

City of Sacramento

Legislation Text

File #: 2019-00169, **Version:** 1

Title:

Agreement: Major League Soccer Stadium Advisory Services

File ID: 2019-00169

Location: Citywide

Recommendation:

Adopt a Resolution authorizing the City Manager or City Manager's designee to: 1) execute Supplemental Agreement No. 3 for Agreement No. 2018-0568 with CAA ICON Strategic Advisory, Inc. in an amount of \$100,000, for a total not-to-exceed amount of \$199,900; and 2) transferring \$175,000 from the General Fund (Fund 1001) Administrative Contingency to the Major League Soccer Project (I80020500).

Contact: John Dangberg, Economic Development Advisor to the City Manager (916) 808-1222; Michael Jasso, Assistant City Manager (916) 808-1380, Office of the City Manager

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Supplemental Agreement
- 3-Resolution

Description/Analysis:

Issue Detail: Major League Soccer (MLS) is considering options for the award of expansion teams to competing cities in the United States. Sac Soccer and Entertainment Holdings, LLC (SSEH) and it's the affiliates, including Sacramento Republic FC, are seeking an award of an expansion team in Sacramento. To be awarded an expansion team, an MLS-qualified stadium must exist or be constructed in the host city. There is no existing stadium in the City of Sacramento that meets MLS standards. Thus, a viable plan for construction of a new stadium must be in place in order to secure an expansion team.

The City will play an important role in any development of a major sports facility and will in turn benefit economically from an award of a professional sports team and development of a new sports and entertainment facility. A site in the Downtown Sacramento Railyards is under consideration for the stadium. SSEH is interested in discussing a public-private partnership with the City for the development of the stadium. It is critical that the City be well represented in those discussions by a sports facility consultant who knows the intricacies of MLS stadium development and operations.

CAA ICON Strategic Advisory is a global industry expert in the finance, development and operation of sports and entertainment facilities, and has expertise in professional sports league dynamics. CAA ICON (Dan Barrett) is currently under contract with the City to provide specialized advisory services related to sports facility finance and development. Supplemental agreement No. 3 in the amount of \$100,000 is requested to provide continuing advisory services for the completion of due diligence and potential preparation of terms for a public-private partnership with Sacramento Soccer and Entertainment Holdings (SSEH).

Further advisory services for the analysis of matters such as infrastructure cost, public infrastructure financing or similar items may be needed in the coming months. Funding of \$75,000 is recommended for those purposes.

Policy Considerations: None

Economic Impacts: Fostering economic development, creating jobs, reinvigorating the City's downtown core, and improving Sacramento's quality of life are anticipated outcomes of these efforts.

Environmental Considerations: Not Applicable

Sustainability: None.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: This recommendation is consistent with the purposes of the December 1, 2015 City Council action to support SSEH bid for an MLS expansion team. Since that time there have been significant changes to national the MLS market, including the award of three expansion teams to other cities. Economic conditions, including stadium and infrastructure costs, have also evolved. Further, there are potential changes in the controlling interest in SSEH necessitating a renewed discussion of the terms outlined in the 2015 Preliminary Term Sheet by the City Council.

Financial Considerations: Staff recommends the transfer of \$175,000 from the General Fund (Fund 1001) Administrative Contingency to the Major League Soccer Project (I80020500) to fund \$100,000

for CAA ICON contract and \$75,000 for contract services. Once the transfer is approved, there will be sufficient resources to fund the contracts.

Local Business Enterprise (LBE): None