



## City Council Report

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**File #:** 2016-01075

**Discussion Item 20**

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**Title: Community Center Theater Transformation and Sacramento Convention Center Expansion (M17100100) [Two-Thirds Vote Required]**

**Recommendation:** Pass a Motion: 1) directing the City Manager to continue working with Westlake Reed Leskosky regarding design of the Community Center Theater renovation, Populous regarding concept design for Phase 1 of the Convention Center expansion, Kitchell regarding pre-construction activities for the Community Center Theater renovation, and Rider Levett Bucknall for owner's representative services, and directing the City Manager to bring proposed expanded scopes for these existing contracts to City Council for consideration; 2) directing the City Manager to select a consultant to design the Memorial Auditorium upgrades and a consultant to perform pre-construction services for the Memorial Auditorium upgrades, and to bring proposed contracts to City Council for consideration; 3) suspending competitive bidding in the best interests of the City and authorizing use of the design-assist project delivery method for construction of the Sacramento Convention Center expansion project; 4) directing the City Manager to release a Request for Proposals (RFP) for sales and marketing of naming rights and private sponsorship opportunities for the Convention Center and Community Center Theater; 5) directing the City Manager to release a RFP for private operation of the Memorial Auditorium; and 6) directing the City Manager to continue exploring options for expansion of the Convention Center, including financing opportunities, and to report to City Council at a later date.

**Location:** 1301 L Street and 1400 J Street, District 4

**Contact:** Fran Halbakken, Assistant to the City Manager, (916) 808-7194, Office of the City Manager

**Presenter:** John F. Shirey, City Manager, (916) 808-5704; Fran Halbakken, Assistant to the City Manager, (916) 808-7194, Office of the City Manager

**Department:** City Manager

**Attachments:**

1-Description/Analysis

2-Background

## Description/Analysis

**Issue Detail:** On May 3, 2016, the City Council directed the City Manager to proceed with the project definition phase of an integrated project to transform the Community Center Theater (CCT) and expand the Sacramento Convention Center (SCC). The initial project definition work is complete and staff will update the Council on the integrated project concept, preliminary cost estimates, updated financing plan, and project schedule. The recommended actions in this report are one step in a delivery process that will require several additional City Council actions to be taken over the next five years.

Also at the May 3, 2016 meeting, City Council asked the City Manager to explore options for relocating performances during renovation of the CCT. The City Manager's Office, along with key stakeholders, identified the Memorial Auditorium as the best option for performances during CCT renovation. However, renovations will need to be made to the Memorial Auditorium before it can be used as an alternate site for performances.

Preparation of additional design plans and specifications for the CCT and initial design plans for the Memorial Auditorium will allow Kitchell to develop a Guaranteed Maximum Price (GMP) for construction of the CCT and Memorial Auditorium renovations. Construction contracts will have to be approved by City Council at a future date. The SCC concept design developed by Populous, the architect for the SCC, during project definition requires further refinement to validate spaces, sizing, dimensions, costs and other design aspects. Expansion of the Populous contract for refinement of the concept design will be brought to City Council for consideration at a later date. The SCC refinement needs to be completed before the Council can authorize advancing the SCC project to the schematic design phase.

The City Manager is recommending the design-assist project delivery method for the SCC expansion because it will allow the designer and contractor to work in a coordinated manner from beginning to end of the project, provides a faster delivery method than the traditional design-build method, increases efficiency and reduces the potential for change orders, and because this method has proven successful in delivering projects on schedule and within budget. Thus, it is in the best interests of the City to suspend competitive bidding and use the design-assist delivery method for the SCC expansion. Pursuant to Resolution 2010-125, City Council has already suspended competitive bidding and authorized the design-assist method for the CCT renovation. By taking this action, staff will be able to advertise for services, evaluate and rank proposals, negotiate terms for services and prepare a contract for future City Council consideration. This process typically takes three to four months. When the City Council is ready to proceed with schematic design of the SCC project, an agreement with the selected design-assist contractor for the SCC expansion along with a contract for Populous design services will require future City Council action.

City Council will also be required to take future action to contract for naming rights services at the SCC and CCT, and for operation/marketing of the Memorial Auditorium. City Council will be required to approve consultant contracts related to the recommendation of this report for Westlake Reed Leskosky (CCT design), Architectural Nexus (Memorial Auditorium design), Kitchell (CCT and Memorial Auditorium pre-construction services), Populous (SCC concept refinement), and Rider Levett Bucknall (owner's representative). Use of priority hiring programs or requirements may be included in future construction contracts, subject to City Council approval.

**Policy Considerations:** The renovation of the CCT and SCC expansion will allow both facilities to remain attractive and competitive into the future, while providing a critically needed performing arts venue and a nationally-recognized convention venue for residents, visitors and convention attendees. The requested actions support the following goals and policies of the City's General Plan:

ERC 4.1.3 The City shall enhance the quality of existing City-owned arts and cultural resources and facilities through reinvestment, communications and marketing.

ERC 4.1.5 The City shall support renovation and expansion of Convention Center facilities and adjacent supportive infrastructure, including hotels, to attract top tier national and international events.

**Economic Impact:** None with these actions.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** On April 27, 2010, the City Council found the Theater Renovation project to be exempt from CEQA, citing CEQA Guidelines Section 15302, which provides that projects involving replacement or reconstruction of existing structures and facilities, where the new structure will be located on the same site as the structure being replaced, are exempt from CEQA (Resolution 2010-208).

The specific improvements associated with the CCT, SCC, and the Memorial Auditorium are still being defined and will be evaluated to determine the level of CEQA analysis needed. If further environmental analysis is required, it will be conducted during the design process and prior to City Council approval of any construction contracts. The actions contained in this report to carry out design work and release of a Request for Proposals (RFP) will have no significant effect on the environment and are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

**Sustainability Considerations:** The project will be designed utilizing energy efficient standards and will reduce the carbon footprint contribution, helping meet the City's sustainability goal. The level of LEED (Leadership in Energy and Environmental Design) certification will be determined during the design process.

**Commission/Committee Action:** None

**Rationale for Recommendation:** The preparation of design documents for the CCT and Memorial Auditorium will allow Kitchell to develop a GMP for future City Council action. The further refinement of the concept plans for the Phase 1 SCC expansion will allow for the fine tuning of the cost estimate and will better define the project scope. This information will be needed by various parties involved in the project financing to secure construction loans, contingent upon future Council direction.

It is necessary to procure a naming rights and sponsorship consultant to secure at least \$20 million which is part of the construction financing. An RFP to select a private operator for the Memorial Auditorium will allow the City to explore the efficacy and financial aspects of the current operations and consider how those operations and the facility could be improved. Further, a private operator could contribute a negotiated share of the improvement costs of the Memorial Auditorium which would supplement the capital fund sources.

**Financial Considerations:** The estimated cost of the CCT renovation is \$83.4 million, upgrade of Memorial Auditorium is estimated at \$16.2 million, and Phase 1 of the SCC expansion is estimated at \$170 million for a combined project total estimate of \$270 million. At the project definition stage, the estimate includes considerable contingency reserves and conservative unit costs that will be refined as the project design advances. It is important to note that Sacramento's construction industry is experiencing higher than normal cost escalation which affects cost estimates for both labor and materials. At the current six percent annual escalation, construction costs increase by one-half of a percent per month and when applied to a \$270 million project, the cost could grow \$1.35 million each month or over \$16 million a year.

Since early 2016 the City Treasurer's Office (CTO) has been working with the City Manager's Office, Finance Department, and Convention & Culture Services Department to review and refine the cash flow assumptions and update long-term cash flow projections of the Community Center Fund for purposes of sizing financing for the CCT and SCC project. A critical assumption is the projected average annual growth rate in the City's Transient Occupancy Tax (TOT) revenue.

In February 2016, the CTO formally engaged Morgan Stanley to serve as the underwriter of a prospective CCT and SCC renovation financing. Morgan Stanley does not serve in a fiduciary role nor does it have a responsibility to the City, but Morgan Stanley is of significant importance in the services provided to the City including: debt modeling, discussions with the City about financial market conditions and expectations of investors, and most importantly, access to the bond market. The City asked Morgan Stanley to update the derived maximum size for project financing based on the *general* assumptions as follows:

- Tax-exempt, fixed-rate bonds
- Level debt service
- Flexibility to redeem bonds after 10 years
- Capitalized interest through and including February 1, 2020\*
- Cash-funded debt service reserve fund

*\* Use of capitalized interest may help to smooth cash flow and ensure debt service coverage requirements are met in the early years of financing (between when bonds are issued and 2020 when the 1993 bonds are paid off). It has not yet been determined if the City will need a period of capitalized interest payments.*

### Structure

- TOT-supported revenue bonds
- Pledge of Gross Revenues (i.e., payment of debt service first before operations and maintenance costs of the CCT are paid)

In July 2016, the City contracted with CBRE Hotels (CBRE) for a comprehensive update of projected TOT revenue through Fiscal Year (FY) 2055/56. The analysis completed by CBRE included hotels currently in the Sacramento market as well as hotels under construction. The analysis also included projected “bumps” in TOT revenue from the expansion of the SCC which would be able to host multiple events and conferences simultaneously.

CBRE’s analysis projected an average growth rate in TOT revenue of 3.4% annually between the FY2015/16 base year and FY2055/56. This became the basis of updating the projected TOT revenue in the Community Center Fund cash flow. The updated cash flow served as the basis of updated bond size modeling that the CTO utilized in working with Morgan Stanley. CBRE provided a high degree of certainty that the TOT revenue stream is an effective and reasonable means of financing the CCT and SCC projects.

Specific Assumptions (updated from spring 2016)

- Average annual TOT growth rate of 3.4%
- Use of approximately \$8 million in TOT revenue per year that will become available after FY2019/20 following the repayment of existing Convention Center Fund debt
- 30-year term; August 2047 final maturity
- Debt service structured to maintain at least a \$5 million balance in the Community Center Fund

Potential Sizing and Cost of Borrowing (updated from spring 2016)

- Estimated \$230 million borrowing for the project (spring 2016 estimate was \$170 million, prior to CBRE's analysis and report)
- Estimated overall cost of borrowing between 4.50 – 4.70%\*
- Estimated debt service of \$17.5 million per year (in years other than those paid by capitalized interest)

*\* If TOT Bonds are issued in late summer/fall 2017, the estimated figures of Potential Sizing and Cost of Borrowing may materially change by the time bonds are issued due to lending rates and other factors.*

The CTO is evaluating two options for financing either through the issuance of TOT-revenue bonds or a loan from the State of California Infrastructure and Economic Development Bank (IBank) or a combination of both financing options. At this time, it is not known if financing all or a portion of the project via an IBank loan is feasible. Staff will continue to explore cost-effective financing of the project with IBank.

Although TOT-backed revenue bonds constitute the major source of funding for the Phase 1 project other components come into play. The anticipated funding sources and the respective estimated amounts available for the Phase 1 project are summarized in the table below:

Amount	Funding Source	Proportion of the Phase 1 Project
\$230 million	TOT-backed revenue bonds	85%
\$20 million	Private funds (naming rights, sponsorships, donations and other)	7.4%
\$5.5 million	Closeout of assessment districts per Resolution No. 2013-144	2%
\$1.0 million	Project M17100100 CCT Renovation CIP (remaining balance)	0.4%
\$0.4 million	Fund 6010, Project C13000400 ADA Compliance	0.2%
\$6-7 million	Capital contribution as part of lease operation of Memorial Auditorium	2.5%
\$6-7 million	Unneeded Convention Center Complex maintenance funds	2.5%
<b>~ \$270 million</b>	<b>TOTAL</b>	<b>100%</b>

### **Community Center Fund (6010)**

The Community Center Fund supports the operation, debt service, and Capital Improvement Projects (CIP's) for the Sacramento Convention Center Complex, which includes the SCC, Memorial Auditorium, and CCT. The fund also provides support to the City's cultural activities partners and to the General Fund. The operational/financial goals for the Community Center Fund include maintaining successful financial performance as an enterprise fund, optimizing facility utilization through aggressive marketing, exceeding industry standards for customer service and facility maintenance, stimulating hotel market demand to generate TOT revenues,

and offering a premier venue to contribute to the economic vitality of the downtown and Sacramento region.

The Fund receives 10 percentage points of the 12% TOT tax, which accounts for over two-thirds of the fund's revenue. In FY2015/16, the Fund received \$21.8 million of TOT (the ten percent portion). The average annual increase in TOT revenue received over the past 14 years is 3.7%. TOT's growth rate, as measured over the prior year, was 11% in FY2014/15 and approximately 9.2% in FY2015/16. While TOT has experienced exceptional performance recently, projected revenue growth has been conservatively estimated at 3.4% for the period from FY2017/18 and beyond to reflect the actual long-term performance of the fund.

The Convention Center Complex operating income from fees and services has averaged \$8.2 million from FY2007/08 to FY2014/15, with operating expenses for the same period averaging \$8.1 million. Additionally, an average of \$1.3 million has been reinvested each year into Capital Improvement Projects from TOT and Theater Facility Fee revenue. It is important to note that overall Community Center Fund expenses also include support for non-Complex activities as shown in Figure 1 below:

<b>FIGURE 1 – Avg. annual expenses 2008-2015</b>	
Convention Center Complex Operations	\$ 8,100,000
CCS Department Management Operations	\$ 1,429,927
Cost Plan – Gen. Fund Support	\$ 965,088
In Lieu Franchise and Property Tax – GF Support	\$ 1,517,398
Debt Services for Past Bond	\$ 9,933,203
Inter-fund Loan Repayment	\$ 431,250
G1C Support *	\$ 2,000,000
CCS Gen. Fund Support **	\$ 261,933
CIP's ***	\$ 1,300,219
1% Funding to SCVB	\$ 1,212,844
<b>TOTAL</b>	<b>\$27,151,862</b>

\*G1C Liquidity Reserve: \$2M annually FY15-FY17  
 \*\*CCS GF is mainly non-profit partner support  
 \*\*\*Includes average \$628,763 pass through from Theater Facility Fee revenue

In 1997, to maintain the financial integrity of the Community Center Fund, the City Council approved the use of up to \$12 million in inter-fund loans, as necessary, to offset any year-end deficit. Total borrowing was \$10.4 million, including interest. Repayment of the inter-fund loan began in FY2005/06 and has continued each year in varying amounts dependent upon available funds. A payment of \$250,000 is budgeted in FY2016/17 with continuing payments in future years. Through FY2015/16, a balance of approximately \$5.8 million remains. The FY2016/17 budget also includes the last of three \$2 million payments towards the reserve fund for repayment of the Golden 1 Center financing.

**Local Business Enterprise (LBE):** Westlake Reed Lefkosky (WRL) was selected as the design consultant for the CCT prior to the inception of the City's LBE program. WRL has included a local architectural firm, Lionakis, on its team. Architectural Nexus, staff's proposed design consultant for the Memorial Auditorium renovation, is a local firm. Populous, the design consultant for the SCC, is not an LBE. The minimum participation was waived due to the unique qualifications of Populous and the need for continuity based on their prior involvement in the SCC project.

## Background

The project definition work is described in the following document which was prepared by Rider Levett Bucknall (City's owner's representative).

**Sacramento Convention Center and Theater Transformation**

### **PROJECT DEFINITION MANUAL – EXECUTIVE SUMMARY**

October 11<sup>th</sup> 2016

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This Project Definition Manual was prepared for the City of Sacramento, under the direction of the City Manager's Office and the Convention & Cultural Services Department.

#### **Introduction**

The City of Sacramento, through the visionary leadership of its Mayor and City Council, is committed to the economic and cultural prosperity of its current and future generations. The Sacramento Convention Center (SCC) and Community Center Theater (CCT) are essential parts of an economic engine that drives the region's growth and enhances the quality of life for its residents.

As the SCC and CCT enter their fifth decade of operations, the City is exploring strategies to modernize these facilities and preserve the City's competitive position in the lucrative convention and tourism industry. This *Project Definition Manual* identifies the needs of the SCC and CCT, outlines a long-term strategy to transform the facilities, and defines the scope, cost and schedule of an initial capital improvement program, the first step toward the transformation.

#### **Background**

Sacramento is the heart of the region and the capital of the world's 8<sup>th</sup> largest economy. With over 90,000 daytime employees, 20,000 downtown residents and over \$1.1 billion in public and private capital investment over the past decade, the urban renaissance underway in Downtown Sacramento is unprecedented. The SCC and CCT are key anchors in downtown's Theater District, and improving these facilities will serve as a catalyst to move the city forward, closer to its cultural and economic goals.

Located in the heart of downtown Sacramento on a 10-acre campus between 13<sup>th</sup>, 15<sup>th</sup>, J and L Streets, the SCC and CCT are 15 minutes from Sacramento International Airport and across the street from the California State Capitol. From a tourism standpoint, the urban location of the SCC and CCT is extremely attractive. The campus is surrounded by hotels, restaurants, retail shops and entertainment venues, all within walking distance, in a vibrant and thriving downtown.

The SCC and CCT originally opened in the 1970s. The SCC was last expanded over twenty years ago, adding street-level exhibition space and an upstairs ballroom east of the original building. While the City has explored renovation of the CCT over the past two decades, the CCT has never been expanded, nor has it undergone a major renovation since its opening over forty years ago.

While the SCC is well-positioned in California's capital city, its competitive position continues to decline as other cities match the private capital investment in hospitality, entertainment and retail sectors by renovating and expanding their convention centers. With 134,000 square feet of prime exhibition space, the SCC lacks the space to compete with facilities in Seattle, Portland, San Francisco and Los Angeles. Instead, the SCC competes with San Jose, Palm Springs, Santa Clara and Pasadena, several of which are in the expansion process. Status quo is not an option, and Sacramento is faced with a choice to expand the SCC, or continue to lose market position.

The CCT is Sacramento's only performing arts facility of its size, and currently serves as home to the California Musical Theater, Sacramento Ballet, and the Sacramento Philharmonic & Opera. Revitalization of this aging facility is needed to continue serving arts patrons and performance groups, to maintain its competitive position in the region, and to address building code / accessibility guideline requirements and operational needs that have changed over the past four decades.

## Project Overview

On May 3, 2016, the Sacramento City Council directed staff to proceed with the *project definition phase* of an integrated SCC expansion / CCT renovation project. This initial pre-design phase endeavors to define the project by synchronizing its aesthetic, functional, quality, cost and time objectives, allowing Sacramento leadership to make fully informed decisions about this critical capital improvement project.

Concurrently, the City Council authorized funding and agreements with the consultant team to execute the work in this phase. Agreements included SCC designer Populous, CCT designer Westlake Reed Leskosky and owner's representative Pfocus/Rider Levett Bucknall. Design-assist contractor Kitchell also participated in the planning process as part of the consultant team.

The City Council expected staff to report back upon completion of the work. Staff was directed to return to the City Council in Fall 2016 with an update on the integrated project concept, the range of cost, an updated funding plan and the proposed project phasing.

Objective: The overarching project mission was stated as follows.

*Transform the Sacramento Theater and Convention Center to allow both facilities to remain attractive and competitive for years while providing a critically needed performing arts venue and a nationally-recognized convention venue for residents, visitors and attendees.*

Convention Center Needs: The SCC expansion is based on a market analysis prepared by Convention, Sports & Leisure (CS&L), prepared in 2012 and updated in 2016. Based on the study, the target for the initial expansion program calls for 200,000 square feet of dedicated exhibition space including a 40,000 square foot multi-use hall, removal of substandard meeting space and 30,000 square feet of new meeting space.

Theater Needs: The CCT renovation focuses on complying with the Americans with Disabilities Act (ADA), enhancing patron experience through better acoustics, and meeting basic modern operational and performance standards. In addition, emphasis was placed on improving loading docks and key front-of-house spaces including restrooms, lobbies and box offices.

Finally, the Theater scope included an analysis of Memorial Auditorium as a potential interim host for performing arts events during the CCT's significant interior renovations.

Project Goals: The goals for the project were identified as follows:

### *Shared Goals:*

- Create an event district
- Curate a memorable experience
- Celebrate the local character of Sacramento
- Maximize ability to attract events
- Capitalize on synergistic opportunities

### *SCC Goals:*

- Maximize market capture for conventions in Sacramento
- Maximize event flexibility and stacking
- Improved guest experience – circulation, district access
- Maintain ongoing operations
- Maximize synergies with Theater

### *CCT Goals:*

- Address accessibility issues
- Upgrade patron experience
- Improve performance capabilities
- Streamline operations and functionality
- Expand community involvement in the arts
- Transform the appearance

**Budget:** The City has identified \$270 million in available funding for the integrated project. Funding sources include revenue bonds backed by the Transient Occupancy Tax (TOT-hotel bed tax), private donations/sponsorships/naming rights, close-out of assessment districts, transformation project remaining balance and the ADA compliance fund.

**Schedule:** The project must be designed and constructed in a way that balances multiple goals. The project should be built as soon as possible to avoid annual cost escalation and minimize costs, but it also needs to be sequenced in a way that avoids disruption and major impacts to ongoing operations. In addition, the timing for construction must meet the requirements associated with project financing.

### **Planning Strategy and Process**

The five-month planning and conceptual design process was purposefully inclusive, with extensive outreach and numerous opportunities for review and feedback in a variety of settings. The process started with a kickoff meeting, followed by three series of Work Sessions, each including individual breakout meetings with topic-focused groups. In addition to the Work Sessions, a public meeting was included to provide an opportunity for interested parties to provide feedback and comments. The process was also iterative. Each meeting built upon the feedback and direction received in prior meetings, with increasing levels of detail and refinement in each stage.

The key milestones in the process included the following:

May 3, 2016	City Council approval
May 12, 2016	Stakeholder Orientation Session
May 19-20, 2016	Work Session #1 Stakeholder Meetings
August 4-5, 2016	Work Session #2 Stakeholder Meetings
September 1, 2016	Public Open House
September 14-15, 2016	Work Session #3 Stakeholder Meetings

In addition to the stakeholder meetings and the public meeting, the consultant team met with individual stakeholders as needed. This was especially important for performing arts organizations to work through the details of the CCT renovation concepts, and to understand the impact of construction activities on the performing arts season schedules.

**Steering Committee:** The consultant team’s efforts were guided by a Steering Committee, which provided feedback and direction throughout the planning and conceptual design process. This Steering Committee responsible to recommend the project definition to the City Council included seven members, as follows:

- 1) Fran Halbakken, City of Sacramento (Chair)
- 2) Emilie Cameron, Downtown Sacramento Partnership
- 3) Steve Hammond, Sacramento Convention & Visitors Bureau
- 4) Allison Joe, Metro Arts
- 5) Laurie Nelson, Mayor’s Task Force
- 6) Jody Ulich, City of Sacramento
- 7) Scott Vandenburg, Sacramento Hotel Association

**User and Technical Representative Groups:** Two key groups responsible to advise the Steering Committee provided valuable feedback and additional information to the consultant team on the various concepts and approaches proposed throughout the planning and conceptual design process:

- User Representative Group – including representatives of past and prospective future convention groups hosting events at the SCC, resident CCT performing arts organizations, non-resident performing arts companies with events at the CCT, CVB sales staff, City events staff and contractors providing services in both facilities.
- Technical Representative Group – including representatives of various City departments who will be involved in the planning, design, construction, plan review, permitting, occupancy, operation and inspection of the facilities.

### **Alternative Renovation & Expansion Options**

Throughout the planning and design process, multiple concepts were developed, presented, and evaluated for the SCC expansion and the CCT revitalization.

Master Plan Approach: In addition to focusing on a near-term expansion and renovation project, the Steering Committee encouraged the consultant team to work through the long-term build-out of each concept. In providing this direction, the Steering Committee was advocating for a strategy that considered future expansions and renovations, which preserved the proposed transformational improvements.

Continuity of Operations: The Steering Committee, the Technical Representatives and the User Representatives also encouraged the consultant team to articulate the construction sequencing and phasing for each concept. This process was intended to reveal any periods when the facilities would not be fully operational, or when major construction impacts and disruption could be anticipated.

Opportunities for Integration: While the CCT and SCC currently operate as separate facilities, the consultant team explored opportunities to integrate them. The scope, program and operational requirements for each facility are fairly independent, but several opportunities for shared use were explored, including the following:

- Loading Docks
- Utilities / Building Support Services
- Outdoor Event Spaces
- Food Service
- Ticketing / Box Office
- Drop-Off / Pick-Up Zones
- Lobbies
- Restrooms

Convention Center Expansion Concepts: The planning and design efforts for the SCC expansion involved numerous approaches to expand the facility through various configurations. Many factors influenced the process of developing and evaluating concepts for expansion:

- Urban Context – the complex is located in the urban core, on the K Street axis, with pedestrian and bicycle traffic in surrounding areas, and within a vibrant events district. This context led the consultant team to explore concepts that enhanced access through and around the facility.
- Site Constraints – development concepts were proposed to occur exclusively on property under City control. Concepts acknowledged the associated land use regulations and the fact that the property is surrounded by prominent, civic and historic land uses and facilities.
- Condition of the Original Building – the western portion of the convention center was built in the 1970s, is functionally obsolete, is not appealing to convention clients and was recommended for demolition by the CS&L market analysis. This footprint presented the greatest opportunity for expansion, and most of the new construction is proposed within this area.
- Stacked Configuration – the consultant team explored concepts that changed the stacking of various spaces. However, given the need to maximize contiguous exhibition space and the good condition of the eastern portion of the SCC building, most of the options kept the exhibition halls at street level and focused on different ways to organize the meeting rooms, ballrooms and other spaces on the upper levels.
- Key Infrastructure – the central plant, the kitchen and the truck docks are fundamental to SCC operations. The location of these key facilities in the middle of the site influenced how the concepts were developed, and drove the development of sequencing strategies.
- Available Funding – the building program had to be achievable given the funds available for the project. This factor did not limit the scope and scale of the expansion concepts; instead, it initiated a discussion of phasing, with a first phase sized to fit the available funds.
- Scale of Expansion – the amount of space proposed to be developed within each concept was based on the recommendations in the CS&L market analysis. The Steering Committee understood that while the SCC is an essential part of Sacramento’s destination package, several other factors are equally important. The Steering Committee focused on right-sizing the expansion to deliver a reasonable increase in convention sales following the expansion, taking into account other influencing factors such as hotel inventory and air service.

Theater Renovation Concepts: Through the CCT planning and design process, renovations focused on improving four major areas.

- Patron Improvements – with a focus on ADA and building code compliance, restrooms, concessions, lobbies, entrances, and re-configured audience seating.
- Performance Improvements – including audio, video, lighting / dimming, and rigging systems along with box office, dressing room, loading dock, and rehearsal space upgrades.
- Technical Improvements – with shared central plant, utility distribution infrastructure, efficient building environmental and control systems.
- Acoustical Improvements – with new electro-acoustic enhancement system, improved fixed sound absorption and a new orchestra shell.

The layout and organization of these improvements required extensive new construction beyond the existing theater walls. Two major concepts were explored for the layout of this expansion.

- North Expansion – expanding the building footprint by building most of the new spaces on the north end of the existing theater, with main entries on both K and L Streets. This concept activates the public plaza between the CCT and SCC, and provides a prominent north entry for patrons who park to the north. However, it requires construction spread out across the site, and it limits the ability to expand the SCC in the area north of the theater.
- South Expansion – expanding the building footprint by building most of the new spaces to the south of the existing theater, and focusing the main entrance along L Street. This concept activates L Street, concentrates most construction along the south edge, preserves the area north of the theater for SCC expansion, contemplates a minor north entry for patrons who park to the north, and allows for the possibility of shared infrastructure along the north edge.

In addition, two approaches were explored for accommodating performing arts events through the revitalization process:

- 1) Keep Performances at the CCT and Renovate Between Seasons – with renovations occurring during the summer months. This approach avoids relocation to an alternative venue, but requires approximately 4-6 seasons to complete the work. Although the level of disruption is lower than the alternative, the length of time with disruption is significantly longer.
- 2) Relocate Performances and Expedite Renovations – with relocation to Memorial Auditorium during interior renovations, likely for a single season during major interior renovations. Relocation allows the renovation work to be expedited, shortening the construction schedule and minimizing the number of seasons with displaced performances.

Through extensive discussions with performing arts organizations and analysis of both approaches, consensus was reached that the Relocate and Expedite approach was superior. Several factors led to this decision, but the long disruption associated with the extended construction schedule, combined with the risk of further disruption and extension, was simply too great.

Similar to the SCC, the program needs for the CCT had to be balanced based on the amount of funding available for the integrated project. While initial discussions included requests for a highly-finished secondary performance space adjacent to the theater, all competing needs and desires were weighed and prioritized by the Steering Committee, and the scope was scaled back significantly.

### **Preferred Renovation & Expansion Concept**

Through a five-month process of analyzing the existing facility, working collaboratively with stakeholder groups, identifying needs, preparing conceptual plans and evaluating their costs and schedules, the consultant team developed a Preferred Renovation & Expansion Concept. This concept garnered positive feedback from the User Representative Group, the Technical Representative Group and other stakeholders, and was supported by the Steering Committee.

Preferred Renovation & Expansion Concept – Convention Center:

- Demolish the original portion of the building constructed in the 1970s, including Exhibition Halls C, D and E, 100 and 200 level meeting rooms, the kitchen, offices, west lobby, garden terrace, portions of the central plant and the plaza between the SCC and CCT.
- Build approximately 108,000 square feet of new exhibition halls / multi-purpose space at street level, connecting to the 88,000 square feet in existing Exhibition Halls A and B, creating a total of 196,000 square feet of contiguous prime exhibition space.
- Build approximately 19,000 square feet of new meeting rooms above the new exhibition halls, including a combination of 8-10 rooms ranging in size from 1,800 to 3,600 square feet. Combined with the existing 7,000 square feet of meeting rooms on the east side upper level, this provides a total of 26,000 square feet of meeting rooms, along with the 24,000 square foot ballroom that can be subdivided into meeting rooms.
- Build a new main kitchen, shared central plant and various lobbies, public spaces, back-of-house and support spaces totaling approximately 97,000 square feet to augment the exhibition halls and meeting rooms.

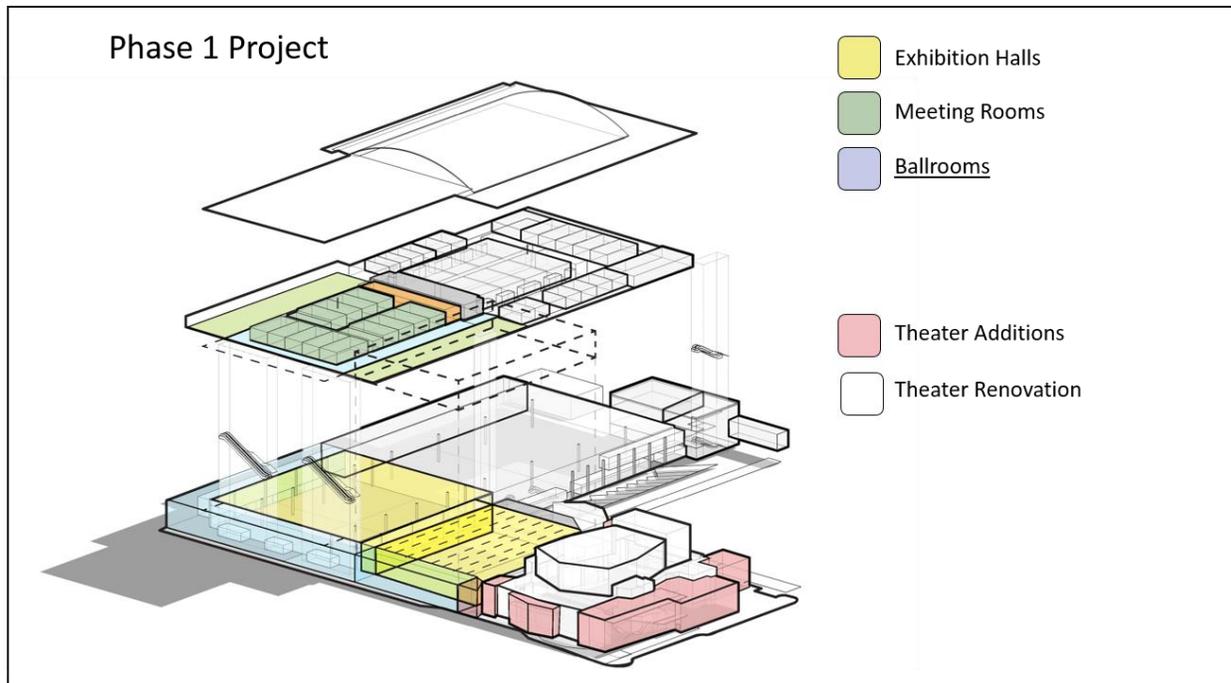
<b>Convention Center Space Type</b>	<b>Net Square Footage (NSF) – New Construction</b>	<b>Gross Square Footage (GSF) – New Construction</b>
Public Spaces	46,793 SF	48,013 SF
Assembly Spaces	128,039 SF	131,270 SF
Food Service & Retail	12,670 SF	13,304 SF
Administration	3,780 SF	4,536 SF
Operations & Support	25,370 SF	26,889 SF
<b>Total (s)</b>	<b>216,652 SF</b>	<b>224,012 SF</b>

Preferred Renovation & Expansion Concept – Theater:

- Patron Improvements, including the following
  - Interior and Exterior ADA and Code Compliance Upgrades
  - Covered Patron Drop-Off / Pick-Up Areas
  - Street Level Entry and Enhance Elevation at L Street per Downtown Strategic Plan
  - Lobby Space Expansion with New, Upgraded Finishes
  - Additional Patron and Family Restrooms at Orchestra and Grand Tier Levels
  - Reconfiguration of Patron Seating at Orchestra Level
  - New Patron Seating throughout Audience Chamber
  - New Multi-Purpose Room (can later become a 200-seat studio theater)
  - Donor Lounge Enhancements with Dedicated Restrooms
  - Additional Concession Areas
- Performance Improvements, including the following:
  - Box Office Expansion with New Ticketing Equipment
  - Catering/Warming Kitchen Addition
  - Dressing Room and Chorus Room Expansion and Refurbishment
  - Loading Dock Revisions for Three Truck Bays to Eliminate Congestion on L Street
  - Scene Dock and Storage Room Additions
  - Theatrical Lighting and Dimming System Replacement / Renovated Rigging System
  - Rigging System Refurbishment and Upgrades
  - Audio-Video Equipment Replacement
  - New Portable Wood Dance Floor
  - Refurbish Orchestra Pit Lift
- Technical Improvements, including the following:
  - Shared Central Plant Expansion
  - Emergency and Normal Electrical Service and Distribution Replacement
  - HVAC and Plumbing Equipment Replacement to Improve Comfort and Efficiency
  - New Fire Pump System
  - Energy Efficient Fixture Replacement (Plumbing, Lighting etc.)

- Acoustical Improvements, including the following:
  - New Electro Acoustic Enhancement System to Accommodate Range of Performances
  - Modify Audience Chamber and Orchestra Pit Fixed Acoustics
  - Replace Orchestra Shell

Community Center Theater Space Type	New	Renovation	Total
Primary Building Areas	29,721 SF	17,475 SF	<b>47,196 SF</b>
Performance Space	0 SF	25,237 SF	<b>25,237 SF</b>
Performance Support	11,175 SF	3,799 SF	<b>14,974 SF</b>
Building Services	125 SF	9,148 SF	<b>9,273 SF</b>
<b>Total (s)</b>	<b>41,021 SF</b>	<b>55,659 SF</b>	<b>96,680 SF</b>



Preferred Renovation & Expansion Concept – Memorial Auditorium Improvements:

Renovations to the CCT will occur over multiple seasons, but interior renovations requiring relocation of events to an alternative facility will occur in a condensed timeframe anticipated to span only one season. During this period, events will be held at the nearby existing Memorial Auditorium.

As part of the project, various improvements to Memorial Auditorium will be made prior to relocation. These improvements focus on improving the quality of performances and the patron experience, and include the following:

- Temporary Improvements, including the following:
  - Modular Restrooms to Supplement Orchestra Level Patron Amenities
  - Protective Structure for Truck Load-In/Load-Out
- Permanent Improvements, including the following:
  - Acoustical Treatments at Upper Balcony and a new Orchestra Shell
  - Audience Seating - Replacement at Orchestra Level / Refurbishment at Dress Circle and First Balcony
  - Limited Audio-Video Equipment Upgrades
  - Orchestra Pit Modifications to Accommodate Performance Requirements
  - Rigging System Refurbishment
  - Structural Capacity Upgrades for Stage and Audience Chamber
  - Theatrical Lighting / Dimming / Road Show System Improvements

Project Cost Summary - Preferred Renovation & Expansion Concept - Convention Center & Theater:

Project cost estimates were developed with input from a variety of sources including Design Professionals, the Design-Assist Contractor, Cost Consultants and the City of Sacramento.

The estimated total project cost is \$269,530,000, broken down as follows:

- Convention Center, Phase 1 \$169,990,000 \*\*
- Community Center Theater \$83,370,000
- Memorial Auditorium, Temporary Improvements \$2,220,000
- Memorial Auditorium, Permanent Improvements \$13,950,000

\*\* Estimated Convention Center project costs include the following scopes of work:

- approximately 108,000 square feet of demolition (mainly the existing 'Activities' Building)
- approximately 224,000 square feet of new construction
- approximately 21,000 square feet of site development work

Estimated total project costs include the following:

- Construction Cost for Building and Site Work
- Construction Cost Escalation (to the anticipated mid-point of construction)
- Construction Contingency
- Fixtures, Furnishings and Equipment (FF&E)
- Design, Construction, Project Management and Miscellaneous Services
- Development and Miscellaneous Fees
- City of Sacramento Management Services
- Project Contingency

Preliminary Schedule - Preferred Renovation & Expansion Concept - Convention Center & Theater:

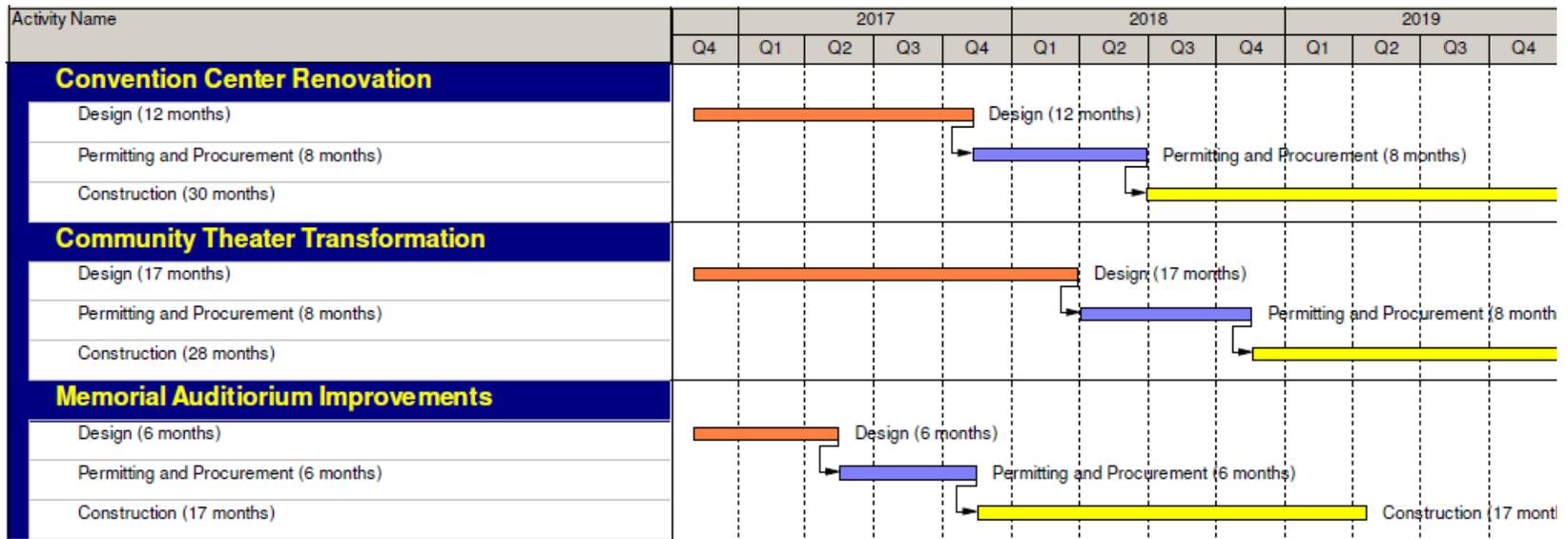
Schedules were developed with input from a variety of sources including Design Professionals, the Design-Assist Contractor and the City of Sacramento.

Construction will be sequenced and, assuming the design work commences in late Fall 2016, the Memorial Auditorium construction would begin in Fall 2017, the Convention Center in Summer 2018, and the Theater in Fall 2018.

All of the projects would be complete by Spring 2021.

The schedule is in the preliminary stage of development and, as design progresses, it will be revised accordingly.

On the following page is a summary bar schedule that shows anticipated durations for Design, Permitting & Procurement and Construction for the Convention Center, Community Center Theater and Memorial Auditorium Improvement scopes of work.



Activity Name	18		2019				2020				2021		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Convention Center Renovation</b>													
Design (12 months)													
Permitting and Procurement (8 months)			Permitting and Procurement (8 months)										
Construction (30 months)			Construction (30 months)										
<b>Community Theater Transformation</b>													
Design (17 months)	(17 months)												
Permitting and Procurement (8 months)			Permitting and Procurement (8 months)										
Construction (28 months)			Construction (28 months)										
<b>Memorial Auditorium Improvements</b>													
Design (6 months)													
Permitting and Procurement (6 months)			Permitting and Procurement (6 months)										
Construction (17 months)			Construction (17 months)										

Project Summary - Preferred Renovation & Expansion Concept - Convention Center:

The Preferred Renovation & Expansion Concept for the Convention Center comprises the following:

- approximately 108,000 square feet of demolition
- approximately 224,000 square feet of new construction
- approximately 21,000 square feet of site development work

The estimated total project cost is \$169,990,000. Estimated costs are to the mid-point of construction.

The anticipated schedule is as follows:

- 4<sup>th</sup> Quarter 2016 – commence 12-month Design
- 4<sup>th</sup> Quarter 2017 – commence 8-month Permitting/Procurement
- 3<sup>rd</sup> Quarter 2018 – commence 30-month Construction

Upon the completion of the Preferred Renovation & Expansion Concept, the Convention Center will include the following spaces and amenities:

- approximately 196,000 square feet of contiguous prime exhibition space (inclusive of approximately 40,000 square feet of flexible space)
- approximately 26,000 square feet of meeting rooms
- approximately 24,000 square feet of ballroom (sub-dividable into meeting rooms)
- a new main kitchen, shared central plant and various lobbies, public pre-function spaces, back-of-house and support spaces to augment the exhibition halls and meeting rooms
- structural enhancement to support future ballroom construction

Project Summary - Preferred Renovation & Expansion Concept - Theater:

The Preferred Renovation & Expansion Concept for the Community Center Theater comprises the following:

- minor demolition
- approximately 41,000 square feet of new construction
- approximately 56,000 square feet of renovation (light, medium and heavy renovation)
- site development
- temporary and permanent improvements to Memorial Auditorium

The estimated total project cost is \$99,540,000. Estimated costs are to the mid-point of construction.

The anticipated schedule is as follows:

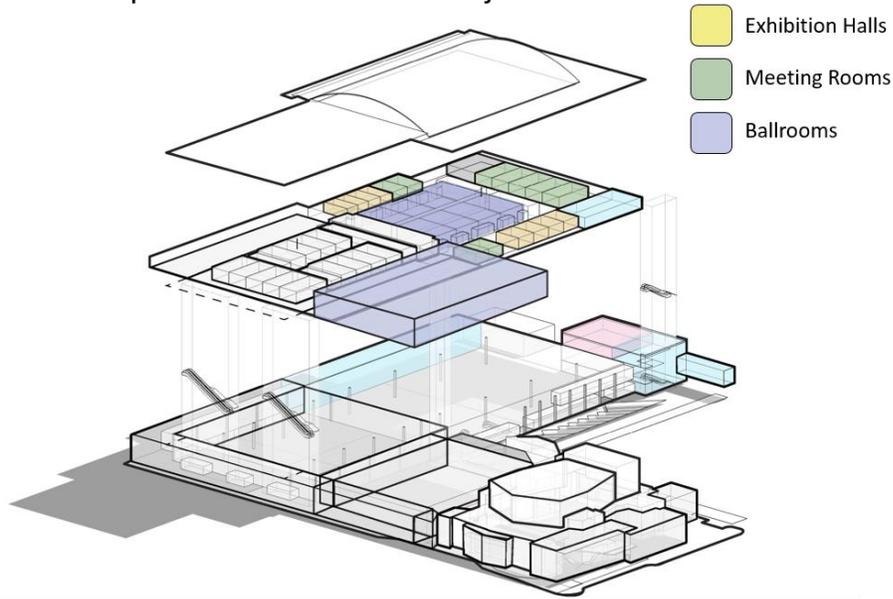
- 4<sup>th</sup> Quarter 2016 – commence 17-month Design (Theater scope)
- 2<sup>nd</sup> Quarter 2018 – commence 8-month Permitting & Procurement (Theater scope)
- 4<sup>th</sup> Quarter 2018 – commence 28-month Construction (Theater scope)
- 4<sup>th</sup> Quarter 2016 – commence 6-month Design (Memorial Auditorium scope)
- 2<sup>nd</sup> Quarter 2017 – commence 6-month Permitting/Procurement (Memorial Auditorium scope)
- 4<sup>th</sup> Quarter 2017 – commence 17-month Construction (Memorial Auditorium scope)

Upon the completion of the Preferred Renovation & Expansion Concept, the Theater will be transformed into a fully ADA compliant venue that meets modern operational and performance standards.

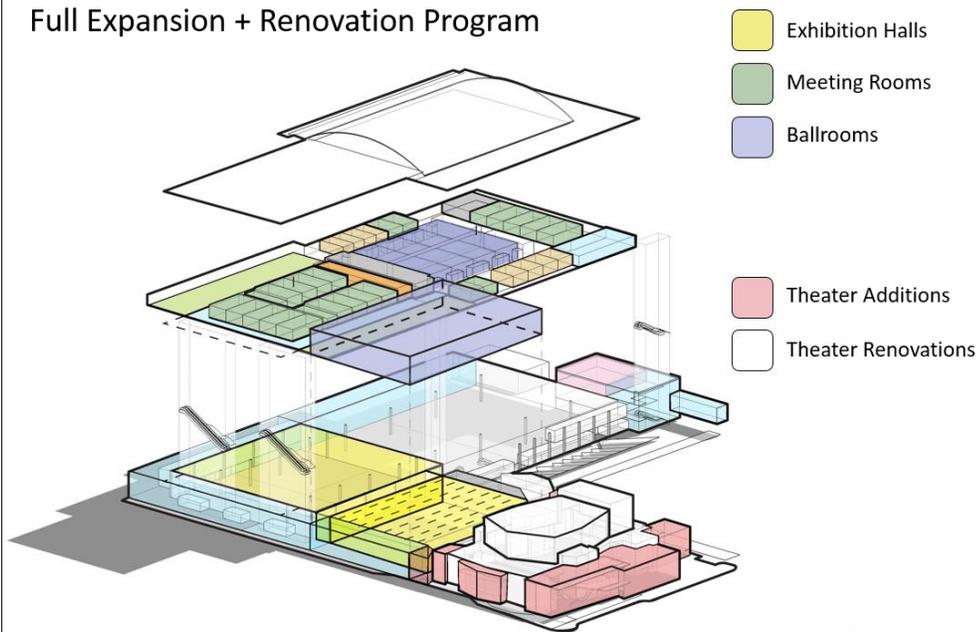
Full Expansion & Renovation Concept – Convention Center & Theater:

Future expansion of the convention center could be executed by adding meeting rooms on the upper level, renovating existing space and undertaking various improvements to improve the SCC's functionality and its user experience.

### Future Expansion + Renovation Projects



### Full Expansion + Renovation Program



Project Cost Summary – Full Expansion & Renovation Concept – Convention Center & Theater:

The estimated total project cost for is \$390,440,000, broken down as follows:

- Convention Center \$290,900,000 \*\*
- Community Center Theater \$83,370,000
- Memorial Auditorium, Temporary Improvements \$2,220,000
- Memorial Auditorium, Permanent Improvements \$13,950,000

\*\* Estimated Convention Center project costs include the following scopes of work:

- approximately 128,000 square feet of demolition
- approximately 320,000 square feet of new construction
- approximately 28,000 square feet of light renovation to existing spaces
- approximately 99,000 square feet of medium renovation to existing spaces
- approximately 41,000 square feet of heavy renovation to existing spaces
- approximately 35,000 square feet of site development work

Estimated total project costs include the following:

- Construction Cost for Building and Site Work
- Construction Cost Escalation (to the anticipated mid-point of construction)
- Construction Contingency
- Fixtures, Furnishings and Equipment (FF&E)
- Design, Construction, Project Management and Miscellaneous Services
- Development and Miscellaneous Fees
- City of Sacramento Management Services
- Project Contingency

Preliminary Summary Schedule – Full Expansion & Renovation Concept – Convention Center & Theater:

It is anticipated that the duration for Design, Permitting & Procurement and Construction will be similar to the previously developed schedule for the Preferred Renovation & Expansion Concept.

Project Summary - Full Expansion & Renovation Concept – Convention Center & Theater:

Upon the completion of the Full Expansion & Renovation Concept, the Convention Center will include the following spaces and amenities:

- approximately 196,000 square feet of contiguous prime exhibition space (inclusive of approximately 40,000 square feet of flexible space)
- approximately 42,000 square feet of meeting room space
- approximately 64,000 square feet of ballroom space
- renovation of approximately 168,000 square feet of existing space (light, medium and heavy renovation)
- a new main kitchen, shared central plant and various lobbies, public pre-function spaces, back-of-house and support spaces to augment the exhibition halls and meeting rooms
- improved patron circulation including a new Exhibit Hall entry on East side
- new roof garden terraces