the future development of the Park Complex on the City-owned 100-acre parcel will require law enforcement services. Thus, providing law enforcement services to the Park Complex will require adequate planning to ensure that the financing, services, and infrastructure are available. The law enforcement service demand for the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to the service provider about the location and extent of the City's growth. This will allow the service provider to conduct the necessary planning to ensure adequate services and infrastructure are available. Urbanization of the proposed SOIA Area would require an enhanced level of law enforcement services. Possible improvements could include hiring of additional officers, and the purchase of additional police cars and equipment. If growth occurs in the proposed SOIA, the area would likely be served by the City of Elk Grove's Police Department.

**City of Elk Grove Police Department**

The Police Department has not estimated the need for additional facilities, equipment, or staff, as future land uses and growth are not fully known. The City's Police Department would be the most appropriate law enforcement service provider for the proposed SOIA Area upon development of the area. The Department has indicated that they are able to increase services and adequately serve the area as the demand arises from growth. Police services provided by the City's Police Department are expected to result in improved service in the proposed SOIA Area because of the proximity and shorter response times from a police station located closer to the area.

DETERMINATION

Law Enforcement

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.8 Animal Control**

### EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE

Currently, the proposed SOIA Area is served by Sacramento County's Animal Care and Regulation. The City of Elk Grove may eventually become an appropriate animal control service provider.

#### **Sacramento County Animal Care and Regulation**

Sacramento County's Animal Care and Regulation provides animal control services for the unincorporated areas of Sacramento County and to cities that contract with the County for service. The County's Animal Care facility, located at 3839 Bradshaw Road, receives more than 18,000 animals a year. The County cares for, licenses, regulates animals, and prevents rabies. They also investigate, quarantine, and help prosecute cases of vicious and dangerous animals, as well as animal cruelty. They patrol for, impound, and, whenever possible, find homes for the thousands of unwanted animals. The County is a member of the Humane Society of the United States.

#### **City of Elk Grove Animal Services**

The City's Animal Services Division provides animal control services for the entire City. The Division currently has four Animal Services Officers. Services include investigating public nuisance, investigating bite reports, licensing, pick-up, and checking on the humane conditions of animals.

The City has formed a partnership with the Sacramento County Animal Care and Regulation to provide animal care services for the City of Elk Grove. Stray animals found in the City are placed at the County's shelter.

### PLANS AND REGULATIONS RELATIVE TO SERVICE PROVISION

#### **City of Elk Grove General Plan**

The City of Elk Grove's General Plan does not have any animal control policies applicable to this proposed SOIA.

### SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The SOIA Area currently requires minimal animal control services, as the area remains primarily agricultural. Even with the future development of the Park Complex, it is anticipated no additional animal control services staffing would be required for either County or City.

Future urbanization of the SOIA Area may increase demand for animal control services, as potential future residents come into contact with pets and other animals. This would result in additional demands for animal control staff and related field equipment to ensure a safe community.

There is no planned level of service or improvements specifically applicable to the area. It is anticipated that the responsible service provider, either the City or the County, would be able to handle increased demands for services, upon anticipated growth.

DETERMINATION

Animal Control

The Commission will make this determination after the Draft MSR public circulation and review period.

### 4.9 Code Enforcement

The Sacramento County Code Enforcement Division is currently responsible for providing code enforcement services within the proposed SOIA Area. The City of Elk Grove may eventually become an appropriate code enforcement service provider.

#### EXISTING LEVELS OF SERVICE AND IMPROVEMENTS

##### **Sacramento County Code Enforcement Division**

Sacramento County's Code Enforcement Division is organized under three geographical teams to enforce housing, zoning, and vehicle abatement. Services that the Division provides include boarding of structures, removal of junk and rubbish, abatement of junk vehicles, civil and criminal citations, and demolition of dangerous buildings.

##### **City of Elk Grove Code Enforcement & Code Compliance**

The City of Elk Grove's Code Enforcement provides code enforcement services to residents within the City. The Division focuses on concerns and service requests regarding unsafe, unsanitary, or blighted conditions within dwellings and neighborhoods throughout Elk Grove. The 6 Code Enforcement Officers work in close association with other departments and service providers to maintain high community standards and address violations of the Elk Grove Municipal Zoning and Housing Titles of the Municipal Code.

The Division has been able to meet its service request response goals with 6 Code Enforcement Officers and 1 Code Enforcement Manager. The Division strives to respond to new service requests within 24 working hours and maintain a response level of 100 percent for all new service requests within the 24 hour time frame. In 2014, all service requests received a 24 hour next business day or same day response, within stated goals. Division staff responded to and resolved 3,288 new service request cases in 2014. In addition, the Division achieves an 85 percent voluntary compliance within 30 days of contact with the property owner.

#### PLANS AND REGULATIONS RELATIVE TO SERVICE PROVISION

All regulations and standards are set by the City's municipal codes. Regulations and standards are also set by the State. The City is responsible for enforcing the various City municipal codes and State regulations relating to blight, nuisance, health, safety, and businesses.

#### SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently requires minimal code enforcement services, as the area remains primarily undeveloped. Even with the future development of the Park Complex, it is anticipated no additional code enforcement staffing would be required for either the County or City.

Future urbanization of the SOIA Area may increase the demand for code enforcement compliance, as structures are completed. New growth could add additional demand for code enforcement staff to ensure compliance with the various state and local codes and ordinances applicable to the community. Increasing demand for code enforcement services is expected to occur many years after development as buildings become dangerous, substandard, blighted, or vacant.

DETERMINATION

Code Enforcement

The Commission will make this determination after the Draft MSR public circulation and review period.

## **4.10 Parks and Recreation**

The Cosumnes Community Services District (CCSD) is the current authorized parks and recreation service provider in the proposed SOIA Area. Although there are no parks and recreation facilities provided within the proposed SOIA Area, the CCSD does provide a myriad of leisure classes, before- and after-school programs, preschool classes, sports programs and community-wide special events that are offered to residents within the proposed SOIA Area. The CCSD also provides parks and recreation services to the City with the exception of parks located in the Laguna Ridge Specific Plan (LRSP), which the City and CCSD have an agreement for joint ownership of all parks in the LRSP. In addition, the City will solely own and maintain the future Civic Center Community Park located in the LRSP. **Figure 4.10-1** shows the current boundaries of the nearby parks and recreation service providers.

### **EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE**

The CCSD and City (cooperatively and individually) have existing facilities either constructed or planned immediately north of the proposed SOIA Area. This includes parks, open space, trails, community centers, specialized recreation facilities and maintenance facilities that serve the park and recreation needs of the various communities where the facilities are located. These facilities were sized to serve the population of the existing/planned community.

#### **City of Elk Grove**

The City of Elk Grove is authorized to provide parks and recreational services within the City. As mentioned, the City will construct the future Civic Center Community Park, which will be jointly constructed with the City's future Civic Center located in the LRSP.

#### **Cosumnes Community Services District**

The CCSD provides parks and recreation to the City of Elk Grove and the unincorporated areas in the region. The District encompasses roughly 157 square miles and an estimated population of 183,333 people, of which 160,688 are in the Elk Grove area. CCSD currently operates over 93 parks, two community centers, four recreation centers, and two aquatic complexes. CCSD also provides many recreation programs and activities to residents within the district.

CCSD is active in planning for and constructing park sites and recreational facilities to meet service demands. CCSD follows a 10 step process to plan, design, and construct park projects. On average, it requires 2 years and 3 months to complete a small park project, 3 years and 6 months for larger projects.

CCSD has established a Parks Master Plan to plan for future parks and recreational facilities over the next 10-15 year period. The Parks and Recreation Master Plan focuses on land, facilities and program needs, including a complete analysis of all District operational policy and funding mechanisms.

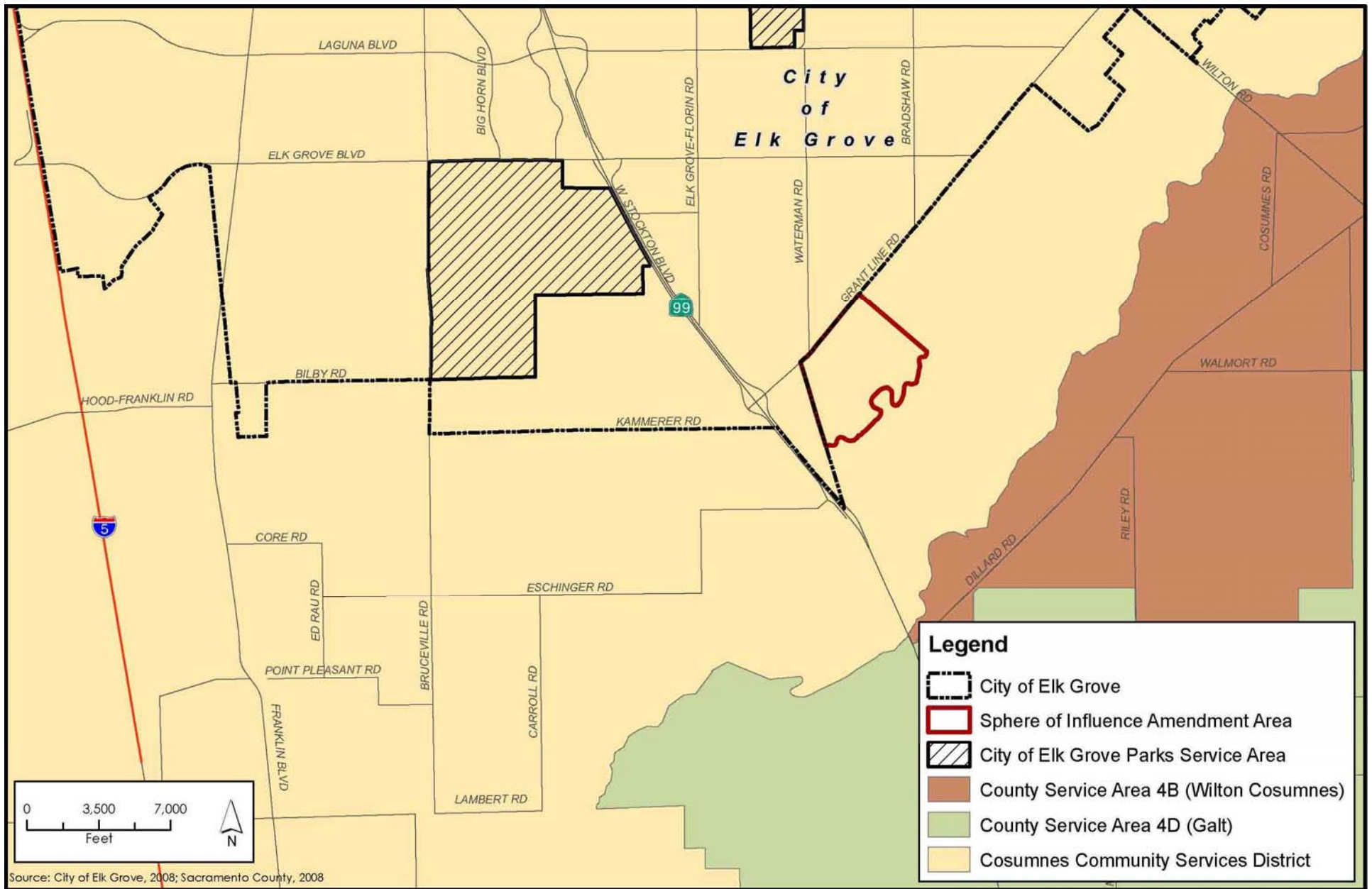


Figure 4.10-1 Parks and Recreation Service Providers



### PLANS AND REGULATORY REQUIREMENTS

#### State

##### Quimby Act

The Quimby Act (California Government Code Section 66477) was established by the California legislature in 1965 to preserve open space and parkland in the rapidly urbanizing areas of the State. This legislation was in response to California's increased rate of urbanization and the need to preserve open space and provide parks and recreation facilities for California's growing communities. The Quimby Act authorizes local governments to establish ordinances requiring developers of new subdivisions to dedicate land for parks, pay an in-lieu fee, or perform a combination of the two.

The Quimby Act provides two standards for the dedication of land for use as parkland. If the existing area of parkland in a community is greater than three acres per 1,000 persons, then the community may require dedication based on a standard of up to five acres per 1,000 persons residing in the subdivision. If the existing amount of parkland in a community is less than three acres per 1,000 persons, then the community may require dedication based on a standard of only three acres per 1,000 persons residing in the subdivision. The Quimby Act requires a city or county to adopt standards for recreational facilities in its General Plan recreation element if it is to adopt a parkland dedication/fee ordinance.

Both the County and the City collect Quimby Act in-lieu fees. These fees contribute to a fund that would be used to acquire properties for parkland. The City's standards for parkland dedication under the Quimby Act are provided in the discussion of local regulations below.

#### Local

##### Cosumnes Community Services District Parks Master Plan

The Cosumnes Community Services District Parks Master Plan was conditionally approved by the CCSD in 2008 with final acceptance by the City in 2010. The Park Master Plan takes a system-wide approach to address recreation needs in the Elk Grove community and provides infrastructure direction for all areas in the CCSD/City service area. The CCSD had coordinated efforts with the City to update the Master Plan and ensure the document's vision, standards, and strategies meet the needs of both agencies.

##### Applicable City of Elk Grove General Plan Provisions

**PF-23:** The City will coordinate with independent public service providers, including schools, parks and recreation, reclamation, water, transit, electric and other service districts, in developing financial and service planning strategies.

**PTO-4:** New residential developments may be required to, at a minimum, provide parks consistent with the Quimby Act (CA Govt. Code Section 66477), through land dedication, fees in lieu, or on-site improvements at a standard of five (5) acres of land for parks per 1,000 residents. Land dedication and/or payment of in-lieu fees shall be required consistent with state law. Land dedication and/or fees may be required pursuant to other policies in this Element with or without the use of the authority provided in the Quimby Act, or in combination with the Quimby Act and other legal authority.

**PTO-15:** The City views open space lands of all types as important resource which should be preserved in the region, and supports the establishment of multipurpose open space areas to address a variety of needs, including, but not limited to:

- Maintenance of agricultural uses;
- Wildlife habitat;
- Recreational open space;
- Aesthetic benefits; and
- Flood control.

To the extent possible, lands protected in accordance with this policy should be in proximity to Elk Grove, to facilitate use of these areas by Elk Grove residents, assist in mitigation of habitat loss within the City, and provide an open space resource close to the urbanized areas of Elk Grove.

### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and affected agencies, and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4). In addition, LAFCo requires that any annexation provide for the lowest cost and highest quality of urban services (Section I, Standard Number 5).

### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

The proposed SOIA Area currently demands minimal parks and recreation services, as the area remains primarily agricultural. As the future development of the Park Complex would provide a multi-sport park complex to serve the recreational needs of the City and Sacramento region, the remaining SOIA Area is expected to continue at the current service level as no specific land use plan has been defined.

If approved, the proposed SOIA will provide direction to the responsible parks and recreation service providers about the location and extent of the City's growth. This will allow the service provider to conduct the necessary planning to ensure adequate services and infrastructure are available.

The CCSD is capable of providing parks and recreational services to the proposed SOIA Area to serve development, as the number of residents increase.

Parks and recreation services would need to be developed based on the needs of the community.

Typical facilities could include:

- Local parks;
- Greenbelts/Trails/Paseos;
- Neighborhood parks;
- Open Space/Natural Areas;
- Community parks;
- Community Centers;

- Regional Parks;
- Aquatic Centers;
- Sports Complexes;
- Maintenance Operations Facilities; and
- Special Use Parks.

### DETERMINATION

#### Parks and Recreation

The Commission will make this determination after the Draft MSR public circulation and review period.

### 4.11 Libraries

The Sacramento Public Library Authority is the library services provider for most of the Sacramento area, including the proposed SOIA Area. There are no expected changes in the library service provider.

#### EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE

##### **Sacramento Public Library Authority**

The Sacramento Public Library Authority (SPL) is governed by a Joint Exercise of Powers Agreement between the County of Sacramento and the Cities of Citrus Heights, Galt, Isleton, Elk Grove, Rancho Cordova, and Sacramento. The purpose of the Sacramento Public Library Authority is to provide public library services that provide open access to diverse resources and ideas that inspire learning, promote reading, and enhance community life to all citizens in member jurisdictions. The SPL operates 28 branches and bookmobiles to provide a variety of library services to residents of the City of Elk Grove and Sacramento County, serving over 1.3 million residents. The Library's total collection houses approximately 2,000,000 volumes of print, including books and periodicals, in addition to providing over 100,000 audio-visual items, with approximately 1.62 library holdings per capita.

The SPL has conducted adequate long-range planning to assess current needs and for planning future library facilities. SPL has established a Library Facilities Master Plan, which the plan utilizes population projections to project future service needs in an area. Libraries are typically planned and built to accommodate increasing populations in the area, and may include expansion potential on existing sites.

Currently, no physical library services are provided within the proposed SOIA Area. As the proposed SOIA Area is currently undeveloped, there is little to no demand for library services. There are two library branches near the proposed SOIA Area, the Elk Grove branch and the Franklin Community branch, and both are located within the current City limits.

The Elk Grove Library, located at 8900 Elk Grove Boulevard, serves Elk Grove east of Highway 99. The library is located at the entrance to Old Town Elk Grove, near a number of schools and along two major thoroughfares for the eastern side of the City. The 13,785 square foot, City owned, two-story building opened in December 2008 and includes a group study room, a community meeting room, and public access computers. In 2007, the Elk Grove City Council approved a ten-year lease agreement with the Sacramento Public Library Authority to staff and operate the library. The branch is expected to serve a population of approximately 70,000.

The Franklin Community Library, located at 10055 Franklin High Road, serves Elk Grove west of Highway 99. The 19,621 sq. ft. branch was built in 2002, is jointly operated by Elk Grove Unified School District and SPL. The branch is conveniently co-located with Toby Johnson Middle School and Franklin High School. The branch is expected to serve a population of approximately 70,000.

#### PLANS AND REGULATIONS RELATIVE TO SERVICE PROVISION

There are no federal or state policies regarding library services that are directly applicable to the proposed SOIA.

**Local**

Sacramento Public Library Authority Facility Master Plan 2007 – 2025

The Sacramento Public Library Authority has developed a tiered three level approach to planning standards, with a Threshold, Target, and Prime standard. The current Threshold requirement is 0.40 square feet of library space per 1,000 residents.

City of Elk Grove General Plan

There are no specific policies associated with libraries that would apply to the proposed SOIA.

**PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS**

SPL continually plans for future library service needs. SPL's Library Facilities Master Plan defines the new facilities needed through the year 2025, based on current demands and projected population growth. The Master Plan states that SPL expects significant growth in the southern and northeastern parts of the City. Although the current Master Plan does not locate any library facilities within the SOIA Area, three new branches are being planned within the City. Two of those new branches are anticipated to be located near the proposed SOIA Area, in the southern and western edge of the City. Short term plans call for a new library in the southwest portion of the City by 2015. SPL staff has stated that master planning of library services for this area will occur as more definitive information is available.

The proposed SOIA Area will remain served by locations some distance away until sufficient demand for library services arises in the area. Currently, there is little to no demand for library services, and as such, no library services are being provided in the area. When there is sufficient demand, it is expected that SPL will be able to provide library facilities in the proposed SOIA Area.

**DETERMINATION**

Libraries

The Commission will make this determination after the Draft MSR public circulation and review period.

### 4.12 Electricity and Natural Gas

#### EXISTING LEVELS OF SERVICE AND INFRASTRUCTURE

Electricity is currently supplied by the Sacramento Municipal Utility District. Containerized Natural Gas service is the only service currently available in the proposed SOIA Area. The proposed SOIA Area could be supplied by Pacific Gas & Electricity, a private, investor owned provider, overseen by the California Public Utilities Commission (PUC).

#### **Sacramento Municipal Utility District**

##### Electrical Services

Sacramento Municipal Utility District (SMUD) is currently providing electricity service to customers in Sacramento County and a small part of Placer County. SMUD has sufficient electricity generation capacity to provide adequate electrical supplies from its power plants, including hydroelectric, natural gas, wind, and solar-power electrical generation facilities. In addition, SMUD is able to purchase additional electricity as the need arises.

#### **Pacific Gas and Electricity**

##### Natural Gas Service

The proposed SOIA Area is within the service area the Pacific Gas and Electric Co. (PG&E), which currently does not have any existing natural gas facilities within the proposed SOIA Area. PG&E is currently providing natural gas service to most of northern California. PG&E has an extensive natural gas distribution pipeline network to provide adequate service in the Sacramento area. All construction and maintenance activities for natural gas facilities are the responsibility of PG&E. PG&E is an investor owned utility, subject to the oversight of the CA Public Utilities Commission (PUC) instead of the purview of LAFCo.

#### PLANS AND REGULATIONS AFFECTING SERVICE PROVISION

#### **Local**

##### Sacramento LAFCo Policies, Standards, and Procedures

Sacramento LAFCo Policies, Standards, and Procedures require that any proposed annexations are consistent with applicable service elements of the Sphere of Influence of the City and that adequate services be provided within the time frame needed for the inhabitants of the annexation area (Section I, Standard Number 4). In addition, LAFCo requires that any annexation provides for the lowest cost and highest quality of urban services (Section I, Standard Number 5).

#### PROPOSED SPHERE OF INFLUENCE AMENDMENT AREA PLANNED LEVEL OF SERVICE AND IMPROVEMENTS

#### **Sacramento Municipal Utility District**

##### Electrical Services

SMUD is able to expand services to provide adequate electrical services in the proposed SOIA Area. Area specific planning will be conducted when service demands require an expansion of services in the area to

ensure adequate facilities to serve the area. Electrical facilities could be extended from nearby facilities to serve the proposed SOIA Area. SMUD is expected to remain the future electrical service provider, as SMUD is the electrical service provider for the area.

SMUD routinely plans for future electrical service needs. SMUD's Systems Plan is updated annually and is based on the latest summer peak information. The information is used to determine which projects are needed over the next five years in order to continue reliable service.

### **Pacific Gas and Electricity**

#### Natural Gas Service

PG&E has stated that natural gas service can be provided to the proposed SOIA Area in the event of development. PG&E is capable of expanding services to provide adequate natural gas services. Area specific planning will be conducted when service demands require an expansion of services in the area to ensure adequate facilities to serve the area. Natural gas facilities could be extended from nearby facilities to serve the proposed SOIA Area. PG&E is expected to be the future natural gas service provider, as PG&E is the natural gas service provider for the area.

#### DETERMINATION

#### Electricity and Natural Gas

The Commission will make this determination after the Draft MSR public circulation and review period.

---

## **5.0 FINANCING ABILITY**

---



## 5.0 FINANCING ABILITY

This section examines the fiscal status of the City of Elk Grove, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the City to provide future services. Annual financial statements from fiscal year (FY) 2013-14 were reviewed to determine the fiscal status of the City.

It should be noted that services which may be provided by other affected agencies will be subject to the policies, infrastructure and finance planning of the respective agencies. Such discussion is not addressed in this MSR.

### CITY FINANCES

Financial Stability: The City is financially stable, as the City has sufficient assets and funds available for the continued operation of the City. The Comprehensive Annual Financial Report (CAFR), the City's audited financial statements, highlights the City's financial situation. For the fiscal year beginning July 1, 2013 to June 30, 2014, the City's financial highlights included:

- The City's net assets exceeded liabilities by \$1.3 billion, with \$34 million in unrestricted net assets to be used to meet ongoing obligations;
- The City has a governmental fund balance of \$134.7 million;
- The City's long term debt decreased by \$5.1 million. This decrease represents the payment of principal on long-term debt during the year.
- The City added capital assets of \$3.5 million for capital street improvements, facilities, and equipment; and
- The City has committed reserves available of \$11 million available for continuation of operations.

### Revenues

Taxes account for the City's largest single revenue source. Most of the taxes received are not restricted and are used for general city purposes in the general fund. These taxes include property tax, sales tax, utility user's tax, and franchise tax. **Table 5.0-1** shows the City's major revenue sources

**Table 5.0-1**  
**Revenues FY 2013-14**

Major Revenue Sources	Amount, in millions
Taxes	\$38.8
Licenses, fees, and permits	\$15.6
Intergovernmental	\$44.7
Fines and forfeitures	\$1.3
Charges for services (Business-type activities)	\$3.1
Investment earnings	\$5.3
<b>Total</b>	<b>\$113.4</b>

Most City services are supported by the General Fund. The General Fund contains all the City’s general revenues that are not specifically levied or collected for other City functions and related expenditures. During FY 2013-14, the City had a total general fund balance of \$24.6 million, with \$5.9 million unassigned for a specific use. The General Fund provides support to such areas as general governmental operations, public safety, roadways, and community development.

Specific municipal services, which depend on usage, are almost entirely supported by enterprise funds. Services include drainage, solid waste, and transit. Enterprise funds are generally sufficient to cover existing operating costs. Unlike most enterprise funds that are fully funded from user fees, the Transit operations receives its operating revenue from multiple sources including transit grants, local transportation funding and user fees.

The major sources of revenues for the City include the following:

- Property Tax - The State Constitution (Proposition 13) sets the base property tax rate at 1 percent of assessed value. The City receives a portion of the property tax generated in the City, with the majority of the revenue going to the County.
  - Under the terms of incorporation, the City transfers a percentage of its property tax revenues from the original City boundary to Sacramento County for a period of 25 years, pursuant to the revenue neutrality arrangement as conditioned by LAFCo. as demonstrated in the following **Table 5.0-2**. For fiscal year 2011-12 the City’s was in their twelfth year and received 20% of the property tax. In fiscal year 2014-15 the City’s share will increase to 25%.
  - The City gradually pays the County less over this 25-year period under the terms of the revenue neutrality agreement. **Table 5.0-2** shows the revenue neutrality agreement with the County for each year after incorporation, and the percentage each agency receives.

**Table 5.0-2  
Revenue Neutrality Tax Agreement**

Years	County	City
1-5	90%	10%
6-10	85%	15%
11-14	80%	20%
15-18	75%	25%
19	70%	30%
20	60%	40%
21	50%	50%
22	40%	60%
23	30%	70%
24	20%	80%
25	10%	90%
26+	0%	100%

- Sales and Use Tax – The City receives its local share of taxable items sold within the City limits. Sales Tax is the largest single General Fund revenue source, with major portions from the auto sector (approximately one fourth of the total). The City has experienced increases in sales tax generation since the end of the Great Recession, but has not returned to the amounts experienced before the Great Recession
- Enterprise Funds – The City receives funds that are used to account for self-supporting activities which provide services on a user-fee basis. Fees collected support operating and capital improvements costs for drainage, solid waste, and transit.
- Other Revenue – The City receives other significant revenues from the transfer tax, motor vehicle in-lieu (VLF) fee, interest, highway users tax (gasoline tax), and grant monies.

**EXPENDITURES**

Most of the City’s expenditures are for providing public services to residents. Major expenditures are shown on Table 5.0-3.

**TABLE 5.0-3  
EXPENDITURES FY 2013-14**

Major Expenditure Categories	Amount, in millions	Activity	Amount, in millions	Percent
General Governmental Activities	\$120.3	General Government	\$16.2	11%
		Public Safety	\$33.1	22.7%
		Public Works	\$58.4	40%
		Community Development	\$7.8	5.3%
		Debt Service	\$4.8	3.3%
Business-Type Activities	\$25.7	Solid Waste	\$13.1	9%
		Transit	\$9.6	6.6%
		Drainage	\$3.1	2.1%
<b>Total</b>	<b>\$146.</b>	<b>Total</b>	<b>\$146.</b>	<b>100%</b>

The City has continued its practice of funding operations with current revenues and draws down on its reserves for a onetime expenditure. However, the City’s revenues and expenditures fluctuate each year, and the City closely monitors and adjusts its planned expenditures during the year to maintain a balance budget. The City’s current Revenue Neutrality arrangement helps alleviate some of the net negative impact of decreases in property tax that occurred since the Great Recession. Assessed valuation growth is now expected to return in 2015-16.

The Proposed FY 2015-16 Budget reflects moderate growth in the City’s major revenue sources and commensurate growth in operating expenses. The General Fund budget, which primarily funds public safety, administration, and governance, proposes balanced operations with one-time use of reserves on a limited basis. The Proposed FY 2015-16 Budget assumes no significant changes in compensation for employees.

Employee concessions currently in place will remain.. The current five-year forecast for the General Fund indicates that fund balance may be needed to maintain daily operations and potential special projects in years two and three.

The City of Elk Grove will fund \$127 million on transportation, drainage, and facility projects over the next five years through the 2015-20 CIP. The proposed 2015-20 CIP projects range in priority from imperative to important. Examples of Priority 1 projects include accessibility improvements, bridge preventative maintenance, roadway maintenance, and the animal shelter. Major construction activities for the coming year include completing construction of the Grant Line Road Bridge and Widening project, the Aquatics Center, the Veterans' Hall, the Bond Road Storm Drain Upsizing project, and Horseshoe Park. Notable projects continuing in project development include Kammerer Road Widening and Extension, the Senior Center, Elk Grove Multi-Sport Park Complex, the Elk Grove Animal Shelter, intersection improvements along Sheldon Road, and the Old Town Elk Grove Streetscape Project.

Most of the proposed projects, however, position the City to enhance traffic capacity, invest in economic development, and leverage available funding sources. More details can be found in the City's 2015-20 Capital Improvement Program within the City's 2015-16 adopted budget.

### **Long Term Debts**

The City continues to pay off its long term debt obligations. For the FY ending in 2013-14, the City had total primary government debt totaling \$103.2 million, \$91.1 million special assessment bonds, \$12.1 million Lease revenue bonds and \$10 million in Enterprise debt. These current long-term debt obligations are not a significant burden for the City and repayment is funded from a variety of sources include user fees, community facility districts and the General Fund. Cities generally incur long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City has not defaulted on any of these debts and is able to continue making regular payments while maintaining a strong level of fund debt service reserves.

### **Future Growth Impacts**

Future growth is not expected to have a significant negative impact on the City's financing of needed infrastructure. Although future growth areas will require municipal services, they will also contribute funds to the City and affected agencies to construct the required infrastructure to serve new development, offsetting costs. Future growth is required to pay its fair share to upgrade and expand municipal utilities to adequately serve new development, resulting in no negative financial impacts to current residents regarding the expansion of new infrastructure. The City has established comprehensive finance programs to allow the City to collect sufficient funds on time in order to allow major new projects. As the City is currently financially stable, it is anticipated that the City will remain financially stable as new growth occurs.

The City has the following General Plan policies to ensure adequate financing for development projects:

**PF-19:** Public facilities should be phased in a logical manner which avoids "leapfrog" development and encourages the orderly development of roadways, water and sewer, and other public facilities. The City shall not provide public financing or assistance for projects that do not comply with the planned phasing of public facilities. Interim facilities may be used only if specifically approved by the City Council.

**PF-20:** The City shall require secure financing for all components of the transportation system through the use of special taxes, assessment districts, developer dedications, or other appropriate mechanisms in order to provide for the completion of required major public facilities at their full planned widths or capacities in one phase.

**PF-21:** New development shall fund its fair share portion of its impacts to all public facilities and infrastructure as provided for in state law.

**PF-23:** The City will coordinate with independent public service providers, including schools, parks and recreation, reclamation, water, transit, electric and other service districts, in developing financial and service planning strategies.

Services provided by the City of Elk Grove are primarily funded by taxes and fees. Fees are charged for services such as drainage, solid waste, and transit. The City is financially stable, as operational expenditures are consistently monitored not to exceed revenues. Capital project expenses are expected in some years to exceed Capital revenues which would be expected as revenues are collected to fund future projects.

Future growth is not expected to have a significant negative impact on the City's future financial status. Although future growth areas will require municipal services, future developments are required to contribute to offset the costs of new infrastructure and services required.

### **Determination**

---

## **6.0 SHARING OF FACILITIES**

---

## **6.0 SHARING OF FACILITIES**

This section evaluates sharing of facilities for needed infrastructure and improvements, including implemented measures and potential opportunities for shared facilities for City Departments and other agencies to reduce costs while improving service levels.

### **CITY OF ELK GROVE**

#### **Law Enforcement**

Prior to 2005, the City of Elk Grove contracted for law enforcement services from the Sacramento County Sheriff's Department. The City now provides its own law enforcement services. Both agencies provide mutual aid and collaborate on several operational areas. Jail services for the booking and housing of City prisoners is provided by agreement with the Sheriff's Department as are radio services. The two agencies periodically evaluate potential opportunities for the sharing of facilities, but none are presently under consideration.

#### **Solid Waste and Public Transit**

The City currently contracts with private providers for solid waste and public transit services. In April 2014, the City opened its Special Waste Collection Center that accepts typical household hazardous waste. The City also a signatory to a Memorandum of Understanding with Sacramento County, City of Sacramento, City of Rancho Cordova, and City of Galt to allow the drop off of household and small business hazardous waste at any special waste collection center located within the participating local jurisdiction. For the City's public transit system (E-Tran), transit routes are coordinated with Sacramento Regional Transit (RT) bus and light rail services, and South County Transit/Link (SCT/LINK) service, to areas outside the City. In addition, E-Trans also coordinates with RT for the use of bus stops located within RT's service area. The Public Works Department has not identified any other potential opportunities for the sharing of facilities with another agency.

### **COSUMNES COMMUNITY SERVICES DISTRICT**

#### **Fire Protection and Emergency Medical Response**

As the only fire and emergency services provider for the area, there are no opportunities for the CCSD to share facilities with another agency. However, fire and emergency services in Sacramento County have developed a Joint Powers Authority (JPA) for a unified dispatch system. Under the JPA, the closest unit available is dispatched to an incident and fire district boundaries are not an issue when an incident occurs. The JPA is comprised of the City of Sacramento Fire Department, Sacramento Metropolitan Fire District, Folsom Fire District, and CCSD Fire Department. The Wilton Fire Protection District (WFPD) is located southeast of the SOIA, south of the Cosumnes River, and is staffed primarily with volunteers. Both CCSD Fire and WFPD participate in mutual aid agreements.

### **COSUMNES COMMUNITY SERVICES DISTRICT/CITY OF ELK GROVE**

#### **Parks and Recreation**

Both CCSD and the City currently provide parks and recreational services. Currently, CCSD and the City do not share any parks and recreational facilities with exception to those located in the Laguna Ridge Specific Plan (LRSP). Recently, a Memorandum of Understanding (MOU) was executed between the City and CCSD, which both agencies would work jointly and cooperatively on the development of new parks within the City. This would include new parks in the LRSP, Silverado, Sterling Meadows, and the Southeast Policy Area. The

City would provide the funding of parks via development impact fees. Upon construction the parks, ownership is transferred to the CCSD. The only exception is the Civic Center Community Park in the LRSP, which is planned to be owned and maintained by the City.

SACRAMENTO AREA SEWER DISTRICT / SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT

**Wastewater**

Areas served by the Sacramento Area Sewer District (SASD), which includes the City of Elk Grove, City of Rancho Cordova, City of Citrus Heights, City of Folsom, and City of Sacramento are benefiting from SRCSD through the cost and administrative benefits of sharing one regional network and facility, rather than operating their own treatment plants. Services are more efficient and costs are shared among a larger population who benefit.

The service providers are benefiting from a cost avoidance opportunity by contracting with the County's Water Quality Department for employees to maintain and operate their facilities. Sacramento Regional County Sanitation District (SRCSD) and SASD do not have any employees in their agencies. The contract workers from the County are already skilled, and because they are from the same department, they both benefit from information sharing and training. The two agencies also benefit from facility sharing, as some of the workers operate out of the same building. The two agencies maintain separate equipment.

The two agencies have a Master Interagency Agreement with other agencies regarding wastewater management. The facilities are already being shared across multiple agencies and jurisdictions. SASD provides services to unincorporated areas of Sacramento County, the cities of Citrus Heights, Elk Grove, Rancho Cordova, as well as portions of the cities of Folsom and Sacramento. SRCSD provides wastewater treatment for SASD and the cities of Elk Grove, Citrus Heights, Rancho Cordova, Folsom, Sacramento, and West Sacramento.

Currently, less than half of the proposed SOIA Area is within the service area of SASD and SRCSD.

SACRAMENTO COUNTY WATER AGENCY/ELK GROVE WATER DISTRICT/OMOCHUMNE-HARTNELL WD

**Water**

The Sacramento County Water Agency (SWCA) works closely with Sacramento County's Municipal Service Agency, Department of Water Resources. SWCA is considered a dependent special district that is overseen by the County Board of Supervisors. SWCA frequently utilizes the County's staff and resources, including various facilities and equipment. Because it is a County agency, the SCWA is not subject to LAFCo purview.

In addition, SCWA works with the Elk Grove Water District (EGWD) by providing wholesale water to EGWD's Tariff Area No. 2. EGWD is utilizing SCWA's services and infrastructure to obtain water. The proposed SOIA is not within the SOI or service area of the EGWD.

In addition, EGWD has multiple emergency inter-tie connections throughout the perimeter along SCWA's service area. SWCA can supply emergency water to the other portion of EGWD's service area, known as Tariff Area No. 1. During an emergency, the inter-ties would be opened to allow one agency to supply water to another agency. Tariff Area No. 1 currently depends on groundwater.

The Omochumne-Hartnell Water District (OHWD) primarily serves agricultural users adjacent to the Cosumnes River and Deer Creek. The SOIA Area is located within the overlap service area of the OHWD and SCWA. OHWD has historically purchased and managed supplemental water from the Central Valley Project. OHWD service area includes approximately 30,000 acres that is generally bounded by Grant Line Road to the north; SR-99 to the west; extends up to 1.5 miles to the south of the Cosumnes River; and an east



boundary that extends from the southeast corner of the jurisdictional boundary of Ranch Cordova to southwest of Rancho Murieta. It is anticipated that no urban water would be provided by OHWD.

**DETERMINATION**

The Commission will make this determination after the Draft MSR public circulation and review period.

---

## **7.0 ACCOUNTABILITY, STRUCTURE, AND OPERATIONS**

---

## 7.0 ACCOUNTABILITY, STRUCTURE, AND OPERATIONS

This section examines how well the City makes its processes transparent to the public and invites and encourages public participation. Overall management practices are discussed and considered. This section includes a discussion of the City’s ability to meet its demands under its existing government structure, alternatives to the current government structure, boundaries, and future service areas.

### ACCOUNTABILITY AND GOVERNANCE

#### City Council

The City is able to operate effectively under a City Council-Manager form of government. The City Council serves as the legislative, policy making body for the City. The duties of the City Council include the review and approval of an annual budget, establishing community goals and objectives, approving the City's General Plan and initiating the proposed SOIA, reviewing and approving major projects and hearing community problems and concerns. The City Council is also responsible for appointing a City Manager, City Attorney, and City Clerk.

The current City Council is shown below.

Gary Davis, Mayor	Citywide
Patrick Hume, Vice Mayor	District 2
Steven Detrick, Councilmember	District 3
Steve Ly, Councilmember	District 4
Darren Suen, Councilmember	District 1

The City Council is able to adequately represent its residents. The City Council is composed of five elected representatives on the City Council, the mayor and four councilmembers. The office of the elective mayor is decided by the voters, with the position elected citywide (at-large), having a residency requirement within the City limits, and serves a two-year term. There are four council residency districts, and councilmembers are elected citywide (at-large) and serve four-year terms. Each district is a separate geographical area, each with a population of over 38,000 residents. Each councilmember must reside within the district of the City that they oversee. The District boundaries were last updated and adopted by the City Council on July 13, 2011. A vice mayor is selected annually by the City Council and serves a one-year term. City Council elections are held with staggered terms (two positions are filled in one election, two positions in the next election).

#### Public Participation

The City Council welcomes and encourages participation by Elk Grove residents in City Council meetings. The City Council holds regular meetings on the second and fourth Wednesday of each month at City Council Chambers, located at 8400 Laguna Palms Way. City Council meetings are noticed and published according to California’s Open Meeting Law, known as the Brown Act. Agendas for the City Council meetings and Council committee meetings are available on the City’s website and in City Hall. Public meetings are held in compliance with Brown Act requirements, which govern open meetings for local government bodies.

The City provides many other ways to view City Council meetings. City Council meetings are broadcasted live on the cable television government channel, Channel 14. The meetings are then rebroadcast days after

the meeting. Live and archived broadcasts of the Council meetings are also available on the City's website at [www.elkgrovecity.org](http://www.elkgrovecity.org).

Extensive public information is readily accessible through the City's website, at <[elkgrovecity.org](http://elkgrovecity.org)>. Residents may also contact the City at 8401 Laguna Palms Way, or by telephone at (916) 683-7111.

The Planning Commission meetings are also open to public participation. The Planning Commission holds regular meetings on the first and third Thursday of every month at 6:30 P.M. in City Council Chambers.

### GOVERNMENT STRUCTURE

#### **General Law City**

The City is able to operate effectively under the current General Law statutes. The City of Elk Grove was incorporated as a general law city on July 1, 2000 and operates under the general law statutes defined under the California Government Codes, which enumerates their powers and specifies their structure. This form of government allows the City to provide the following services: public safety, streets, solid waste/recycling, sanitation, culture, parks and recreation, public improvements, land use planning and zoning, general administrative services. Services provided by others include: utilities, electricity, and other general governmental services contract – street lighting, etc. No change in the current government structure is necessary to continue the adequate provision of municipal services in consultation and coordination with affected agencies and service providers. As a City, Elk Grove is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets and fees, and sue or be sued.

#### **Charter City Considerations**

The City Council had at one time expressed interest in considering becoming a Charter City. In 2007, the City Council appointed five persons to a Charter Exploratory and Election Reform Committee to “research and enumerate the advantages or disadvantages of the General Law and City Charter forms of government”, and to “study election reform issues”. The Committee completed their report in December 2007, which provided the City Council with an overview of the issues, advantages, and disadvantages of each form of government. As a charter city, the City can have more autonomy over the City's municipal affairs. On March 26, 2008, the Elk Grove City Council formally established the Charter Commission. The Charter Commission was tasked with creating a City Charter for consideration by the Elk Grove City Council. The Charter Commission submitted its final report and proposed charter language to the Elk Grove City Council in January 2010. At that meeting, the City Council chose to postpone indefinitely the matter of the Elk Grove City Charter and disbanded the Commission. No further action in regards to establishing Charter City status has been pursued since 2010. Regardless, a change from a General Law City to a Charter City would not cause a significant adverse affect to the provision of municipal services.

### INTERNAL MANAGEMENT STRUCTURE AND OPERATIONS

The City has a sufficient organizational structure to efficiently provide services and remain accountable. The City is organized into five groups, which include: Executive Group, Police Department, Human Resources, Development Services Group, and Administrative Services Group. No significant management deficiencies in each group or department have been identified, relative to coordination or oversight of the public services provided by the City, other agencies, and contracted service providers.

The City budget is usually an indicator of management efficiency. According to information contained in the approved budgets and financial audits, as analyzed in section 5.0, Financing Ability, the City is financially stable. Contained in the budget is the purpose of each department and division, goals, and accomplishments. The current organizational structure is currently effective and no significant changes are proposed.

DETERMINATION

The Commission will make this determination after the Draft MSR public circulation and review period.

**REFERENCES**

**SOURCE MATERIALS**

**City of Elk Grove**

Annual Growth Report. 2014

City Council Meeting Agendas, Staff Reports, Meeting Minutes, and Resolutions

Comprehensive Annual Report for the Year Ended June 30, 2014

Elk Grove Sphere of Influence Amendment Application, May 21, 2008

Final Budget, FY 2014-2015

General Plan, Adopted 2003, with Amendments through 2009

General Plan Background Report

General Plan Environmental Impact Report

Website: [www.elkgrovecity.org](http://www.elkgrovecity.org)

Website: [www.elkgrovepd.org](http://www.elkgrovepd.org)

**Sacramento Local Agency Formation Commission**

LAFCo Meeting Agendas, Staff Reports, and Meeting Minutes

Sacramento LAFCo Policy, Standards, and Procedures Manual

Service Providers Directory and Maps

Website: [www.saclafco.org](http://www.saclafco.org)

**Assembly Committee of Local Government**

Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. November 2007

**California Department of Conservation**

Farmland Mapping and Monitoring Program. Important Farmland Data. 2010

**California Department of Finance**

City/County Population Estimate

**Cosumnes Community Services District**

Website: [www.yourcsd.com](http://www.yourcsd.com)

**County of Sacramento**

County General Plan

Jackson Highway Visioning Area Workshop Materials

Vineyard Community Plan

Website: [www.saccounty.net](http://www.saccounty.net)

Website: <http://www.acr.saccounty.net>

Website: <http://www.ofm.saccounty.net>

Website: <http://www.msa.saccounty.net>

Website: <http://www.sacsheriff.com>

**Elk Grove Water Service**

Website: [www.egws.org](http://www.egws.org)

**Governor's Office of Research and Planning**

Municipal Service Review Guidelines, August 2003

**Omochumne-Hartnell Water District**

Website: [www.ohwd.org/index.html](http://www.ohwd.org/index.html)

**Sacramento Area Council of Governments**

Metropolitan Transportation Plan/Sustainable Communities Strategy 2035 Update, Adopted April 19, 2012

Metropolitan Transportation Plan/Sustainable Communities Strategy 2016 Update

**Sacramento Area Sewer District**

Website: [www.sacsewer.com](http://www.sacsewer.com)

**Sacramento County Water Agency**

Water Quality Report. 2006

Zone 40 Groundwater Management Plan. 2004

Zone 40 Water Supply Master Plan. 2005

Zone 40 Water System Infrastructure Plan. 2006

Zone 41 Urban Water Management Plan. 2005

Website: <http://www.waterresources.saccounty.net/scwa/Pages/default.aspx>

**Sacramento Public Library Authority**

Website: [www.saclibrary.org](http://www.saclibrary.org)

**Sacramento Regional County Sanitation District**

SRWTP 2020 Master Plan

Website: [www.regionalsan.com](http://www.regionalsan.com)

**Southeast Sacramento County Agricultural Water Authority**

Website: [www.sscawa.org/sscawa/omo\\_dist.cfm](http://www.sscawa.org/sscawa/omo_dist.cfm)

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION COMMISSIONERS

Jack Harrison, Public Member

Chris Little, Public Member Alternate

Sue Frost, City Member

Angelique Ashby, City Member

Patrick Hume, City Alternate

Allen Warren, City Alternate

Ron Greenwood, Special District Member

Gay Jones, Special District Member

Paul Green, Special District Alternate

Phil Serna, County Member

Susan Peters, County Member

Roberta MacGlashan, County Alternate



## SACRAMENTO LOCAL AGENCY FORMATION COMMISSION STAFF

Peter Brundage, Executive Officer

Donald J. Lockhart, Assistant Executive Officer

Diane Thorpe, Commission Clerk

Nancy Miller, Commission Counsel

## CITY OF ELK GROVE CITY COUNCIL MEMBERS

Gary Davis, Mayor

Patrick Hume, Mayor Pro Tem

Steven Detrick, Councilmember

Steve Ly, Councilmember

Darren Suen, Councilmember

## REPORT PREPARERS

### **City of Elk Grove**

Darren Wilson, PE, Planning Director

Christopher Jordan, AICP, Planning Manager

Gerald Park, Senior Planner