

City of Sacramento

Legislation Details (With Text)

File #: 2019-00592 **Version:** 1 **Name:**
Type: Discussion Item **Status:** Agenda Ready
File created: 4/11/2019 **In control:** City Council - 5PM
On agenda: 4/30/2019 **Final action:**
Title: Destination Sacramento Program
Sponsors:
Indexes: Budget Change
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Title:
Destination Sacramento Program

File ID: 2019-00592

Location: District 4, The Old Sacramento Waterfront, District 4.

Recommendation:

Adopt a Resolution: 1) establishing the Destination Sacramento Program multi-year operating project (MYOP) (I02185000); 2) authorizing the City Manager or the City Manager's designee to transferring appropriate transferring \$5,000,000 to the project from off from available fund balance in the 2018 TOT Transient Occupancy Tax Taxable Revenue Bond Funds, Taxable Fund (Fund 6331) for to the Destination Sacramento Program (I02185000); and 3) directing staff to proceed with the project feasibility phase for the Destination Sacramento Program, starting with the waterfront.

Or:

Adopt a Resolution: 1) establishing the Destination Sacramento Program multi-year operating project (MYOP) (I02185000); 2) authorizing the City Manager or the City Manager's designee to establishing an expenditure budget of \$5,000,000 from the 2018 TOT Revenue Bonds, Taxable Fund (6331) appropriate transferring \$5,000,000 off from available fund balance in the 2018 Transient Occupancy Tax Taxable Revenue Bond Fund , Taxable (Fund 6331) for to the Destination Sacramento Program (I02185000); 3) committing residual TOT transient occupancy tax capacity from the future issuance of sSubordinate TOT transient occupancy tax rRevenue bBonds to the Destination Sacramento Program; and 4) directing staff to proceed

with the project feasibility phase for the Destination Sacramento Program, starting with the waterfront.

Contact: Ellen Sullivan, Junior Development Project Manager, (916) 808-5758;; Richard Rich, Riverfront Project Manager, (916) 808-2519, Office of Innovation and Economic Development

Presenter: Richard Rich, Riverfront Project Manager, (916) 808-2519, Office of Innovation and Economic Development

Attachments:

- 1-Description/Analysis
- 2-Waterfront Idea Makers Program Overview
- 3-Keyser Marston "Old Sacramento Waterfront Revenue Potential"
- 4- Resolution - Option A
- 5-Resolution - Option B

Description/Analysis

Issue Detail: The FY2016/17 budget priorities approved by the Mmayor and Ccity Ccouncil included an initiative to invest in the Sacramento riverfront as an economic driver for the region's economy (Destination Sacramento). In December 2016, the Mmayor and Ccity Mmanager requested a plan to identify targets of opportunity to enhance the riverfront as a destination that would be a strategic asset for convention, visitor, business, and workforce attraction efforts by the City of Sacramento and other organizations.

On June 27, 2017, a presentation to the Ccity Ccouncil offered a plan to leverage the city's existing riverfront assets and redevelop the Old Sacramento Waterfront (OSW) into a more vibrant entertainment district within its historic setting, creating a premiere riverfront destination. That plan focused on an initial phase of catalytic projects on city-owned riverfront properties. Subsequently, Oon January 23, 2018 Ccity Ccouncil approved \$150,000 (Resolution No. 2018-0039) to proceed on further three of the initial projects:

1. The formation of a joint operating partnership between the City, State Parks and private landowners (Operating Partnership Parties) to explore the formation of a single entity to operate the OSW district;
2. Prepare a cConcept design for a new activity zone in Waterfront Park; and
3. Prepare a cConcept design to rehabilitate the city's largely vacant North Public Market building.

Progress:

Joint Operating Partnership - The Operating Partnership Parties retained Valley Vision to facilitate high level discussions between the parties on resolution of long-standing issues, goal setting and a process forward that resulted in a memorandum of understanding (MOU) approved by City Council on February 5, 2019 and formally executed by all parties on March 27, 2019. The Parties subsequently retained Economic Planning Systems to evaluate current sources and uses of operating funds to compare with optimal funding needs as determined by the parties, and to research best practices of similar benchmark districts for generation of additional operating revenue. The Parties continue to meet with the goal of forming a joint operating entity.

Concept Design - To leverage the approved concept design fundings staff designed and implemented the Waterfront Idea Makers Program (WIM) to expand the range of available concepts. Staff issued a request for qualifications setting out the design areas which expanded beyond Waterfront Park and the North Public Market, activation goals for the expanded areas and the site's opportunities and constraints. Twelve teams submitted qualifications and ultimately staff selected five teams that submitted design concepts, videos and order of magnitude projects estimates on March 11, 2019. In addition to the professional design teams, WIM also invited the public and children to submit ideas. The submissions are available for viewing at www.cityofsacramento.org/wim. All entrants were eligible to receive one of two People's Choice Awards based on a popular online voting. The People's choice award winners are also noted on the city website.

Outreach - Since its inception in 2017 the program has included stakeholder outreach and community participation. Early outreach to Old Sacramento merchants and owners, the California State Rail Museum and Sacramento History Museums and their boards, historic and preservation groups and civic stakeholders such as Downtown Sacramento Partnership, Greater Sacramento Economic Council, Visit Sacramento, Sacramento Metro Chamber of Commerce and Valley Vision, informed staff of key issues and goals. During the design process, those same stakeholder groups met with the five design teams to directly discuss their key issues. After receipt of the entries, staff held a public open house, posted all entries on the web and has made over a dozen presentations to stakeholder groups, soliciting reactions to the designs.

Program Evaluation and Selection - The concept designs and ideas generated through WIM were evaluated by staff and stakeholder outreach to select a program of potential projects that would meet selection criteria detailed in the RFQ. Most importantly, the program of projects must be implementable in terms of its cost, timeframe and eligibility for the TOT funding. Through this evaluation staff has identified and recommends three projects to be further explored in a feasibility phase, which will include TOT funding-eligibility analysis:

1. Sacramento Waterfront

Independently, the professional design teams each proposed to redevelop the city-owned property from the Sacramento River to Front Street (preserving the rail corridor and Embarcadero) and from Neasham Circle to J Street, creating an inviting open area along the waterfront that can be reshaped for public assembly, featuring pop-up market and festival spaces, water features, play areas, a stage area, public art, elevated viewing platforms, weather-protected seating, etc.

2. Sacramento History Museum Viewing Deck

The Sacramento History Alliance proposed an event deck on the roof of the Sacramento History Museum. Staff supports this concept and recommends it be explored as part of the feasibility phase as it enhances an existing public asset and creates an elevated viewing platform public event space at the museum.

3. Multi-Use Barge

A floating barge used for as an event space, as a stage, and for river docking, and that could, as technology develops, be utilized for public swimming. Similar concepts are currently being developed for the Charles River in Boston and the Hudson River in New York.

Policy Considerations: Implementation of this program will further the visions, goals, and objectives of the 2035 General Plan, the 2003 Sacramento Riverfront Master Plan as approved by the cities of Sacramento and West Sacramento and the Sacramento riverfront priorities set out by the Mayor and City Council. Further, the Destination Sacramento Program will support city investments in the Golden 1 Center and Convention Center Complex by creating a related and supporting asset that will aid the economic development efforts of the city and other civic organizations.

Economic Impacts: A renewed Sacramento waterfront destination can have a significant, beneficial impact on Sacramento's ability to 1) capture increased sales and transit occupancy tax revenues from new waterfront business, 2) encourage visitors' choice of Sacramento as a leisure and convention destination, and 3) market the region to new business relocations, and workforce attraction and retention.

A recent Revenue Potential Study by Keyser Marston (Attachment 3) compared Old Sacramento's revenue generation against both regional averages and similar districts in San Diego (Old Town San Diego and Gaslamp Quarter) and Memphis (Beale Street) and found it underperforming in terms of room nights and sales tax generation. It concludes that if Old Sacramento Waterfront to simply meet those benchmarks, the district could produce between \$350,000 to \$1,100,000 million per year in additional TOT revenues and between \$500,000 to \$900,000 in sales tax revenues. Increased property taxes resulting from this economic activity would flow to the Innovation and Growth Fund. Finally, if new infill development were attracted to the districts' remaining undeveloped parcels, the district could add an additional \$340,000 in

sales tax, 275 new jobs and if a new hotel were developed, it could add \$940,000 in new TOT revenues.

Environmental Considerations: This report concerns concept design activities that will not have a potentially significant effect on the environment, and do not constitute a “project” as defined by Sections 15061(b)(3) and 15378(b)(4) of the CEQA Guidelines (Title 14 Cal. Code Reg. §15000 et seq.).

Sustainability: Not Applicable

Commission/Committee Action: Not Applicable

Rationale for Recommendation: Though the Old Sacramento waterfront is one of the most historically significant attractions in the Sacramento region, it has not reached its potential as a visitor attraction or marketing asset. The projects identified by WIM the Waterfront Idea Makers are a critical step in a four-pronged strategy to reactivate the Old Sacramento Waterfront. The WIM projects, combined with the creation of a joint operating partnership, select other CIP projects and subsequent public and private development partnerships will create a more compelling destination for locals, business and leisure visitors and will create a unique asset for marketing the Sacramento region.

Financial Considerations: As part of the FY2019/20 Pproposed Bbudget, staff requested approval of \$300,000 for the Sacramento Riverfront Project (I02180200), to vet the feasibility of the potential waterfront projects. Staff will report back to Ccity Ccouncil on project design and funding and request approval to implement specific projects in Fall 2019. The establishment and funding of the Destination Sacramento Program ensures that the projects can move forward at the end of the feasibility phase, upon city council approval.

Implementation of the Destination Sacramento Program will be funded by the 2018 TOT Revenue Bond Fund,s, Taxable Fund Transient Occupancy Tax Taxable Revenue Bond Fund (Fund 6331) in the amount of \$5 million and will not impact the General Fund. The Ccity has pledged transit occupancy tax (TOT) revenues to repay those bonds, which were issued in November 2018 for the Convention Center Complex (C3) project. In addition to the C3 project, a portion of the TOT rRevenue bBonds funds may be used for projects that qualify under the Ccity’s TOT ordinances. The proposed resolution would transfer \$5,000,000 from the 2018 Transient Occupancy Tax Taxable Revenue Bond Fund TOT Revenue Bond Fund, Taxable (Fund 6331) to the Destination Sacramento Program MYOP(I02185000).

Additionally, the Mayor is proposing that the proceeds from future C3 ProjectTOT revenue bond sales for the C3 project be allocated and committed to the Destination Sacramento Program. In summer 2019, the City expects to issue Sacramento Tourism and Infrastructure District (STID) bonds. The STID bonds, as well as other project funding sources, including the

potential issuance of an additional series of TOT Revenue Bonds (Subordinate TOT Bonds) could generate are expected to be up to \$45 million in excess of the amount needed to fully fund the C3 Project. This would allow for the funding of other eligible waterfront projects within the Destination Sacramento Program that meet qualify as allowable uses of TOT in accordance with section 3.28.180 of the City Code.

Local Business Enterprise (LBE): Not applicable.

Title:

Destination Sacramento Program

File ID: 2019-00592

Location: Old Sacramento Waterfront, District 4

Recommendation:

Adopt a Resolution: 1) establishing the Destination Sacramento Program multi-year operating project (MYOP) (I02185000); 2) transferring \$5,000,000 from available fund balance in the 2018 Transient Occupancy Tax Taxable Revenue Bond Fund (Fund 6331) to I02185000; and 3) directing staff to proceed with the project feasibility phase for the Destination Sacramento Program, starting with the waterfront.

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Implementation of the Destination Sacramento Program will be funded by the 2018 Transient Occupancy Tax Taxable Revenue Bond Fund (Fund 6331) in the amount of \$5 million and will not impact the General Fund. The City has pledged TOT revenues to repay those bonds, which were issued in November 2018 for the Convention Center Complex (C3) project. In addition to the C3 project, a portion of the TOT revenue bonds may be used for projects that qualify under the City's TOT ordinances. The proposed resolution (both Resolution Option A and Option B) would transfer \$5,000,000 from the 2018 Transient Occupancy Tax Taxable Revenue Bond Fund (Fund 6331) to the Destination Sacramento Program (I02185000).

Additionally, the Mayor is proposing that the residual TOT revenue bond capacity after funding the costs of the C3 Project be allocated and committed to the Destination Sacramento Program. In summer 2019, the City expects to issue Sacramento Tourism and Infrastructure District (STID) bonds. The STID bonds, as well as other project funding sources, including the potential issuance of an additional series of TOT revenue bonds could generate up to \$42 million in excess of the amount needed to fully fund the C3 Project. This would allow for the funding of other eligible waterfront projects within the Destination Sacramento Program that qualify as allowable uses of TOT in accordance with section 3.28.180 of the City Code.

Local Business Enterprise (LBE): Not applicable.