

City Approves Arena Deal

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Landmark Project Set to Open in 2016

Before a packed council chambers, Mayor Kevin Johnson and the City Council approved plans to build and finance a new Entertainment and Sports Center (ESC) at the Downtown Plaza Mall.

"Tonight's vote is a historic moment for Sacramento and the culmination of years of hard work from so many in our city and our region," said Mayor Kevin Johnson, "Sacramento has had a vision for its future and I am so proud of our community for their fight and resolve to ensure that vision became a reality. I can't wait till groundbreaking in the fall."

Tonight's vote is the culmination of a 15 year community effort to build and finance a new Entertainment and Sports Center. The Sacramento City Council Chambers was filled to capacity with 200 people inside. More gathered outside of City Hall to watch the Council Meeting on a giant LED Screen.

"We want to thank Mayor Johnson and the Sacramento City Council for their leadership," said Kings' owner Vivek Ranadivé. "We are humbled by tonight's historic vote and the opportunity to truly transform this great city. Most importantly, I want to thank Kings fans and the amazing people of the entire region for their passion and support. As I've always said, the Sacramento Kings belong to you."

The Sacramento City Council approved five items at tonight's meeting, each by a 7 to 2 margin. Those items include:

- Environmental Impact Report and Planning Entitlements
- Amendment to Sacramento City Code Section 15.148.815 and Adding Section 15.148.965, Relating to Digital Billboards on City-Owned Lands
- Authorize Issuance and Sale of Lease Revenue Bonds Series 2014 in an Amount Not to Exceed \$325 Million
- Terms and Agreements for the 35 Year ESC Partnership
- Deletion of Property from Master Lease Program

Key details include:

- The total project cost is \$477 million
- The City's cash contribution to the ESC will be \$223 million and the Kings' will be \$254 million
- The Kings will pay a minimum lease payment that starts at \$6.5 million and will accrue to a total of \$391 million over the life of the lease
- Repayment sources for the City's lease revenue bonds will be parking revenues, hotel tax revenues and other revenue streams created by the new ESC

- The Kings will agree to stay in Sacramento as anchor tenants of the ESC for 35 years
- The City will make a fixed one-time investment in the ESC financed primarily via revenues from the Kings lease payments, City's parking system, and hotel taxes
- The Kings will cover all additional costs, including cost overruns, predevelopment, capital repairs, and development of City land parcels
- The Kings and City agree to re-finance the existing loan in 2016

Upcoming important milestones:

- Demolition to begin in Summer 2014
- Groundbreaking to begin in Fall 2014
- The grand opening is scheduled for October 2016

Additional information about the project, including background reports, development application and final term sheets can be found on the [ESC website](#).