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**CITY OF SACRAMENTO
CALIFORNIA**

OFFICE OF THE CITY MANAGER
OFFICE OF ECONOMIC DEVELOPMENT

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February 22, 1996

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Strategy For Tourism Project Development in Sacramento

LOCATION AND COUNCIL DISTRICT: City-wide

RECOMMENDATION:

Direct staff to investigate and define preliminary concepts for a tourism-related project with Knott's Berry Farm in Sacramento and report back to Council in six to nine months. Request acceptance of Key Principles as the basis for proceeding through the various stages of development.

CONTACT PERSON: Michelle Nelson, Management Analyst, 264-7064

FOR COUNCIL MEETING: March 5, 1996

SUMMARY

One of Council's goals for the past two years has been to identify a major tourist magnet to confirm the city's potential as a destination. Report outlines basis for recommendation to proceed with Knott's Berry Farm and describes various activities associated with the investigation process. Under the scenario described in this report, the City would act as developer of the project and Knott's Berry Farm would be the potential designer/operator. If, after further investigation, it appears the project has potential to generate market-rate returns for a private investor, a private developer will be sought, upon mutual agreement with Knott's and the developer.

One of the primary goals of this project is to provide a magnet to increase the numbers of overnight tourists to Sacramento. The key to achieving this goal lies in the location of this project near Old Sacramento - an established retail district and tourist destination. Recent trends in retail development and revitalization show that projects with an entertainment/retail mix draw a larger and more diversified tourist population that tend to stay longer and spend more money than if either the retail or entertainment were stand-alone projects.

COMMITTEE/COMMISSION ACTION: None

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BACKGROUND

Impetus for Investigating Tourism Development

- Expanding tourism is one of the elements of the Council's Economic Development Agenda.
- Tourism is a clean industry that imports dollars from other regions to the benefit of local businesses.
- Development of a major tourist attraction will boost the local economy by increasing sales and tax revenues and creating jobs.
- Development of a destination attraction will help attract convention business to the newly expanded convention center.
- Added spending power downtown will continue to reinforce the Central Business District as the regional center for economic activity
- Sacramento is poised to be the State's central hub of activity for the three-year celebration of the

150th Anniversary of the Gold Rush and Statehood (1998, 1999, 2000)

History of Search for a Viable Tourist Attraction

- Proposal by private group to explore development of a freshwater aquarium in 1993.
- City evaluation of aquarium concept in early 1994 indicates aquarium requires \$30 to \$60 million of public or private subsidy.
- City retains expert tourism consultant, Harrison Price to conduct a charrette and evaluate Sacramento's tourist market and indicate viable visitor attractions. (See Appendix A)
- Key criteria developed from charrette:
 - Suitability for year-round operation
 - Ability to draw a target of 1 million visitors annually
 - Economic self-sufficiency as a minimum expectation
 - Appeal to tourists
 - Family orientation
 - Ability to generate substantial residual economic impact
 - No direct competition in the marketplace
 - Appropriateness for city-provided development incentives
 - Value as hands-on educational experience
- Harrison Price was concerned that an aquarium would have difficulty in reaching attendance targets to make the facility economically viable. Also it would face stiff regional competition from existing marine life attractions in Monterey, San Francisco, and Vallejo.
- Harrison Price indicates City should focus on attractions that take advantage of existing rich historical heritage and existing attendance in Old Sacramento - focusing on urban entertainment concepts.
- Harrison Price suggested several interrelated thematic elements - Gold Rush, rivers and water resources, pioneer life, railroads and telegraph, and the multicultural evolution of Sacramento/California.
- California State Parks had independently proposed a Gold Rush themed attraction on and below the "1849 Scene" in Old Sacramento.

What other Cities have done

- California cities have played an active role in the development of tourist and entertainment related projects. (See Attachment 1)

- In some cases, state and/or federal assistance has paved the way for development to occur.

How Knott's Was Recruited

- City sends concept packages to fifteen amusement park developers, operators and designers in late 1994 to measure interest/reactions. (See Attachment 2)
- In early 1995, City calls on five developer/operators who received packets. Most indicate that concepts appear to fit Sacramento although high technology components may not be advisable for heavily themed projects. More than one developer/designer suggests contacting Knott's Berry Farm.
- In late 1995, City initiates a series of discussion, tours and meetings with Knott's CEO and Design and Development Team.
- In January 1996, Knott's CEO/President and Chairman of Knott's Family Board of Directors meet with staff to discuss market conditions and potential interest in development/operation of tourist attraction. (See Attachment 3)

Benefits of Knott's Participation

- Knott's senior management team has over 250 years of experience successfully operating themed attractions.
- Knott's attractions are heavily targeted towards families and enjoy strong retail and food services sales.
- The Knott's Family owns and operates Knott's Berry Farm (the oldest themed amusement park) and Camp Snoopy in Mall of America (the world's most successful indoor amusement park) both of which last year ranked in the top 20 of North American Amusement/Theme Parks.
- In 1988, Knott's Berry Farm was awarded The Applause Award, the most prestigious international honor given in the amusement park industry. (See Attachment 4)
- In February 1996, Knott's Berry Farm received California's inaugural Governor's Tourism Award, having celebrated its 75th anniversary.
- Knott's was successful in transforming an old recreated ghost town into a vibrant and exciting family amusement park. (See Attachment 5)
- Design staff at Knott's are expert at incorporating human-scale features and creating pedestrian-friendly environments. (See Attachment 6)
- Research and Programming staff at Knott's are experts at bringing history to life and creating hands-on experiences to stimulate the curiosity.

- The Knott's name and reputation are internationally known and respected for high-quality design, park management and operations.

Knott's Role

- Knott's would design, oversee the construction and operate the project for a market rate management fee that incorporates various incentives - if project can be determined to be viable.

Economic Impacts

- Based on a project investment of \$50 - \$100 million and attendance of 1,000,000 to 1,500,000, a major tourist attraction could:
 - Boost the local economy by \$150 to \$250 million on an annual basis.
 - Increase annual retail sales in Old Sacramento by \$20 to \$60 million.
 - Increase annual taxes and fees by \$1.5 to \$2.5 million.
 - Create 1,000 to 1,500 service jobs (part-time and entry level)

Siting Considerations

- One area being considered is a 15.3 acre parcel within the Southern Pacific Railyard planning area which is zoned Riverfront Commercial-Recreation District (RCRD), located immediately north of the SP railroad tracks. The RCRD zoning includes retail and retail-entertainment uses and appears well-suited for Knott's initial concepts for the area.
- Proximity to Old Sacramento was recommended by Harrison Price as desirable for any new tourist attraction in order to draw from its established tourist population and some nine hundred existing and underutilized parking spaces.
- Specific areas within Old Sacramento could include portions of the waterfront, the "1849 Scene", various vacant buildings and lots.

Key Principles

- The following key principles will guide the decision to proceed with this project from the current preliminary concept through the various stages of development. If at any point it is apparent that these principles cannot be maintained the project will be dropped.
 - Full support and participation by the State Department of Parks and Recreation (see Attachment 7), Old Sacramento Management Board, Southern Pacific and City Council.
 - Historical accuracy of all stories in the park - validated by State Parks and City historical

staff - and the historically-sensitive development of any historic sites.

- ▶ Project breaks even or is profitable based on conservative assumptions.
- ▶ City must be comfortable that all participants share in minimizing risk. City is lead financial investor if private funding is not found.
- ▶ State is open to exploring revenue-generating uses and programming elements in existing buildings and on vacant land consistent with historic preservation values.
- ▶ Annual tourism attendance for project must be between 600,000 and 900,000. Total visitation, including residential population, should reach between 1.0 million and 2.0 million.
- ▶ Project must significantly boost retail sales in Old Sacramento.
- ▶ Project will include an "exit strategy" that will minimize losses if attendance does not meet projections.
- ▶ Project will be compatible with existing preservation activities, museums and festivals in Old Sacramento.

Next Steps

- Assemble a staff technical team representing City Manager's Office, Public Works, Planning, Utilities, and SHRA to advise Knott's on site-related issues.
- Assemble an interagency team including State Parks, CalTrans, Army Corps of Engineers, State Reclamation District, State Lands Commission among others on site development.
- Brief key stakeholders including: Southern Pacific, State Parks, State Parks 150 Committee, Old Sacramento Management Board, Downtown Partnership, City of West Sacramento, Governor's CAL150 Committee, State Trade and Commerce Agency.
- Harrison Price to fine-tune market study and provide feasibility analysis.
- Knott's to develop concepts, storyboards for an attraction with input from City and State Parks.
- Explore various financing alternatives, financial commitments.
- Evaluate parking issues.

- Develop Letters of Intent with:
 - City and Knott's
 - City and State
 - City and Southern Pacific
 - City and Old Sacramento Management Board
 - City and Corps of Engineers

ENVIRONMENTAL CONSIDERATIONS

Not applicable at this time.

FINANCIAL CONSIDERATIONS

Reimbursable expenses related to conceptual investigation of a tourist attraction by Knott's and for an expanded market and feasibility study by Harrison Price is estimated at \$50,000. Funds are available in existing budgets.

Financing alternatives for development of a tourist attraction will be investigated over the next six to nine months. Staff will make every effort to identify private and non-city sources of capital to finance any such project.

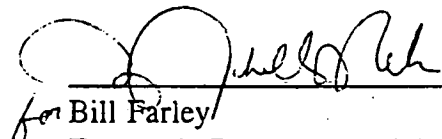
POLICY CONSIDERATIONS

Development of a tourist attraction is consistent with the City's Economic Development Agenda.

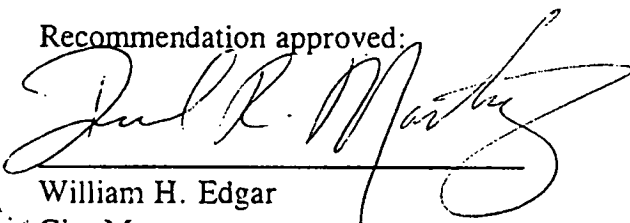
MBE/WBE

Not applicable at this time

Respectfully submitted,


for Bill Farley
Economic Development Manager

Recommendation approved:


William H. Edgar
City Manager

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION DIRECTING STAFF TO INVESTIGATE CONCEPTS FOR TOURISM
DEVELOPMENT WITH KNOTT'S BERRY FARM
AND
ACCEPTING KEY PRINCIPLES AS THE BASIS FOR PROCEEDING THROUGH THE STAGES
OF DEVELOPMENT

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
SACRAMENTO,

1. Staff is directed to investigate and define preliminary concepts for a tourism-related project with Knott's Berry Farm and to report back to Council in six to nine months, and
2. Council accepts the Key Principles outlined in the report as the basis for proceeding through the various stages of development.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Public-Sponsored Tourism Projects in California

AGENCY	PROJECT	DEVELOPMENT COST	PROJECT NOTES
City of Santa Clara/ Redevelopment Agency	Great America Theme Park	\$130 Million	Purchased land and assets to avoid demolition by private developer. Sold five years later to Paramount.
City of Vallejo/ Redevelopment Agency	Marine World	\$49 Million	City provided land tax-exempt financing for development.
City of Long Beach/ Redevelopment Agency	Queensway Bay Aquarium project (underway)	\$120 Million	\$40 million HUD Section 108 loan; \$80 million City revenue bonds
City of Santa Monica	Pacific Park - Amusement Park at Santa Monica Pier (underway)	\$14 Million	City revenue bonds
City of Concord	Concord Pavilion - expansion and renovation	\$20.7 Million	City revenue bonds
State Trade and Commerce Agency	Lego Land (Carlsbad, CA)	\$180 Million	<u>State Incentives - \$11 Million</u> EDD -\$600k, ETP - \$2.5 million, CalTrans - \$3 million, Water Resources - \$5 million loan
City of Anaheim	Sportstown Anaheim (proposed)	Unknown	Not yet determined
City of Temecula	Old Town Temecula (proposed Big Western theme park)	\$100 million	\$6 million of preplanned infrastructure provided by City.

List of Attraction Developers/Operators
Sent Concept Packets for
Gold Rush Entertainment Center

Mr. Andrew Halliday President Edison Brothers	Developers of "Dave & Busters" young adult themed entertainment centers
Mr. Steve Ruzsack, USA President Sega Enterprises	Developers of Sega family entertainment centers
Mr. Michael Swinny, Sr. VP Sony New Technologies, Inc	Developers of Sony 2000 high-concept media attractions
Mr. Steve Qualkinbush, VP Real Estate Iwerks Entertainment	Developers of Cinetropolis large screen firm, simulators
Mr. Daniel Socoloff, President MEGA	Developer of Deep Rock Drive multi-venue, rock music themed entertainment center
Mr. Edgar Johnson, President Johnson Enterprises	Spearheading development of Hollywood Center, a multi-venue entertainment attraction
Mr. Robert Early, CEO Planet Hollywood, Inc.	Operator of Planet Hollywood themed restuarants
Mr. Don Olephant, General Partner McMahan-Olephant	Real Estate arm of Knotts Berry Farm
A.J. Lekowski, VP CIA Designs	Show designer of Texas Adventure a multimedia special effects attraction based on the history of the Alamo
Sheldon Gordon The Gordon Company	Developer of Forum Shops in Las Vegas
Pat Scanlon, VP BRC Imagination Arts	Developer of "Mystery Lodge" attraction at Knott's Berry Farm
Cindy Aylward, VP IMAX Corporation	Developer of large screen format films

(cont'd)

John Cope, Partner
Maguire Thomas Partners

Office and mixed-use land developer

Michael Rubin, President
MRA International

Leisure and entertainment
development

Peter Rummell, President
Disney Design and Development

Developer of themed attractions

Terry E. Van Gorder
PRESIDENT and
CHIEF EXECUTIVE OFFICER



Owned and Operated by the
Knott Family since 1920

February 26, 1996

The Honorable Joe Serna
The Sacramento City Council
CITY OF SACRAMENTO
915 I Street, Suite 301
Sacramento, CA 95814

Dear Mayor Serna and City Council Members:

May this letter confirm Knott's Berry Farm's professional interest toward the pursuit and discovery of the opportunity for a viable, meaningful theme park in conjunction with your Old Town district.

We believe that the thematic suggestions from the Harrison Price study serve as a solid basis for developing exciting concepts which capture the significance of Sacramento's role in the Gold Rush era and in California's development.

We have spent several days during the last few months physically exploring your city's existing tourist and retail districts, and we have started to build a vision of what could ignite tourism in Sacramento.

We look forward to working with you and your staff toward a mutually rewarding project.

Sincerely,

KNOTT'S BERRY FARM

A handwritten signature in black ink that reads "Terry E. Van Gorder".

Terry E. Van Gorder
President and
Chief Executive Officer

TVG:klj

**KNOTT'S BERRY FARM IS RECIPIENT
OF THEME PARK INDUSTRY'S TOP HONOR - THE APPLAUSE AWARD**

BUENA PARK, CA -- The Applause Award, the most prestigious honor given in the amusement park industry, was awarded to Knott's Berry Farm in 1988.

The award is presented biannually to honor a park whose management, operations and creative accomplishments have inspired the industry with their foresight, originality and sound business development.

1988 was the year of the first joint presentation of the award by Liseberg Amusement Park, Gothenberg, Sweden, and Amusement Business, the premier international newsweekly covering the mass entertainment industry.

Knott's was chosen the 1988 winner by a 12 member Board of Governors, each of whom represents a non-park segment of the industry and is a member of the International Association of Amusement Parks and Attractions (IAAPA).

The award was presented to Knott's President and Chief Executive Officer Terry E. Van Gorder at the IAAPA annual convention in Dallas, Texas.

"This distinguished award is a validation of just how far Knott's has come during the past five years," said Van Gorder. "To be thus recognized by our international peers for excellence is profoundly meaningful on behalf of all Knott's Berry Farm employees."

The focus of the award is based upon how three specific issues are demonstrated through a park's management, operations and creative accomplishment: sound business development and profitability; originality and creativity; and foresight - the ability to see trends in the industry and set examples for others to follow.

From 1982 to 1988, Knott's completed a substantial refurbishment and expansion of the Park, including the addition of the internationally acclaimed Camp Snoopy

KNOTT'S BERRY FARM

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children's area in 1983 and two major new rides, Kingdom of the Dinosaurs (1987) and Bigfoot Rapids (1988).

"We have always included elements in the Park that go beyond the commercial equation," said Van Gorder. "Examples include the many pieces of original art found at Knott's, our operating antiques such as the classic Dentzel carousel, 19881 narrow-gauge steam engine, the Butterfield Stagecoaches and our continued commitment to the use of landscape and water," he added.

Some of the other areas on which the award was based were safety, maintenance and park operations, landscaping, crowd management and organization, rides and attractions, management development and employee training, food and beverage operations, merchandise, souvenir and games operations, elements of design, park architecture and entertainment venues.

The two previous winners of the Applause Award, which was created in 1980 by the esteemed Liseberg Amusement Park, were the Walt Disney Company and the Opryland Amusement Park.

Knott's Berry Farm is the nation's first family theme park. It is located in Orange County, California, 25 miles southeast of downtown Los Angeles. More than five million people visit the Park and adjacent MarketPlace each year.

The 150 acre Park has six themed areas and is the world's only outdoor, family theme park featuring Snoopy and the Peanuts Characters.

-KNOTT'S-

THE WALL STREET JOURNAL.

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MONDAY, MAY 14, 1990

Nation's Oldest Theme Park Changes With the Times

Knott's Berry Farm Stays Competitive While Preserving Old-Fashioned Image

By DAVID J. JEFFERSON

Staff Reporter of THE WALL STREET JOURNAL

BUENA PARK, Calif. — Four years ago, the nation's oldest theme park, Knott's Berry Farm, experimented with change.

Instead of sticking with the set menu at the park's Chicken Dinner Restaurant, diners could substitute soup for the cherry rhubarb appetizer, and apple or peach pie for the traditional boysenberry pie.

Outraged letters came pouring in.

"People were saying, 'How dare you tamper with the original menu!' and we weren't even taking away any of the old items" recalls a spokesman.

Such are the bearable headaches of a company that has built its reputation on being predictable and familiar. A fortress in its marketplace, the family-owned enterprise year after year survives direct competition from Disneyland—less than 10 miles away—and from other theme parks run by big companies. Knott's says its profits are at record levels.

The secret to Knott's longevity has been preserving its image of "good, old-fashioned fun," says Chairman Terry E. Van Gorder. The tricky part has been finding ways to make this "old-fashioned fun" seem refreshing enough so that arthritis doesn't set in. And in that, Knott's has apparently succeeded. "They keep adding new things, but they also keep the old," says Tom Powell, editor of Amusement

Business magazine, a trade publication.

In many ways, Knott's is the smorgasbord of theme parks, with indoor rides like at Disneyland, fast rides for thrill-seekers, a dolphin show to compete with marine parks and a playland for kids.

But the centerpiece remains Knott's 50-year-old Ghost Town. Here, visitors can hop aboard an 1880s steam train, pan for "real gold" (tiny granules of the stuff) and watch a simulated shootout.

It all developed over time to meet market demands. In the 1920s, Walter Knott and his wife, Cordelia, cultivated berries here and sold them from a roadside stand. Mrs. Knott in 1934 began serving fried-chicken dinners for 65 cents each.

As the number of patrons grew, Mr. Knott toyed with the idea of building an attraction to keep customers entertained while they waited in line. Mr. Knott was fascinated by tales of the Old West, having grown up with stories of his mother's trek to California in a covered wagon. In 1940, he began moving old buildings here from various ghost towns. Thus began the nation's first theme park, so called because it had the "theme" of the Old West.

But in 1955, Knott's suddenly faced a formidable neighbor: Disneyland. That park boasted not only a steam train and replica of the Old West but four other themed areas as well.

Knott's gradually incorporated some Disney-style elements to keep pace. A ride through a simulated mine with animated figures was added in 1962. A Mexican-themed area opened in 1969, followed in 1975 by a Roaring '20s area. Although Disneyland inadvertently helped Knott's by bringing out-of-towners to the area, Knott's never could match Disneyland's numbers.

Theme Park Stars

Top amusement/theme parks, ranked by 1989 attendance, in millions

Park	Attend.
Walt Disney World Lake Buena Vista, Fla.	30.0
Disneyland, Anaheim, Calif.	14.4
Universal Studios Hollywood, Universal City, Calif.	5.1
Knott's Berry Farm, Buena Park, Calif.	5.0
Sea World of Florida, Orlando, Fla.	4.0
Sea World of California, San Diego	3.8
Busch Gardens The Dark Continent, Tampa, Fla.	3.5
Kings Island, Kings Island, Ohio	3.2

Source: Amusement Business magazine

Over the years, several other rival amusement parks opened.

In 1981, the year Mr. Knott died, the Knott family decided to turn the reins over to someone with more experience in the amusement park industry. It hired Mr. Van Gorder, who had been president and chief executive of nearby Magic Mountain amusement park for eight years, until it was sold to Six Flags Corp. in 1979. Mr. Van Gorder's challenge was to attract new customers. "One thing that scared me was the line of gray-haired people at the

Chicken Dinner Restaurant. I thought, 'My God, this market is dying.'"

The solution was to build a new themed area where yuppies could bring their offspring. In 1983, Knott's opened Camp Snoopy, a \$10 million area with pint-sized rides for children, themed around the Peanuts cartoon characters, which Knott's licensed from Charles Schulz.

Knott's has spent about \$60 million on new projects in the past seven years. Mr. Van Gorder concedes that the competition outspends Knott's on capital outlays by eight-to-one, and on marketing by four-to-one. But, he says, "the last four years by far have been the most successful in our history" in terms of sales and profits. Attendance has remained relatively constant over the past several years. (Knott's declines to disclose specific figures.)

Now, Knott's plans to do something its bigger competitors have already done: duplicate itself, but on a small scale.

A new \$70 million park called Knott's Camp Snoopy will be located inside the new Mall of America in Bloomington, Minn. Opening in the fall of 1992, it will have 16 rides and attractions.

Knott's is expanding its food business as well. Later this month, it will unveil a new line of low-calorie jams and jellies made with NutraSweet, the first time the sweetener has been used in fruit spreads. And Knott's says it will open two restaurants outside the park next year, called Mrs. Knott's Restaurant & Bakery.

Will the old-fashioned Knott's formula play outside Orange County, Calif.? Mr. Van Gorder is confident it will. "Nothing about us will be out of fashion or out of date," he says. "In my opinion, America needs to turn back to its roots. Knott's is already there."





THE DIFFERENCE IS REAL.

FOR IMMEDIATE RELEASE

Contact: Bob Ochsner
or Dana Hammontree
(714) 220-5130

**Knott's Berry Farm in 1995:
The Difference Is Real**

BUENA PARK, Calif. -- It doesn't take long. Just a half-hour or so of wandering the shady paths that crisscross Knott's Berry Farm confirms that you're visiting a very different kind of family entertainment park.

Take a stroll through Knott's Ghost Town. You'll see many authentic buildings, some a century-old, carefully moved from their original sites in California and Arizona ghost towns and rebuilt at Knott's. Ghost Town brims with vital, living history, including an actual Gold Rush-era sluice where kids and their parents pan for real gold.

See that train, huffing and puffing around the park? It's real and propelled by an 1881 narrow-gauge steam engine that was once part of the Denver and Rio Grande Southern Line. Nearby, a genuine Overland Trails stagecoach, more than 100 years old, takes passengers on a memorable journey across the park and into America's past.

(more)

"Knott's is different because it's real," states Terry E. Van Gorder, president and chief executive officer of the world-famous family entertainment park in Buena Park, Calif. "Our guests interact with operating antiques; they participate in real ways. At Knott's, you interact with actual human beings who'll talk right back to you. For more than 50 years, Southern Californians have enjoyed the many delights that only Knott's can offer. It's the park Californians call home."

According to Van Gorder, the Knott's emphasis on intensely human experiences is the heart and soul of the park's philosophy. "We work hard to keep it that way," he adds.

As you explore the wonders of Knott's, you'll come across one of America's most remarkable merry-go-rounds. It was designed and hand crafted in the late 1800s by the Philadelphia carousel factory operated by legendary carousel-maker Gustav Dentzel. Steps away in Knott's Indian Trails, Native Americans labor at their intricate arts and crafts and tell wondrous stories of their tribes. Here, the architectural styles of Native Americans are artfully recreated, including an authentic Big House and tipis of the Blackfoot, Nez Perce, Cheyenne, Crow and Kiowa tribes.

(more)

Knott's emphasis on authenticity is everywhere. Ghost Town's Haunted Shack first stood in Esmeralda, Nevada, and was reconstructed here, nail-for-nail. The Old Trails Hotel began life in 1868 in Arizona. Ghost Town also boasts a real schoolhouse from Kansas and -- watch your step! -- even a jail. Guests get the feel of an old-time operating gold mine when they board the Calico Mine Train, plunging deep into the earth in open ore cars for a journey into another era.

Towering just outside the park gates is one of the most visible and beloved of Knott's attractions, an exact replica of Philadelphia's Independence Hall. The likeness is so exact that you can see fingerprints in the brick, just as in the original. When the real Independence Hall was restored for America's bicentennial in 1976, its original blueprints could not be found. The reconstruction committee in Philadelphia contacted Knott's and asked to borrow the park's plans.

Many years ago, Walter Knott, the man who started all the Berry Farm magic, spoke eloquently about the Knott's experience: "The more complex the world becomes, the more people turn to the past and the simple things in life. We try to give them some of those things."

That honorable spirit still lives and breathes and entertains people of all ages, from everywhere. Knott's is very different because Knott's is very real.

-KNOTT'S-

1194



THE DIFFERENCE IS REAL.

FOR IMMEDIATE RELEASE

Contact: Bob Ochsner
or Dana Hammontree
(714) 220-5130

Knott's Berry Farm in 1995: The Difference Is Atmosphere

BUENA PARK, Calif. -- From rushing rivers and waterfalls to acres of trees, flowers and plants, Knott's Berry Farm is one of the most visually beautiful family entertainment parks anywhere.

Complimenting the beauty of nature at Knott's are superior examples of the artistic ingenuity of man, including sculpture, mosaics and artworks of various styles and periods.

With art and nature so happily combined, the Knott's Berry Farm Experience blends into a treat for all the senses. As you discover and enjoy the park, you feel a strong sense of place and of enhanced reality. Knott's is carefully planned as intensely human in scale, relaxing in spirit and vital with visual surprises.

Knott's atmosphere is typified by the abundant priceless artifacts of the American West -- many are actual operating antiques -- visible and touchable all through Ghost Town. You can even peek through windows of rickety, century-old buildings to see glimpses of daily life in the world of the 1800s.

(more)

Lush, natural landscaping is the sweeping motif of Wild Water Wilderness. One of Knott's most picturesque areas, the Wilderness recaptures the magnificent beauty of a California river wilderness park of the early 1800s. The trees, all indigenous to the Far West, include the California black oak, coast redwood and Torrey pine.

Colorful wildflowers blossom throughout the Wilderness, rivaling the rainbow with poppies, bluebells, daffodils, larkspurs and lilies blooming all year. The area's major body of water, Bigfoot Rapids, is California's longest man-made, white-water river. Nearby, the rushing waters of Thunder Falls guard the entrance to one of Knott's most imposing attractions, Mystery Lodge™. Here, a massive facade of rock and authentically detailed, hand-conditioned cedar belies the magic awaiting guests inside.

As you stroll through Knott's spirited Roaring 20s, don't miss the powerful sculpture at the entrance to Kingdom of the Dinosaurs. It's a monumental 15-ton dinosaur, carved from a huge block of Taiwanese marble by California sculptor John Cody.

Sculpture of a different type, the Knott's 27-foot totem pole, hand-hewn from incense cedar, stands at the entrance to Indian Trails, the park area saluting and preserving the art and heritage of Native Americans. Another of Indian Trails' remarkable works of art is an unusual "Big House" of the Kwak'wala speaking people. The building's facade and the hand-carved house posts near its entrance were designed and executed by Richard Hunt, the world-celebrated British Columbian Kwak'wala speaking artist.

(more)

Located inside Indian Trails, Knott's Old Bottle House is a whimsical example of American folk architecture. Its walls are made of 3,082 empty wine and whisky bottles. Notice that all the bottles face inward so they won't whistle when the wind blows.

When you enter Camp Snoopy, the park's six-acre children's wonderland, you get the feeling you're hiking off on a mountain holiday. Trees, flowers, waterfalls and a meandering stream evoke the grandeur of California's High Sierra country.

In Fiesta Village, Knott's salute to California's Hispanic heritage, Mexican artist Jose Antonio Aguirre's huge rainbow-splashed mural demands appreciation. More colorful, original works by Aguirre are seen across the Village. Also, don't miss the whimsical Adventure Fountain at the base of Jaguar™.

In all corners of its 150 green and inviting acres Knott's is something of a museum without walls. Everywhere you look, the art and creativity of mankind complement the grandeur and glory that is nature.

Knott's Berry Farm has a different feel, a particular sense of place, space and time. Take a walk around. You'll feel the difference. The difference is real.

-KNOTT'S-

1194

DEPARTMENT OF PARKS AND RECREATION

CALIFORNIA STATE RAILROAD MUSEUM
111 I STREET
SACRAMENTO, CA 95814-2265
(916) 445-7387



February 23, 1996

Mr. Bill Farley
Economic Development Manager
City of Sacramento
Office of Economic Development
915 "I" Street, Suite 301
Sacramento, California 95814

Dear Mr. Farley:

Thank you for the opportunity to discuss the potential for undertaking a tourism development project in conjunction with the City of Sacramento.

The Department of Parks and Recreation has sought since 1993 to promote the creation of a Gold Rush-theme development related to Old Sacramento State Historic Park, and I am pleased the City and Knott's Berry Farm have expressed an interest in pursuing this concept. The Knott organization is well respected, and brings considerable expertise and credibility in attraction planning and management to the project.

I have reviewed your draft staff report to be heard by the City Council on March 5, 1996, and am in general agreement with the Key Principles which are intended to guide the exploratory study. I look forward to being involved in the conceptual development process for a project which could become one of the outstanding visitor attractions in the West.

Sincerely,

A handwritten signature in black ink, appearing to read "W.P. Gray III", with a small "W" above the "G".

Walter P. Gray III
Director
California State Railroad Museum

cc: Mr. R.L. Brean

Charrette Report

**VISITOR ATTRACTION POTENTIALS
FOR THE CITY OF SACRAMENTO**
Sacramento, California

Prepared for

**CITY OF SACRAMENTO
OFFICE OF ECONOMIC DEVELOPMENT**
August 1994

Prepared by

HARRISON PRICE COMPANY

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Section 1

INTRODUCTION

In October 1993, the Sacramento City Council adopted an Economic Development Agenda that identified the tourism industry as a sector with strong growth prospects. Following adoption of this agenda, the city's Office of Economic Development was instructed to investigate the possibility of developing a large freshwater aquarium as a major tourist magnet. While the results of the ensuing research suggested excellent potential to develop an attraction that would appeal to tourists as well as residents throughout the regional area, it was concluded that the size of the market may be insufficient to generate the aggressive attendance targets needed to ensure the financial viability of a full-scale aquarium. Several ideas were subsequently expressed for reducing the cost and/or risk of aquarium development. It was also suggested, however, that other kinds of attraction concepts be examined as alternatives to an aquarium or as part of a mixed-element project that would combine aquarium exhibits with other entertainment experiences.

To assist in narrowing the range of these alternatives, the Office of Economic Development retained recreation industry consultant Harrison Price Company to conduct a preliminary market analysis in tandem with a charrette conference attended by representatives of key city agencies and organizations. The objectives of the charrette, held on July 20, 1994, were to identify a preferred concept that is consistent with available market support and the competitive environment, to evaluate potential attraction sites and establish a priority ranking, and to develop general economic parameters for the project. Results of the charrette are intended to provide a basis for subsequent, more comprehensive research and planning that would refine the preferred attraction's specific entertainment components and articulate the selected theme in greater detail, leading to a formal feasibility study that will serve as a prospectus for potential developer/operators. Charrette participants were as follows:

Harrison Price Company

- Harrison A. Price, Chairman and President
- Sharon J. Dalrymple, Senior Vice President

City of Sacramento

- Bill Farley, Office of Economic Development
- Michele Nelson, Office of Economic Development
- Ted Leonard, Housing and Redevelopment Agency
- Art Gee, Planning and Development Department
- Dianne Guzman, Planning and Development Department

Invited Guests

- Sam Burns, Sacramento Convention & Visitors Bureau
- Dave Stuart, Discovery Museum

This report summarizes the recommendations of the charrette panel as developed during the conference and presents selected background material on the Sacramento market that was integral to the proceedings. Following this introduction, **Section 2** briefly highlights the findings of the charrette. **Section 3** contains an overview of key market characteristics that framed the panel's recommendations, followed by the identification of possible site locations for a major visitor attraction. Finally, in **Section 4**, a more detailed narrative is presented of the charrette discussions, including delineation of underlying rationale and criteria for concept selection, principal concept alternatives explored, description of the recommended concept, preferred siting, and illustrative attendance and financial performance guidelines.

Harrison Price Company wishes to express its sincere appreciation to the Office of Economic Development for providing background information and making arrangements for the charrette. The insights and contributions of charrette participants are also gratefully acknowledged.

Section 2

EXECUTIVE SUMMARY

Highlighted in this section are the summary findings and recommendations of the charrette panel. No attempt is made here to describe findings in detail or to discuss underlying rationale, which are fully contained in the main body of the report.

- Currently, the total market available to a major visitor attraction in Sacramento is estimated at some 8.7 million people, including 6 million residents within 75 miles and 2.65 million overnight tourists. Overall market size will approximate 9.4 million by 1999.
- In comparison to other medium-size metropolitan areas across the country, Sacramento has a very modest overnight visitor base. Considerable incentive exists to augment the overnight count, and development of a major visitor attraction will assist greatly in this endeavor.
- Strategically situated between the populous San Francisco Bay area to the west and the Lake Tahoe/Reno resort area to the east, the city is a major Northern California trade and business center and is readily accessible via several major highways.
- Examination of the competitive environment reveals a market that is far from saturated with destination attractions. In developing program content for the subject attraction, however, every effort should be made to create entertainment experiences that differ from and complement what is already available in order to minimize direct competition and help to ensure that attendance and financial targets are met.
- Area weather conditions are conducive to outdoor activity at virtually any time of the year, an opportunity that can be exploited in attraction programming.
- A number of excellent sites for a major attraction are available, including several parcels on the downtown Sacramento waterfront, at the Cal Expo

fairgrounds to the east of downtown, and in somewhat more remote locations elsewhere in the county.

- In the context of the foregoing market and locational environment, a number of important strategy objectives and theme criteria were expressed during the charrette. Primary goals integral to the conceptual planning process are to create a high-visibility entertainment magnet that will help to induce growth of the local tourist industry, to devise entertainment experiences that reflect the unique heritage and natural environment of the Sacramento area, and to develop an entertainment "package" that will generate enough revenue to cover operating costs and, preferably, enough operating income to attract the participation of a private developer. Key theme and concept criteria include, among other considerations, suitability for year-round operation, ability to draw a target of 1 million visitors annually, appeal to tourists, family orientation, and value as a hands-on educational experience.
- A three-step approach was utilized to identify eligible concept alternatives, described in Section 4 of this report. Many conceptual ideas were explored, which were ultimately winnowed to four major opportunities—a large-scale aquarium as originally studied by the Office of Economic Development, a multi-component entertainment venue, a wildlife park, and a California Gold Rush entertainment center.
- Unanimously selected as the preferred concept was the Gold Rush themed entertainment center, which would combine elements of each of the three other concept alternatives. Broad market appeal is a major asset, as is the relevance of the theme to Sacramento and the lack of a competitive counterpart.
- While definitive "story-boarding" by professional show designers will be necessary to articulate this concept in detail, it would probably involve several interrelated thematic aspects, including the Gold Rush, rivers and water resources, pioneer life, the Pony Express, railroads and telegraph, agriculture, and the multi-cultural evolution of the Sacramento region. Illustrative component facilities might be a large-screen 3-D film presenting a dramatic account of the quest for gold, a theater experience in the mold of the

outstanding "Spirit Lodge" at Vancouver's Expo '86 relating the natural environment and history of the region from a Native American point of view, freshwater aquarium exhibits featuring species native to Sacramento waterways, a museum or visitor center containing hands-on interpretive exhibits, simulator or virtual reality experiences, live entertainment, and inviting food and merchandise facilities.

- In the specific context of the recommended Gold Rush concept, site alternatives described in Section 3 were evaluated as to relative desirability and potential contribution to the project's success. It was agreed that a downtown waterfront or near-waterfront location was optimum given potential synergism with existing attractions, ability to build on an established tourist destination area, availability of parking, and ready accessibility. Among candidate sites in this vicinity, the so-called "49er Square" property in Old Sacramento is the preferred site.
- On the basis of a 1 million annual attendance target, preliminary analysis of physical capacity requirements suggests a total building/outdoor entertainment area of 110,000 square feet. Roughly 660 parking spaces will be required to support the attraction.
- A high-quality entertainment center will likely entail a capital investment averaging \$400 per square foot (1994 dollars) including all associated costs except land acquisition and financing. A total capital budget of \$44 million is thus indicated. A city/private partnership is anticipated to ensure the successful implementation of the project.
- Overall per capita revenue from visitor spending on admissions, food and merchandise sales, and miscellaneous has been preliminarily estimated at \$10.35, translating into \$10.35 million per year in total gross revenue at an attendance volume of 1 million. Deducting the cost of food and merchandise goods sold, net revenue amounts to \$8.41 million annually.
- An operating expense ratio equivalent to 55 percent of total gross revenue, or \$5.69 million has also been tentatively projected.

- Subtracting expenses from net revenue, annual operating income comes to \$2.72 million per year. The latter represents 26 percent of total gross revenue, indicating a favorable economic performance sufficient to attract the interest of a private developer/operator.
- Given adherence to the scope and quality of development envisaged in this analysis, the proposed attraction can lend significant impetus to Sacramento's tourist industry, with spin-off benefits for existing attractions on the waterfront and in the metropolitan area at large.

Section 3

MARKET SUPPORT AND SITE EVALUATION

To provide a framework for the determination of an appropriate concept for a major visitor attraction in Sacramento, this section of the report is devoted to a capsule review of the size and nature of the market the attraction will serve, a description of the city's general locational characteristics and competitive environment, and the identification of potential attraction sites.

ATTRACTION MARKET SUPPORT

The two components of the market available to a major visitor attraction are the regional resident population and overnight tourists destined to the Sacramento region. The size and characteristics of these two market segments are discussed in the paragraphs to follow.

Resident Market

Travel time is the critical factor in defining the resident market. It is generally expressed as a given distance from which a one-day round-trip excursion can be made to a point of interest, with enough time remaining for its full enjoyment. In consideration of Sacramento geography, which can be described as an urban core separated from other metropolitan centers by many miles of farmlands, forest, and rural towns, the resident market in the present instance is defined as a 75-mile radius, or up to two hours in driving time depending on route utilized and traffic conditions. Because experience in the recreation industry not surprisingly reveals an inverse relationship between travel distance and propensity to attend, this market has been further subdivided into three 25-mile bands, as indicated in Figure 1.

From a 1990 total of roughly 5.7 million, Table 1 shows that population within 75 miles of Sacramento has risen to a current total estimated at slightly more than 6 million. The key primary (0-25 miles) market segment accounts for about one-fourth of this total at 1.4 million residents currently, while another 1.3 million people reside in the secondary 25-50 mile band. The outlying tertiary (50-75 miles) market

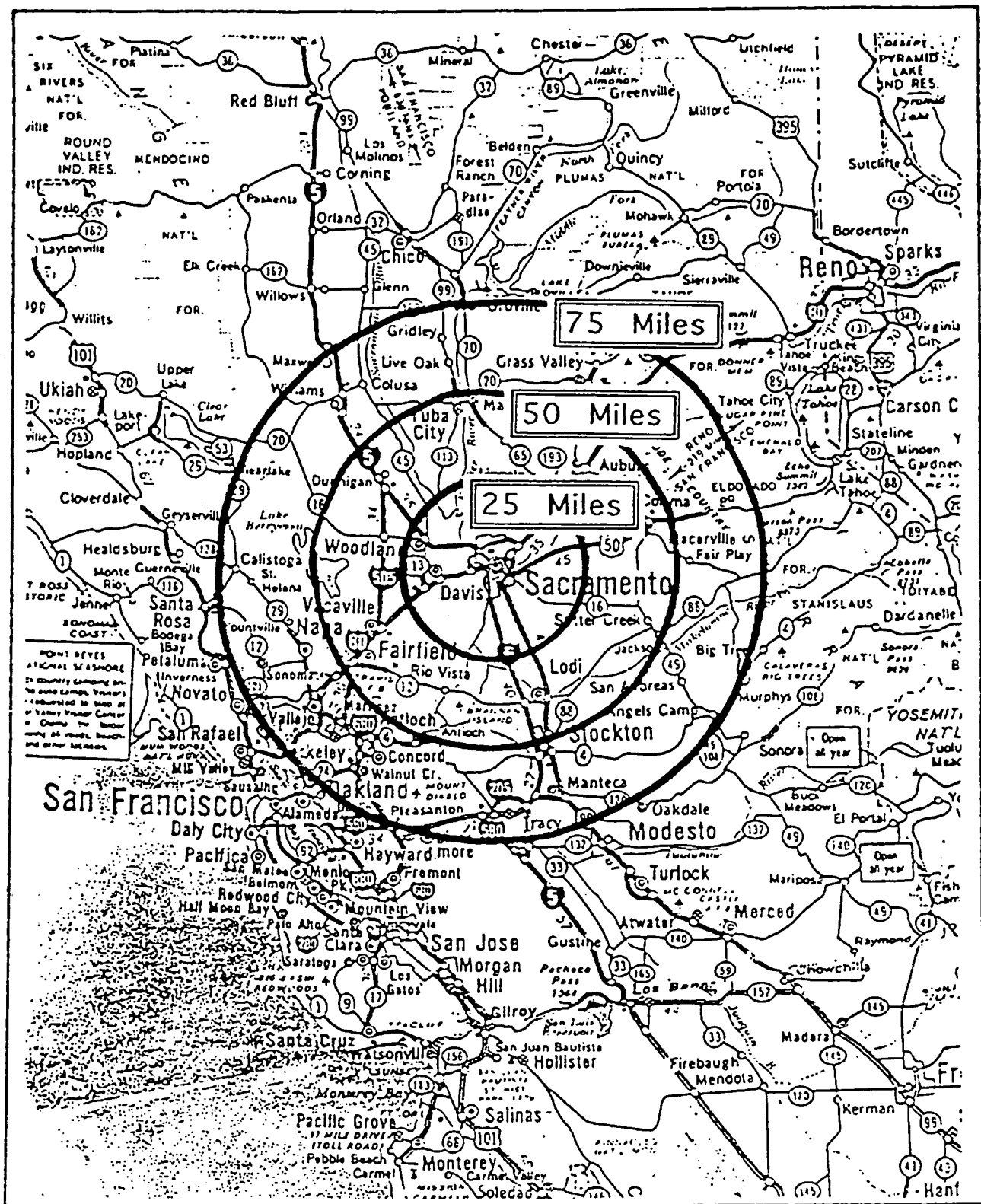


Figure 1

SACRAMENTO RESIDENT MARKET AREA

Table 1

**POPULATION TRENDS IN THE SACRAMENTO MARKET AREA
1990-1999**

<u>Year</u>	Total Population 1/ (thousands)			<u>Total</u>
	<u>Primary Market (0-25 miles)</u>	<u>Secondary Market (25-50 miles)</u>	<u>Tertiary Market (50-75 miles)</u>	
1990 Census	1,289	1,195	3,168	5,652
1994 Estimate	1,396	1,305	3,315	6,016
1999 Projection	1,492	1,407	3,414	6,313
Average Annual Rate of Change 1990-1994	2.0%	2.2%	1.1%	1.6%
1994-1999	1.3	1.9	0.6	1.0

1/ As measured from downtown Sacramento.

Source: Urban Decision Systems, Inc. and Harrison Price Company.

segment, which embraces most of the populous eastern San Francisco Bay area, contains 55 percent of the overall regional base at 3.3 million. Projections call for a region-wide total of some 6.3 million people by 1999, with each of the three market segments expected to gain about 100,000 new residents over the 1994-1999 period.

The Sacramento area's multi-ethnic character is revealed by the following text table, which shows the current distribution of population by racial/ethnic group:

Racial/Ethnic Group	Percent of Total Population
White	79%
Black	9
Asian/Islander	11
Native American	1
Hispanic Origin 1/	15%

1/ Hispanic population may be of any race; percentage is thus not fully additive.

Source: Urban Decision Systems, Inc. and Harrison Price Company.

As indicated, more than one-third of the regional population is composed of ethnic minorities, denoting a culturally diverse market with important implications on the programming of the proposed visitor attraction.

Age characteristics of the regional population are delineated in Table 2. Children and teens under 18 years of age comprise roughly 26 percent of the total population, while senior citizens 65 years of age or older represent 12 percent of the total. Median age is calculated at 32.7 years, slightly younger than the national average of 33.4 years. A current income profile for the region is contained in Table 3 and indicates that some 39 percent of all households report incomes in excess of \$50,000 per year, while 9 percent report less than \$20,000 per year. Median income amounts to approximately \$36,000 per year, or about 8 percent higher than the national median of \$33,200. On the basis of these data, the Sacramento market may be described as relatively young and moderately affluent.

Table 2

**AGE DISTRIBUTION OF THE
SACRAMENTO MARKET AREA POPULATION
1994**

<u>Age Group</u>	<u>Total Population 1/ (0-75 miles)</u>	<u>Percent of Total</u>
Child		
Less Than 5 Years	498,899	8.3%
6-13 Years	<u>789,529</u>	<u>13.1</u>
Subtotal	1,288,428	21.4%
Teen (14-17 years)	297,233	4.9
Adult		
18-24 Years	554,270	9.2
25-64 Years	3,174,674	52.8
65 or More Years	<u>701,960</u>	<u>11.7</u>
Subtotal	<u>4,430,904</u>	<u>73.7%</u>
Total	6,016,565	100.0%

1/ As measured from downtown Sacramento.

Source: Urban Decision Systems, Inc., and Harrison Price Company.

Table 3

HOUSEHOLD INCOME DISTRIBUTION IN THE
SACRAMENTO MARKET AREA
1994

<u>Income Group</u>	<u>Total Households (0-75 miles)</u>	<u>Percent of Total</u>
Less Than \$10,000	207,720	9. 3%
\$10,000-\$19,999	307,393	13. 7
\$20,000-\$34,999	442,046	19. 8
\$35,000-\$49,999	409,177	18. 3
\$50,000-\$74,999	457,353	20. 5
\$75,000 or More	<u>412,076</u>	<u>18. 4</u>
Total	2,235,765	100. 0%

1/ As measured from downtown Sacramento.

Source: Urban Decision Systems, Inc., and Harrison Price Company.

Tourist Market

Sacramento's appeal as a visitor destination rests with its role as the state capital, importance as a trade and business center, and status as gateway to the recreation resources of the San Joaquin Delta, the Sierra Nevada mountains, and Lake Tahoe. Measurement of tourist activity in any area is an imprecise exercise at best owing to varying definitions of who constitutes a "tourist," gaps or inconsistencies in the data base needed to derive visitor numbers, and other factors that hamper and sometimes prevent a confident estimate. In the present instance, fortunately, a well designed tourist survey and analysis was recently carried out by the Institute for Social Research at California State University Sacramento (CSUS) on behalf of the Sacramento Convention & Visitors Bureau.

HPC has extrapolated from the aforementioned study in Table 4 in order to arrive at an estimate of the component most critical to the outlook for a major attraction—namely, overnight destination tourism. From the study's estimate of 5.8 million total visitors to Sacramento County in 1992, HPC has first deducted the 20 percent of the market reported to represent airport transit visitors who are simply making flight connections, leaving 4.6 million destination visitors. About 9 percent of the latter, however, reside within the regional resident market as previously defined and must also be deducted to avoid double-counting. A balance of 4.2 million nonlocal destination visitors is therefore indicated. The study further reveals that the latter are almost equally divided between day-trippers and overnights, suggesting a net overnight market on the order of 2.2 million. Allowing that all estimates developed in the study unavoidably err on the low side due to sampling limitations, emphasis on air arrivals, and other factors, the true size of the overnight market is understated to an indeterminate, and possibly significant, degree. HPC has accordingly very conservatively increased the net overnight visitor count by a factor of 15 percent, yielding an adjusted 1992 overnight market of approximately 2.5 million.

Using a 3 percent annual growth rate—a reasonable expectation as the travel industry continues to rebound from the recent recession—total overnight visitation to Sacramento is estimated at 2.65 million in 1994 and will expand to 3.1 million by 1999. Though a much weaker source of support due to constraints on time available, the area's 2 million-plus day visitors are also potential attraction attendees.

Table 4

ESTIMATED SIZE OF THE
SACRAMENTO AREA TOURIST MARKET
1992

	Number of Visitors 1/ (thousands)
Estimated Total Visitation	5,800
Less: Airport In-Transit Visitors (at 20 percent of total)	1,160
Net Destination Visitors	4,640
Less: Visitors Originating in Adjacent Counties 2/ (at 9 percent of destination visitors)	418
Net Nonlocal Destination Visitors	4,222
Distribution by Length of Stay	
Day Only (at 51 percent)	2,069
Overnight or Longer (at 49 percent)	2,153
Allowance for Probable Undercount of Overnight Market (at 15 percent)	325
Adjusted Overnight Market (rounded)	2,500

1/ Extrapolated by HPC from a study conducted by the Institute
for Social Research at California State University Sacramento.

2/ These visitors included in resident market.

Source: Sacramento Convention & Visitors Bureau and
Harrison Price Company.

There is also a pass-through market (other than airport transit visitors) not reflected in the foregoing estimates, comprised of nonlocal travelers on major Sacramento highways who do not stop in the city. The current magnitude of pass-through traffic is unknown but presumed substantial, and is also potentially capturable by a major entertainment attraction.

Table 5 presents selected trip and demographic characteristics of Sacramento tourists as derived from the previously cited CSUS survey. It should be noted that given the form in which survey responses were stratified in the CSUS report, it was not possible to adjust percentages to factor out non-destination (airport transit) visitors and residents of adjoining counties, resulting in the skewing of some response categories. The data nevertheless furnish valid general indicators of the visitor market's qualitative aspects. Air is the predominant mode of arrival, as indicated, accounting for 52 percent of all visitors. With respect to purpose of visit, a sizable business contingent (28 percent of all tourists) is revealed, followed by airport transits and vacation or recreation, each at 20 percent of the total. Average stay time among overnights amounts to a respectable 3.4 days. Some 58 percent of all overnight visitors stay in commercial accommodations and another one-third stay with friends and relatives. Travel party size averages 2.4 persons for the combined day-only and overnight market. Median tourist age is calculated at 41.5 years and median income at \$56,200 annually. Overnight visitors spend an average of more than \$110 per day while they are in Sacramento, including \$36 on lodging and \$34 on shopping. The mean expenditure for day-visitors is roughly \$32, of which \$11 is spent on local transportation.

Aggregate Market Support

A summary of aggregate resident and overnight tourist market support available to a major visitor attraction in Sacramento is contained in Table 6. Combined market size will approximate 9.4 million by 1999, representing a 9 percent increase over the present 8.7 million. As a means of establishing a perspective on the Sacramento market, Table 7 compares key demographic characteristics to other medium-size metropolitan areas across the country. It can be seen that Sacramento is among the youngest of the 13 cities listed and is positioned comfortably near the middle of the household income range. The Sacramento area ranks third in resident market size (population within 75 miles), but has a very modest overnight visitor base. While

Table 5

**SELECTED CHARACTERISTICS OF
VISITORS TO SACRAMENTO
1992**

	Percent of Total Responses 1/		
	<u>Day Visitors</u>	<u>Overnight Visitors</u>	<u>All Visitors</u>
Distribution of Survey Sample	48. 6%	51. 4%	100. 0%
Mode of Arrival			
Auto	52. 9%	35. 1%	41. 6%
Air	37. 6	61. 3	52. 0
Bus/Train/Other	9. 5	3. 6	6. 4
Main Purpose of Visit			
Business	19. 3%	36. 5%	28. 0%
Convention	1. 7	8. 9	5. 6
Vacation or Recreation	21. 3	18. 6	19. 8
Visit Friends or Relatives	11. 3	23. 1	17. 2
Airport Transit Only	35. 2	5. 9	20. 1
Other	11. 2	7. 0	9. 3
Visitor Length of Stay			
1 Night	n/a	34. 1%	n/a
2 Nights		20. 4	
3 Nights		13. 0	
4 Nights		8. 0	
5-7 Nights		10. 3	
8 or More Nights	v	14. 2	v
Average (nights)	n/a	3. 4	n/a
Travel Party Size			
1 Person	36. 7%	47. 9%	43. 7%
2 Persons	35. 7	30. 2	32. 3
3-4 Persons	18. 6	15. 4	16. 6
5 or More Persons	9. 0	6. 5	7. 4
Average (persons)	2. 5	2. 3	2. 4

Table 5
(continued)

	Percent of Total Responses 1/		
	<u>Day Visitors</u>	<u>Overnight Visitors</u>	<u>All Visitors</u>
Accommodations Used			
Hotel/Motel/Bed & Breakfast	n/a	57.6%	n/a
Homes of Friends or Relatives	1	32.1	1
Campground/RV Park	1	2.7	1
Other	v	7.6	v
Visitor Age Distribution			
Less Than 30 Years	21.9%	24.0%	23.0%
30-39 Years	20.5	24.1	22.3
40-49 Years	27.4	27.1	27.3
50 or More Years	30.2	24.8	27.4
Median Age (years)	42.5	40.6	41.5
Visitor Income Distribution			
Less Than \$30,000	20.7%	18.9%	19.8%
\$30,000-\$49,999	21.7	26.6	24.3
\$50,000-\$74,999	24.6	23.2	23.8
\$75,000 or More	33.0	31.4	32.1
Median Income	\$57,700	\$54,800	\$56,200
Average Daily Visitor Expenditures			
Accommodations	...	\$35.88	\$22.61
Meals	\$7.81	19.09	14.92
Transportation	11.33	14.49	13.32
Admission Fees and Entertainment	6.99	6.86	6.91
Shopping	5.75	34.15	23.64
Total	\$31.88	\$110.47	\$81.40

n/a means not applicable.

1/ Based on a survey of approximately 3,100 visitors conducted by the Institute for Social Research at California State University Sacramento during the period October 1991-September 1992.

Source: Sacramento Convention & Visitors Bureau and Harrison Price Company.

Table 6

AGGREGATE MARKET SUPPORT AVAILABLE TO
A VISITOR ATTRACTION IN SACRAMENTO
1994 and 1999

Market Segment	Market Size (thousands)	
	1994	1999
Resident 1/		
Primary (0-25 miles)	1,396	1,492
Secondary (25-50 miles)	1,305	1,407
Tertiary (50-100 miles)	<u>3,315</u>	<u>3,414</u>
Subtotal	6,016	6,313
Overnight Tourist 2/	<u>2,650</u>	<u>3,100</u>
Total	8,666	9,413

1/ As measured from downtown Sacramento.

2/ Growth from 1992 to 1999 assumed at 3 percent annually.

Source: Harrison Price Company.

Table 7

**COMPARATIVE DEMOGRAPHIC CHARACTERISTICS
FOR SELECTED METROPOLITAN AREAS
1994**

<u>Metropolitan Area</u>	<u>Median Age (years)</u>	<u>Median Household Income</u>	<u>Market Size (millions)</u>		
			<u>Resident 1/</u>	<u>Overnight Tourist</u>	<u>Total</u>
San Antonio	30.9	\$29,154	2.3	10.5	12.8
Denver	33.2	36,143	2.8	9.0	11.8
Indianapolis	33.0	34,965	6.2	4.5	10.7
Chattanooga	35.2	28,035	3.3	6.8	10.1
New Orleans	32.2	29,798	2.9	7.1	10.0
Monterey	30.0	35,903	7.4	2.0	9.4
Milwaukee	33.3	37,485	4.3	5.0	9.3
Seattle	33.8	40,350	3.1	6.0	9.1
Pittsburgh	37.5	30,623	5.1	4.0	9.1
SACRAMENTO	32.7	35,980	6.0	2.7	8.7
Nashville	33.0	34,418	2.4	6.0	8.4
Baltimore	33.9	37,655	2.4	5.0	7.4
Kansas City	33.5	36,743	2.6	4.5	7.1

1/ Population within approximately 75 miles of downtown area.

Source: Sales Management "Survey of Buying Power, 1994;" and Harrison Price Company.

overnight tourism reported for some cities listed on the table may be inflated, the data nevertheless suggest that Sacramento has considerable incentive to augment its overnight base. Development of a major visitor attraction will assist greatly in this endeavor, which will in turn produce measurable residual economic impact from increased visitor spending.

SITE EVALUATION

Subsequent paragraphs describe the locational characteristics and competitive environment of the Sacramento area, followed by the identification of possible sites for the proposed visitor attraction.

Regional Orientation

Strategically situated at the confluence of the Sacramento and American rivers, the city of Sacramento is located approximately 90 miles northeast of San Francisco, 130 miles southwest of Reno, and 45 miles north of Stockton (refer to Figure 1). It is readily accessible via several major highways, including Interstate 5 and U.S. 99 from the north and south and Interstate 80 and U.S. 50 from the east and west. In addition, Sacramento Metropolitan Airport, a major Northern California hub, offers direct service or convenient connections to destinations throughout the country.

A rich and colorful history dates back to the original inhabitants, the Miwok and Nisenan (southern Maidu) Indians, who thrived on the area's abundant fish, waterfowl, and game. Though visited by Spanish and Mexican explorers, the first permanent European settlement was founded in 1839 by Swiss immigrant John Sutter, who obtained a 50,000-acre land grant from the Mexican government. The adobe-walled fort he constructed in 1844 in what is now downtown Sacramento soon became an important way station and trading post for covered wagons arriving in California from the east as well as the center of a vast agricultural empire.

The pivotal event in the city's history, however, occurred in January 1848, when James Marshall found flecks of gold in the tailrace of a lumber mill he was building for Sutter near the town of Coloma about 45 miles northeast of Sutter's Fort. Within months, the famed California Gold Rush was on—more than \$10 million worth of the precious metal was taken from the South Fork of the American River in the first year

after discovery, and the population of Sacramento soared from a few hundred to more than 10,000 in only seven month's time. Within two years, the "49ers" had panned out most of the area's producing streambeds, but still greater wealth—locked in the mile-wide, 120-mile-long network of gold-bearing quartz known as the Mother Lode—was soon discovered beneath the Sierra Nevada mountains, ushering in the second, hard-rock mining phase of the Gold Rush, which continued for more than a decade.

After the discovery of gold, a tent city sprang up on the banks of the Sacramento River, eventually replaced by sturdier government and commercial buildings following statehood for California in 1850 and designation of Sacramento as the state capital in 1854. Connected to the Mother Lode mining towns by the American River, Sacramento emerged as a major commercial center during the late 1850s and 1860s. Sailors visiting San Francisco traveled inland to replenish their stocks of fresh produce and enjoy the city's saloons and gambling halls. Great mansions were built along the river, and cobblestone streets, gaslamps, and wooden sidewalks lent an air of gentility. The short-lived, but legendary Pony Express had its western terminus in the city before the arrival of the transcontinental telegraph in late 1861 and, a few years thereafter, the railroad.

Today, Sacramento remains a focal trade center for the rich agricultural region of the Sacramento and northern San Joaquin valleys and has more recently emerged as an important manufacturing center. Coupled with its ongoing role as capital of the nation's most populous state, sustained business and industrial development has made the city one of California's fastest-growing metropolitan areas.

Existing Attractions Inventory

As a gauge of the competitive environment for new attraction development, Table 8 lists principal existing entertainment facilities in Sacramento as well as in the expanded Northern California market, the locations of which are depicted in Figures 2 and 3. In the immediate Sacramento vicinity (see Figure 2), the most heavily patronized attractions include the Old Sacramento State Historic Park, with an estimated 1.5 million visits per year, the California State Exposition at 689,000 visitors during the two-week run of the state fair, and the Sacramento Zoo at 580,000 visitors annually. Other facilities reporting annual visitation of at least 250,000

Table 8

**INVENTORY OF MAJOR FAMILY-ORIENTED ATTRACTIONS
IN THE SACRAMENTO AREA
1994**

<u>Attraction</u>	<u>Operating Schedule</u>	<u>Adult Admission Price</u>	<u>1993 Attendance (thousands)</u>	<u>Description</u>
Sacramento Old Sacramento	All year	Free	1,500	Historic site, restaurants, shops
Cal Expo	All year	\$6.00 (State Fair)	689 (State Fair)	Fairgrounds, amphitheater, consumer show venue
Sacramento Zoo	All year	\$3.50	580	Zoo
State Railroad Museum	All year	\$5.00	525	Railroad museum
State Capitol Museum	All year	Free	452	History museum
Fairy Tale Town	All year	\$3.00	350	Children's amusement park
Water World	Mem Day to Lab Day	\$14.95	250	Water park
Sutter's Fort	All year	\$2.00	200	Historic site
Discovery Museum	All year	\$3.00	164 1/	History and science museum

Table 8

(Continued)

<u>Attraction</u>	<u>Operating Schedule</u>	<u>Adult Admission Price</u>	<u>1993 Attendance (thousands)</u>	<u>Description</u>
Crocker Art Museum	All year	\$3.50	125	Art museum
State Indian Museum	All year	\$2.00	102	Native American museum
Towe Ford Museum	All year	\$5.00	35	Automotive museum
Arco Arena	All year	Varies	n/a	Sport arena, show venue
Community Center	All year	Varies	n/a	Performing arts venue
Paradise Island	All year	Pay as you go	Opened July of 1994	Family entertainment center
America Live	All year	Pay as you go	n/a	Multi-venue live entertainment center
Regional Santa Cruz Beach Boardwalk (Santa Cruz)	All year	Pay as you go	2,900	Amusement park
Paramount's Great America (Santa Clara)	Mid-Mar to Lab Day	\$25.95	2,500	Commercial theme park

Table 8
(Continued)

Attraction	Operating Schedule	Adult Admission Price	1993 Attendance (thousands)	Description
Marine World/Africa USA (Vallejo)	All year	\$21.95	1,870	Marine life and animal park
Monterey Bay Aquarium (Monterey)	All year	\$11.25	1,760	Aquarium
California Academy of Sciences (San Francisco)	All year	\$7.00	1,430	Aquarium, natural history museum, planetarium
Exploratorium (San Francisco)	All year	\$8.00	660	Science center
Hecker Pass Family Adventure (Gilroy)	All year	Pay as you go	n/a	Picnic area, kiddie rides, live entertainment, swimming pool
Proposed Gold Rush City (Lathrop)	All year	n/a	5,000+ (projected)	Commercial theme park and destination resort

n/a means not available.

1/ Combined attendance of formerly independent Sacramento Science Center
and Sacramento History Museum, now merged as Discovery Museum.

Source: Harrison Price Company.

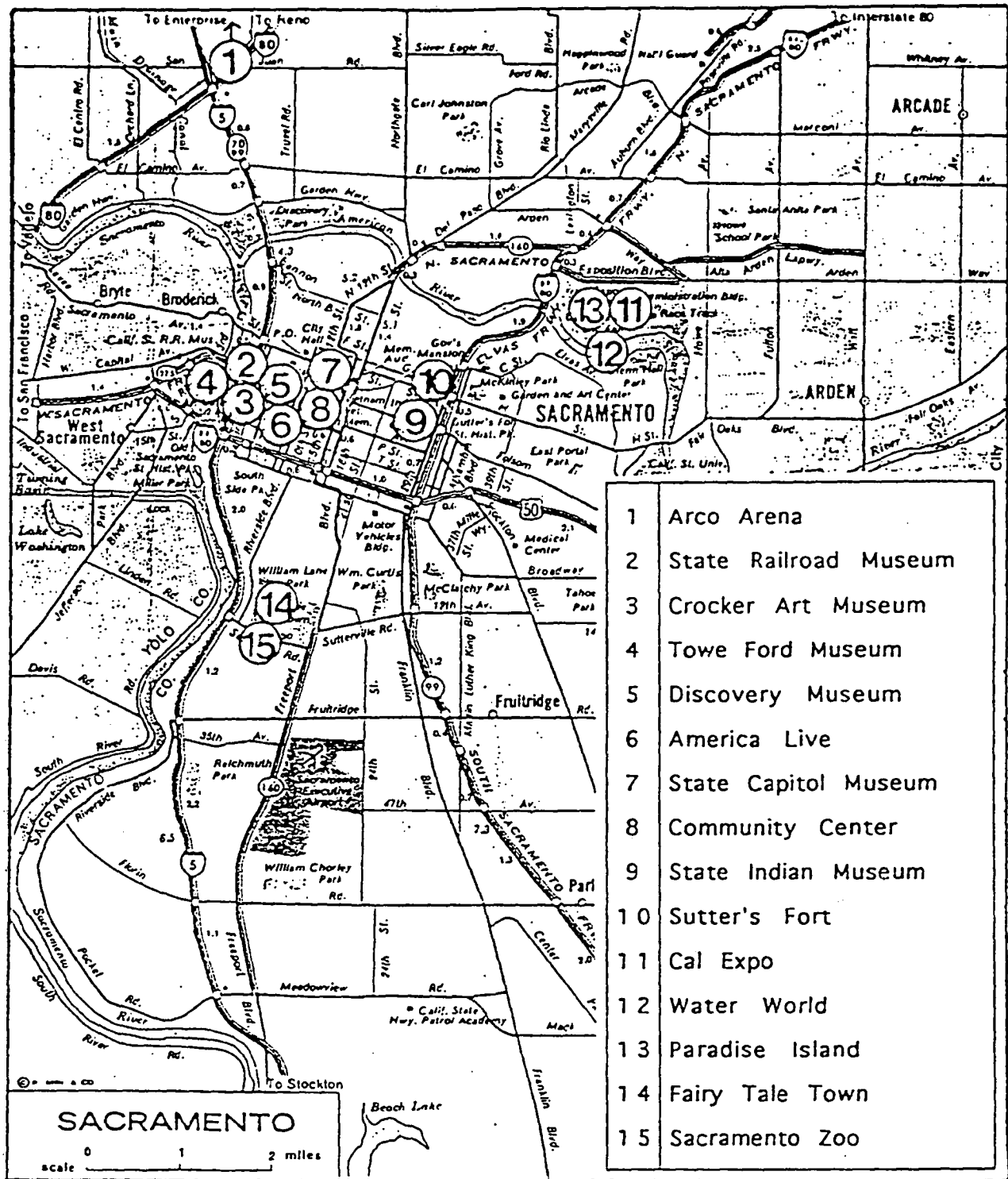


Figure 2
EXISTING VISITOR ATTRACTIONS IN SACRAMENTO



Figure 3

MAJOR EXISTING REGIONAL ATTRACTIONS

people are the State Railroad Museum in Old Sacramento (525,000), the State Capitol Museum (452,000), the Fairy Tale Town children's amusement attraction in Land Park (350,000), and the Water World waterpark located on the Cal Expo grounds. A number of other local attractions report attendance in the range of 35,000 to 200,000 per year.

Beyond the immediate area are several major destination attractions (see Figure 3), including the Santa Cruz Beach Boardwalk, which draws an estimated 2.9 million visitors per year, the Great America theme park in Santa Clara, reporting 2.5 million annual attendees, and Marine World/Africa USA in Vallejo, which hosts 1.9 million visitors per year. Two major aquariums are also part of the regional inventory—the Monterey Bay Aquarium (1.8 million) and Steinhardt Aquarium at San Francisco's California Academy of Sciences (1.4 million). The Exploratorium science center in San Francisco (680,000 visitors) and the Hecker Pass family entertainment center in Gilroy are among other significant regional attractions. Currently in the early planning stages is an ambitious theme park and destination resort project known as Gold Rush City, proposed for a 5,000-acre site near Lathrop about 70 miles south of Sacramento and said to entail an investment that will ultimately reach \$4 billion. The theme park component of this venture is modeled on a similar attraction outside Johannesburg, South Africa, and has been projected to achieve annual visitation of more than 5 million. A project of this vast size and speculative nature, however, faces enormous hurdles on several fronts and will likely be delayed well beyond the announced opening date of 1998, if it is in fact developed at all.

Market capture rates for local Sacramento attractions are set forth in Table 9. Gross market capture—that is, penetration of the combined resident and tourist market currently estimated at roughly 8.7 million—can be seen to range from a high of 17.3 percent at Old Sacramento to a low of 1.2 percent at the State Indian Museum. The sum of all capture rates is 57 percent, suggesting a market that is far from saturated (as a point of comparison, the corresponding factor for Southern California's intensely competitive market is more than 140 percent). Notwithstanding this observation, in developing program content for the proposed visitor attraction, every effort should be made to create entertainment experiences that differ from and complement what is already available in order to minimize direct competition and help to ensure that attendance and financial targets are met.

Table 9

**MARKET CAPTURE RATES OF
MAJOR EXISTING ATTRACTIONS IN SACRAMENTO
1993**

<u>Attraction</u>	<u>Total Attendance (thousands)</u>	<u>Gross Market Capture Rate 1/</u>
Old Sacramento	1,500	17.3%
California State Fair	689	8.0
Sacramento Zoo	580	6.7
State Railroad Museum	525	6.1
State Capitol Museum	452	5.2
Fairy Tale Town	350	4.0
Water World	250	2.9
Sutter's Fort	200	2.3
Discovery Museum	164 2/	1.9
Crocker Art Museum	125	1.4
State Indian Museum	102	1.2

1/ Total attendance divided by total 1994 market size of 8.67 million (see Table 6).

2/ Combined attendance of formerly independent Sacramento Science Center and Sacramento History Museum, now merged as Discovery Museum.

Source: Harrison Price Company.

Weather Conditions

Weather conditions in the Sacramento area will affect the physical design, operating schedule, and degree of emphasis on outdoor activities at the proposed visitor attraction. Weather is also important in terms of its influence on the seasonal distribution of tourist visitation to the region. In Table 10, temperature and rainfall norms for Sacramento are indicated. Average maximum temperature, as shown, ranges from a cool, but reasonably comfortable 53 degrees in December and January to a hot 93 degrees in July. Average (nighttime) minimums vary from the high 30s in winter to the high 50s in summer. Temperatures of 90 degrees or above are recorded on an average of 56 days each year, while the thermometer drops below 32 degrees on an average of 9 days. Annual rainfall, heavily concentrated in the November-March period, totals a modest 17 inches.

Although considerable seasonal variation is apparent, the foregoing weather data reveal a generally amenable climate with plenty of sunshine—some 195 clear days per year and another 70 days of partly cloudy skies. Weather conditions are thus very conducive to outdoor activity at virtually any time of the year, an opportunity that can be exploited in programming the subject attraction. To ensure visitor comfort, however, summer heat necessitates ample shade and, perhaps, micro-misters to cool the air on the hottest days. Similarly, overhead shelter from rain should be provided to accommodate outdoor use during winter.

Candidate Attraction Sites

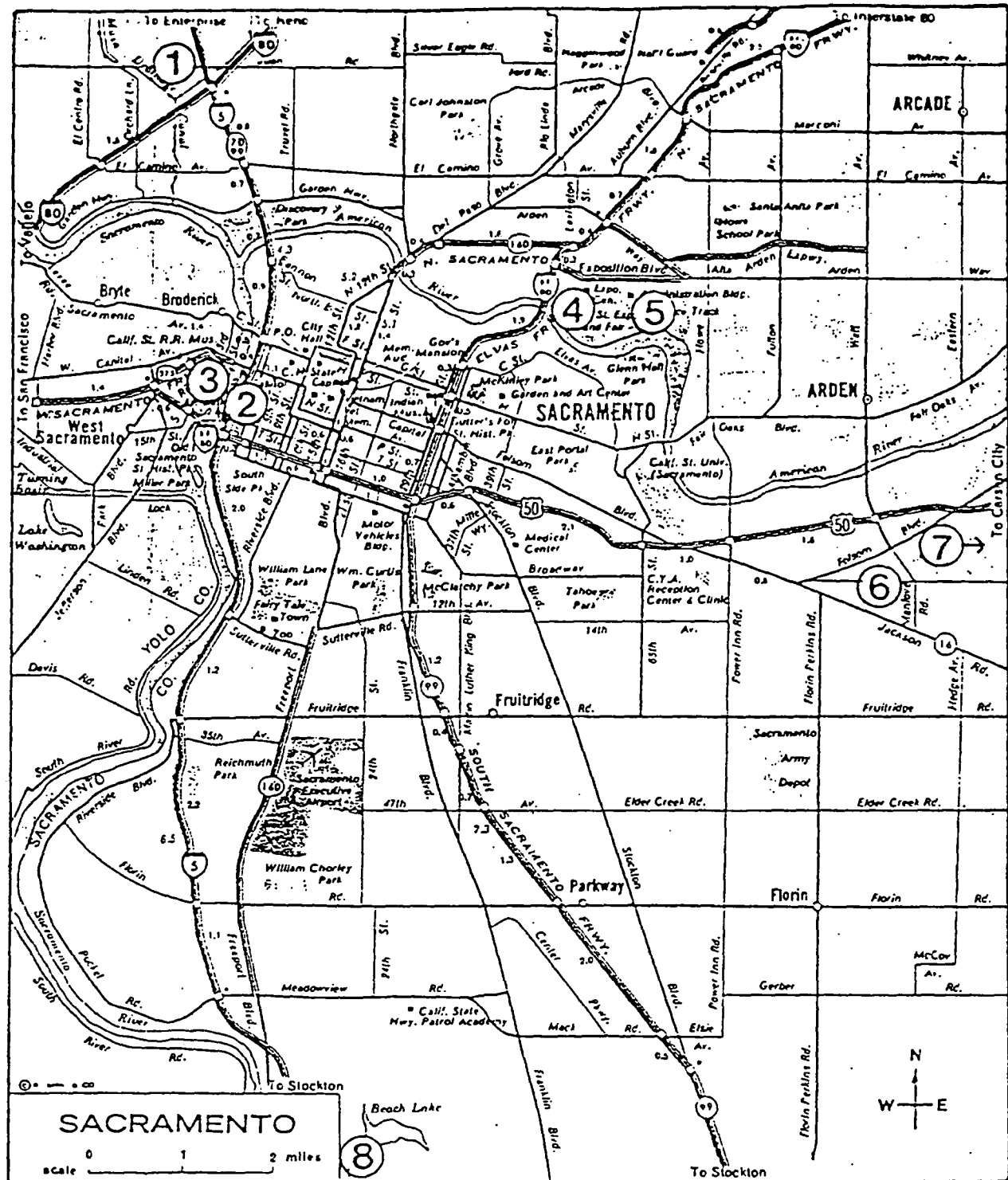
Against the general locational backdrop described in preceding paragraphs, a number of specific siting alternatives were identified for the proposed visitor attraction. All have good accessibility via major highways and surface arterials, and some afford water frontage and/or proximity to complementary facilities and attractions. These various siting options are shown on the map in Figure 4 and are highlighted below in roughly north to south order:

Table 10

WEATHER CONDITIONS IN THE SACRAMENTO AREA
(30-Year Normal Values)

<u>Month</u>	<u>Temperature (°F)</u>		<u>Rainfall (inches)</u>
	<u>Average Maximum</u>	<u>Average Minimum</u>	
January	53	37	3.73
February	59	40	2.68
March	64	42	2.17
April	71	45	1.54
May	79	50	0.51
June	86	55	0.10
July	93	58	0.01
August	91	57	0.05
September	88	55	0.19
October	77	50	0.99
November	64	42	2.13
December	<u>53</u>	<u>38</u>	<u>3.12</u>
Annual	73	47	17.22

Source: National Oceanic and Atmospheric Administration.



1	North Natomas	5	Business 80 East (Cal Expo)
2	Downtown Sacramento Waterfront	6	Granite Park
3	West Sacramento Waterfront	7	Mather AFB
4	Business 80 West (Cal Expo)	8	Delta Shores (Beach Lake)

Figure 4

POTENTIAL SITES FOR ATTRACTION DEVELOPMENT

- **North Natomas.** This area is situated several miles north of downtown Sacramento near the intersection of Interstate Highways 5 and 80. Arco Arena, home of the Sacramento Kings basketball team and venue for headliner concerts and family shows, is the most prominent existing facility in this vicinity.
- **Downtown Sacramento Waterfront.** Several parcels are available for development along both banks of the Sacramento River in the downtown area. In the northern section of the waterfront, the old Pacific Gas & Electric building (now abandoned) on Richards Boulevard offers an attractive site, with a nearby sizable motel concentration. The waterfront's middle portion encompasses Old Sacramento, location of the State Railroad Museum, the Discovery Museum, and other attractions. It has the advantage of proximity to a downtown employment base of an estimated 50,000 workers as well as Old Sacramento's established tourist following; some 900 existing and under-utilized parking spaces are also located in this vicinity. Two potential sites have been identified in the central section—one within the Southern Pacific Railroad Yards to the east of Interstate 5 (now being master planned for a mixed-use development project) and the second to the west of Interstate 5 in Old Sacramento near the Railroad Museum (known as "49er Square"). Finally, the southern portion of the waterfront includes a potential site near the existing Towe Ford Museum and the planned Museum of Railroad Technology slated to begin construction in the near future. The chief disadvantage of the southern waterfront is comparatively difficult access from the freeway system and weak linkages to the downtown business district.
- **Cal Expo/Highway 160.** The California State Exposition grounds are located a few miles northeast of downtown Sacramento just off of Interstate 80. In addition to the fairgrounds, this area also includes the Water World and new Paradise Island family entertainment center attractions. Potential additional attraction sites have been identified in both the eastern and western sections of this area.

- **Granite Park.** Somewhat farther to the east of downtown Sacramento is a 200-acre former gravel pit scheduled for redevelopment as a regional park. Principal access is via U.S. 50 approximately one mile to the north.
- **Mather Air Force Base.** Still farther east of downtown and near U.S. 50 is yet another siting possibility, located within the recently decommissioned Mather Air Force Base property. A large tract of 200 acres designated for commercial recreation development is available adjacent to the base golf course.
- **Delta Shores.** The final site alternative identified is the Delta Shores area well to the south of downtown Sacramento along Interstate 5. This area is near a large wildlife preserve and is also a short distance north of the burgeoning suburbs of Elk Grove and Laguna.

The above candidate sites for a major recreation attraction can be divided into three tiers of choice. First is the downtown waterfront, characterized by small parcels and high urban density. At the other extreme are large, somewhat remote tracts of land (North Natomas, Granite Park, Mather AFB, and Delta Shores). The Cal Expo sites form a third category in between these two extremes. In the next section of this report, these various site alternatives will be ranked according to desirability for the preferred attraction concept.

Section 4

ATTRACTION CONCEPT RECOMMENDATIONS

The preceding review of the locational and market environment provides a context for formulation of an appropriate thematic concept for a major attraction in Sacramento. In this section of the report, ideas and opinions expressed by charrette participants are summarized, leading to the identification of a preferred concept. A priority ranking of candidate sites, illustrative physical planning guidelines, and preliminary economic performance estimates are then developed for the recommended concept.

ATTRACTION CONCEPT PARAMETERS

Fundamental to the rationale for strategy recommendations are a number of important development objectives and concept selection criteria, which are delineated in subsequent paragraphs.

Development Objectives

The following goals are integral to the conceptual planning process for the proposed visitor attraction:

- To create a high-visibility entertainment magnet in Sacramento that will help to induce growth of the local tourist industry, particularly increased overnight visitation.
- To devise entertainment experiences that reflect the unique heritage and natural environment of the Sacramento area.
- To develop an entertainment "package" that will generate enough revenue to cover operating costs and, preferably, enough operating income to attract the participation of a private developer.

Concept Selection Criteria

In meeting the foregoing objectives, charrette participants set forth a number of key criteria for the attraction theme and concept. These are:

- Suitability for year-round operation
- Ability to draw a target of 1 million visitors annually
- Economic self-sufficiency as a minimum expectation
- Appeal to tourists
- Family orientation
- Ability to generate substantial residual economic impact
- No direct competition in the marketplace
- Appropriateness for city-provided development incentives
- Value as hands-on, educational experience

CONCEPT ALTERNATIVES

A three-step approach was employed to identify concept alternatives, which is described in the paragraphs to follow.

Elimination of Weaker Prospects

The first step was to eliminate attraction concepts that have limited prospects for economic viability and/or fail to satisfy the stated development objectives and criteria. These weaker prospects include the following:

- **Children's Museum.** A children's museum was briefly discussed, either as a stand-alone attraction or as part of a multi-component entertainment complex. The experience of major children's museums across the country, however, reveals several serious disadvantages, including generally low overall attendance potential, limited appeal to tourists, and a typical requirement for substantial philanthropic or public subsidy.
- **Botanical Gardens.** A botanical gardens attraction has the same liabilities as a children's museum; moreover, one of California's largest botanical gardens is already available on the grounds of the State Capitol.

- **Children's Amusement Park.** Competition from the existing Fairy Tale Town, Paradise Island, Water World, and other attractions geared to younger age groups is the chief reason for eliminating a children's amusement park.

Suggested Concept Alternatives

In the second stage of concept strategizing, four general alternatives were suggested for Sacramento that fulfill most or all of the cited development objectives and criteria. These are described and critiqued below:

- **Large-Scale Aquarium.** The Office of Economic Development estimates that a large-scale aquarium would entail an investment in the neighborhood of \$70 million and require a stabilized annual attendance of 1.3 million or more for full economic viability. This aggressive attendance target in turn implies a high rate of market capture, which will be difficult to achieve in the face of stiff regional competition from existing marine life attractions in Monterey, San Francisco, and Vallejo.
- **Entertainment Center.** A multi-component entertainment center featuring a mix of filmic, simulator/virtual reality, live performance, and visitor participation experiences was also suggested. Prototypes for this concept are the Sony 2000, Cinetropolis, Sega, and Edison Brothers attractions in various locations. Modest competition may be implied with the live performance-oriented America Live complex at the Downtown Plaza shopping center and, more remotely, with Tandy Corporation's Incredible Universe retail mega-store to open this fall near Arco Arena (which will include entertainment elements as an adjunct to an electronics and appliance sales operation).
- **Wildlife Park.** A third suggested concept was a major wildlife attraction, which could include marine and terrestrial animal habitats, interpretive exhibits pertaining to nature and the environment, and open preserves. Though of considerably larger scale than envisioned for Sacramento, the Biodome ecology museum in Montreal and the Rainforest Pyramid at Moody Gardens in Galveston, Texas, offer possible models. An attraction of this type would necessarily be located in a low-density site environment and would require extensive acreage. Further, a willing sponsor would be needed, such as the Sacramento Zoo or Marine World/Africa USA.

- **California Gold Rush Entertainment Center.** The fourth concept explored was an entertainment center themed around California's colorful history, with focus on the Gold Rush period. This attraction would combine elements of each of the three preceding concept alternatives in a heavily themed ambiance. Broad market appeal is a major asset, as is the relevance of the theme to Sacramento and the lack of a competitive counterpart (ignoring the improbable Gold Rush City project in Lathrop).

Recommended Concept and Siting Preference

The charrette panel was unanimous in its preference for the fourth concept alternative—a California Gold Rush entertainment center. While definitive "storyboarding" by professional show designers will be necessary to articulate this concept in detail, the complex would probably reflect several interrelated thematic elements, including the Gold Rush, rivers and water resources, pioneer life, the Pony Express, railroads and telegraph, agriculture, and the multi-cultural evolution of the Sacramento region. Illustrative component facilities might draw from the following:

- A large-screen 3-D film presenting a dramatic account of the quest for gold and life in the mining camps.
- A theater experience in the mold of the outstanding "Spirit Lodge" at Vancouver's Expo '86 or the new "Mystery Lodge" at Knott's Berry Farm in Southern California, which would relate the natural environment and history of the region from a Native American point of view.
- Freshwater aquarium exhibits featuring species native to Sacramento waterways.
- Museum or visitor center containing hands-on interpretive exhibits of area social history, technology of gold extraction, flood control and reclamation projects, and other history and science topics.
- Simulator or virtual reality experiences offering visitors an exhilarating ride through a mine shaft or down a whitewater rapids.

- Live entertainment, such as a "miners' jamboree" or living history performances.
- Inviting food and merchandise facilities featuring theme-related menu and retail items.

In the specific context of the recommended Gold Rush concept, site alternatives discussed in the previous section of this report were evaluated for relative desirability and potential contribution to the project's success. It was agreed that a downtown waterfront or near-waterfront location was optimum given potential synergism with existing attractions, ability to build on an established tourist destination area, availability of parking, and ready accessibility. With the caveat that sufficient land area can be made available to accommodate the attraction as ultimately defined by qualified designers, the resulting ranking of downtown site opportunities is as follows:

1. The "49er Square" parcel in Old Sacramento is the preferred site.
2. Ranking second is the Southern Pacific Railroad Yard property just north of Old Sacramento.
3. A waterfront site in West Sacramento across the river from Old Sacramento was selected as the third priority.
4. Finally, the Pacific Gas & Electric site on Richards Boulevard was ranked fourth.

ILLUSTRATIVE ATTENDANCE AND FINANCIAL GUIDELINES

The paragraphs to follow present basic physical capacity and economic parameters for the preferred attraction concept. It should be noted that all estimates are necessarily crude at this early stage of planning and are intended for illustration purposes only.

Design Day Capacity Requirements

Based on an annual attendance target of 1 million visitors, Table 11 derives design day capacity requirements for the proposed attraction. Except for parking, it is neither economical nor necessary to plan a physical plant to accommodate absolute peaks in attendance. Rather, a good balance is achieved if facilities are planned for the "design day," a term referring to the average of attendance on the top 15 to 20 days of the year. The result is a facility large enough to handle the heavy volume of visitors on the highest days, albeit with some crowding on occasion, but at the same time, the facility is not so large as to appear empty during the slack periods that inevitably occur. For planning purposes, it is assumed that the peak month, which will probably be July or August, will account for 12 percent of annual volume, a figure based on experience at the State Railroad Museum. Average weekly volume during the peak month will therefore amount to some 27,000 visitors. Experience at most recreation attractions further suggests that the average high day, or design day (the typical Saturday or Sunday in August) will be equivalent to 20 to 25 percent of the peak week. Using the lower figure of 20 percent, approximately 5,400 people can be expected on design day. Assuming a 2.5- to 3-hour average visitor stay time and a 10-hour daily operating schedule during the peak season (9 am to 7 pm, for example), an average peak on-site crowd on the order of 2,200 persons, representing 40 percent of the design day total, is estimated.

An accepted planning ratio for attractions of the type envisioned is about 50 square feet of building/outdoor entertainment area per on-site visitor. On this basis, a total area of 110,000 square feet is indicated. A tentative estimate of parking spaces absorbed by attraction visitors is also shown in the table. Assuming that 90 percent of all attendees arrive by car in parties averaging 3 persons in size, about 660 spaces will be required to support the proposed attraction.

Estimated Capital Investment Requirements

A high-quality entertainment center will likely require a capital investment averaging \$400 per square foot (1994 dollars) of building area, including all allowances for site preparation, construction, show and exhibit design, film production, equipment and furnishings, and architectural and engineering services. Given a requirement for 110,000 square feet of area, a total capital budget of \$44 million is thus estimated for

Table 11

ILLUSTRATIVE DESIGN DAY GUIDELINES FOR
A MAJOR VISITOR ATTRACTION IN SACRAMENTO

	Number of Visitors 1/ <u>(thousands)</u>
Annual Attendance Target	1,000,000
Peak Month Attendance (at 12 percent)	120,000
Average Weekly Attendance During Peak Month (at 4.43 weeks)	27,088
Design Day Attendance 1/ (at 20 percent of peak week)	5,418
Peak On-Site Attendance 2/ (at 40 percent of design day)	2,167
Rounded to	2,200
Building Area Required (at 50 square feet per on-site visitor, rounded)	110,000
Parking Spaces Required	
Arrivals by Automobile (at 90 percent)	1,980
Spaces Required (at 3 persons per car)	660

1/ Typical weekend day in summer.

2/ Assumes an average visitor length of stay of 2.5 to
3 hours and a 10-hour operating schedule during
peak attendance periods.

Source: Harrison Price Company.

the envisioned project (exclusive of land acquisition and financing costs). A city/private partnership is anticipated to ensure the successful implementation of the project.

Illustrative Financial Performance

As a final step in this preliminary analysis of a major visitor attraction in Sacramento, Table 12 develops illustrative operating revenue and expense guidelines. An adult admission fee of \$8.00 has been assumed for planning purposes. Scaled-down prices would be offered to children under about 12 years of age and to senior citizens. At existing commercial attractions, net per capita admissions receipts, or "yield," from admissions commonly ranges between 70 and 75 percent of the adult price after allowance for attendance mix, group discounts, and a certain incidence of complimentary admissions. Yield in the present instance was assumed at 70 percent, or \$5.60 per capita. Average visitor spending on food/beverages and merchandise is assumed at \$1.25 and \$3.00 per capita, respectively, consistent with norms for this kind of entertainment venue. A further allowance of 50 cents per capita has been assumed for miscellaneous expenditures (vending machines and other incidental outlays). Overall per capita revenue accordingly totals \$10.35, which translates into \$10.35 million in total gross revenue at the 1 million attendance target.

Deducting the cost of food and merchandise goods sold, net revenue amounts to \$8.41 million annually. An operating expense ratio equivalent to 55 percent of total gross revenue, or \$5.69 million has been further assumed, subject to adjustment once the precise entertainment content of the attraction has been defined and key cost items such as labor can be more confidently estimated. Deducting expenses from net revenue, annual operating income comes to \$2.72 million per year. The latter represents 26 percent of total gross revenue, indicating a favorable economic performance sufficient to attract the interest of a private developer/operator. Given adherence to the scope and quality of development envisaged in this analysis, the proposed attraction can lend significant impetus to Sacramento's tourist industry, with spin-off benefits for existing attractions on the waterfront and in the metropolitan area at large.

Table 12

ILLUSTRATIVE FINANCIAL STATEMENT FOR
A MAJOR VISITOR ATTRACTION IN SACRAMENTO
(Constant 1994 Dollars)

	<u>Amount</u>
Annual Attendance Target (thousands)	1,000
Per Capita Visitor Expenditures	
Admissions (net) 1/	\$5.60
Food and Beverages	1.25
Merchandise	3.00
Miscellaneous	<u>0.50</u>
Total	\$10.35
Total Gross Revenue (thousands)	
Admissions	\$5,600
Food and Beverages	1,250
Merchandise	3,000
Miscellaneous	<u>500</u>
Total	\$10,350
Less: Cost of Good Sold (thousands)	
Food and Beverages (at 35 percent of sales)	\$438
Merchandise (at 50 percent of sales)	<u>1,500</u>
Total	\$1,938
Total Net Revenue (thousands)	\$8,413
Less: Operating Expenses (thousands) 2/	\$5,693
Total Net Operating Income (thousands)	\$2,720

1/ Assumes an adult admission fee of \$8.00 at an average yield of 70 percent.

2/ At 55 percent of total gross revenue.

Source: Harrison Price Company.

Office of Economic Development

1996 Work Plan

Priorities

- Support Neighborhood ED Initiatives
- Enhance Neighborhood Commercial Districts
 - Business Outreach Sacramento
 - Small Business Advocacy
- Develop Destination Attraction
- Support Development of Downtown Hotel

Opportunities

- Support Development of North Natomas Stadium Site
- Open a Public Market Along Waterfront in Old Sacramento

Existing Agreements

- Maintaining development and lease agreements for:
 - Packard Bell Center
 - Federal Courthouse
 - Granite Park
 - Proposed CalEPA Building (MTP)

Moving Toward Tourism Development

- ▶ Expanding Tourism is Key Element in Council's Economic Development Agenda
- ▶ City's Evaluation of Private Proposal of Large Scale Aquarium
- ▶ Evaluation of Sacramento Tourist Market and Various Alternatives by Harrison Price

City As Developer

- ▶ Packard Bell Center (\$50 million)
- ▶ Federal Courthouse (\$175 million)
- ▶ North Natomas Stadium Site (est. \$100 million or more)
- ▶ Public Market (\$.6 million)

Public-Sponsored Tourism Projects in California

AGENCY	PROJECT	DEVELOPMENT COST	PROJECT NOTES
City of Santa Clara/ Redevelopment Agency	Great America Theme Park	\$130 Million	Purchased land and assets to avoid demolition by private developer. Sold five years later to Paramount.
City of Vallejo/ Redevelopment Agency	Marine World	\$49 Million	City provided land tax-exempt financing for development.
City of Long Beach/ Redevelopment Agency	Queensway Bay Aquarium project (underway)	\$120 Million	\$40 million HUD Section 108 loan; \$80 million City revenue bonds
City of Santa Monica	Pacific Park - Amusement Park at Santa Monica Pier (underway)	\$14 Million	City revenue bonds
City of Concord	Concord Pavilion - expansion and renovation	\$20.7 Million	City revenue bonds
State Trade and Commerce Agency	Lego Land (Carlsbad, CA)	\$180 Million	<u>State Incentives - \$11 Million</u> EDD -\$600k, ETP - \$2.5 million, CalTrans - \$3 million, Water Resources - \$5 million loan
City of Anaheim	Sportstown Anaheim (proposed)	\$100-200 Million	Not yet determined
City of Temecula	Old Town Temecula (proposed Big Western theme park)	\$100 million	\$6 million of preplanned infrastructure provided by City.

Harrison "Buzz" Price

- Over 40 years experience specializing in
- Market Analysis • Concept Development • Site Selection • Financial Feasibility

Client List

Disneyland

Walt Disney World

Six Flags

Sea World

Opryland

Marine World Africa USA

Universal Studios Hollywood/Europe/Japan

Knott's Berry Farm

Busch Gardens

Rock 'N Roll Hall of Fame

Richard Nixon Library

New Orleans Aquarium

Summary of Sacramento Tourist Market

- ▶ Total Market Available estimated at 8.7 million
(6 million residents within 75 miles and 2.65 million overnight tourists)
- ▶ Very modest overnight visitor base compared to other medium sized areas
- ▶ Existence of an unknown, yet presumed substantial pass-through market
(non-local travelers on major Sacramento highways who do no stop in the city)
- ▶ Market is far from saturated with destination attractions

Key Criteria Developed From Charrette

- ▶ Suitability for year-round operation
- ▶ Ability to draw a target of 1 million visitors annually
- ▶ Economic self-sufficiency as a minimum expectation
 - ▶ Appeal to tourists
 - ▶ Family orientation
- ▶ Ability to generate substantial residual economic impact
 - ▶ No direct competition in the marketplace
 - ▶ Value as a hands-on educational experience

Attractions Considered

- ▶ Large Scale Aquarium
- ▶ Children's Museum
- ▶ Botanical Gardens
- ▶ Children's Amusement Park
- ▶ Wildlife Park
- ▶ Entertainment Center
- ▶ IMAX Theater

Suggested Attraction Themes

- ▶ Gold Rush
- ▶ Rivers and Water Resources
- ▶ Pioneer Life
- ▶ Pony Express, Railroads and Telegraph
- ▶ Multicultural Evolution of Sacramento/California

Economic Impacts of a Major Tourist Attractions

(Assuming \$50 - \$100 Million investment; 1.0 - 1.5 million attendance)

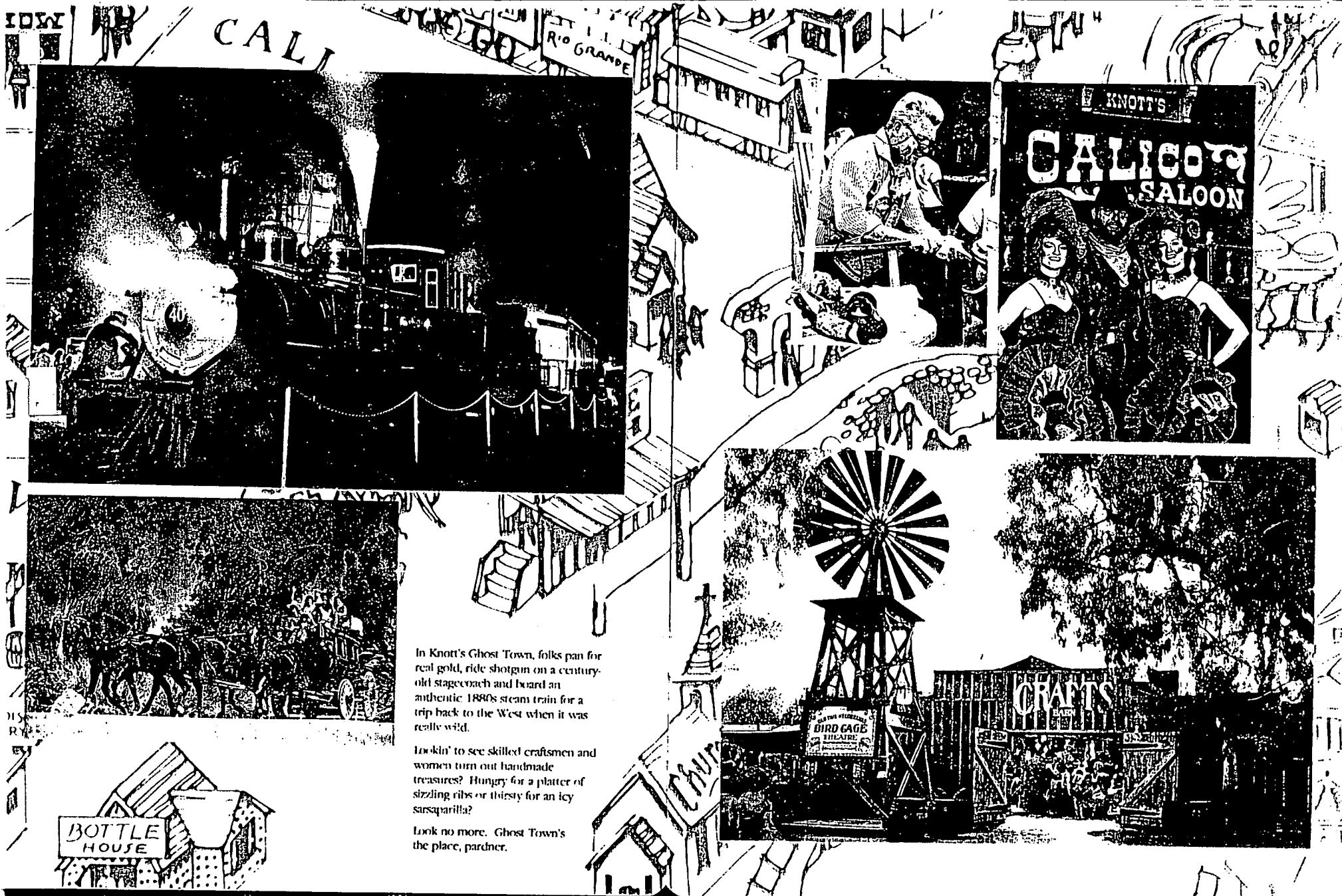
- ▶ Boost the local economy by \$150 to \$250 million
- ▶ Increase annual retail sales in Old Sacramento by \$20 to \$60 million

Increase annual taxes and fees by \$1.5 to \$2.5 million

Create 1,000 to 1,500 service jobs (part-time and entry level)

Benefits of Knott's Participation

- Design and Development Team With Strict Attention to Detail and Authenticity
- Long tradition creating excellence in family education and culturally enriching family entertainment
- Experts at incorporating human-scale features and creating pedestrian-friendly environments
- Highly regarded reputation for quality park management and operations.



In Knott's Ghost Town, folks pan for real gold, ride shotgun on a century-old stagecoach and board an authentic 1880s steam train for a trip back to the West when it was really wild.

Lookin' to see skilled craftsmen and women turn out handmade treasures? Hungry for a platter of sizzling ribs or thirsty for an icy sarsaparilla?

Look no more. Ghost Town's the place, partner.

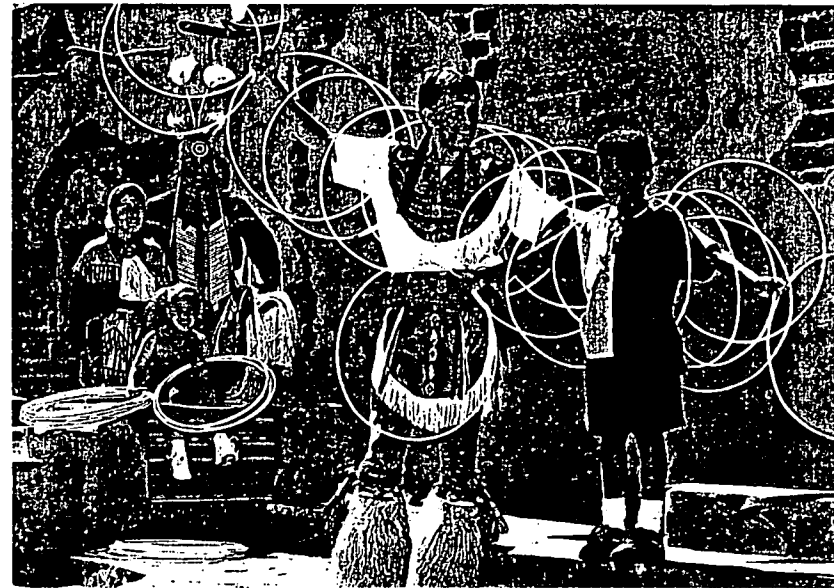
I N D I A N T R A I L S



CRAFTS



DANCES



LEGENDS

INDIAN TRAILS



INDIAN TRAILS

NEW!

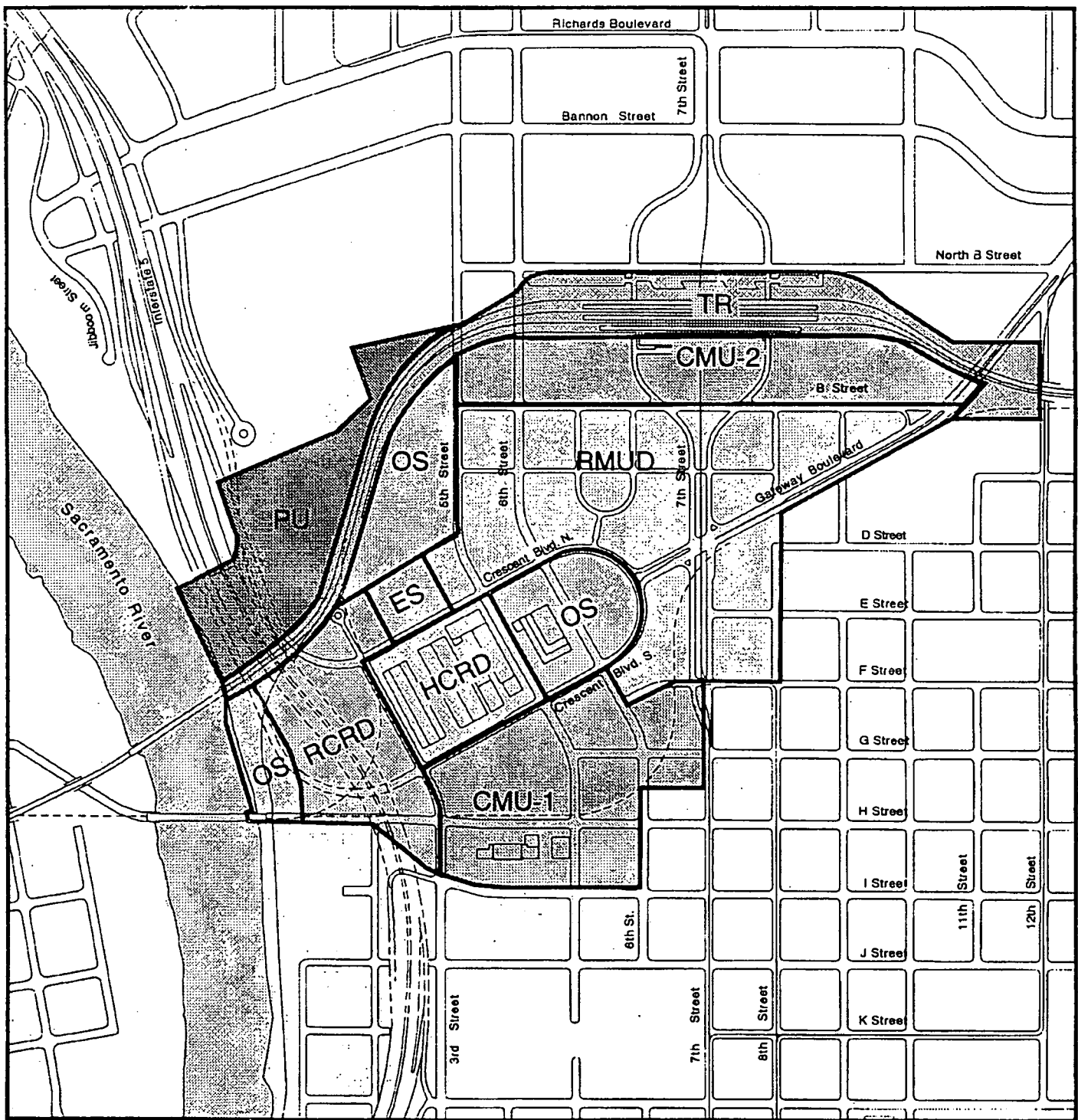
Visit the pre-Columbian art and architecture of the Northwest Coast, the Plains and the Southwest. Listen to the stories, hear the songs, participate in the crafts, and join in the dances of Native American people. Experience the richness and diversity of ancient cultures that are kept alive by the indigenous people of the First Nations today.

Running Time: Allow 3 hours for a complete program

Location: Indian Trails

Show Times: 9:30 a.m. - 3:00 p.m.
Monday - Friday





Railyards Area Land Use Map

	RMUD	Residential Mixed Use District		RCRD	Riverfront Commercial Recreational District
	CMU-1	Downtown Commercial Mixed Use District		TR	Corridor / Rail Intermodal Terminal
	CMU-2	Transit Oriented Commercial Mixed Use District		OS	Parks and Open Space
	HCRD	Central Shops Historic District		PU	Public Utilities
				ES	Elementary School

Key Principles

- Full support and participation by State Parks and Recreation, Old Sacramento Management Board, Southern Pacific and City Council
- Historical accuracy of all stories in the park and historically-sensitive development of any historic sites
 - Project breaks even or is profitable
 - All participants share in minimizing risk
 - City is lead financial investor if private funding not found
 - State is open to revenue-generating uses of existing buildings and vacant land
 - Annual tourism targets must be met - 600,000 - 900,000
 - Project must significantly boost retail sales in Old Sacramento
 - Project will include an "exit strategy" that will minimize losses in case attendance targets aren't met
- Project will be compatible with existing preservation activities, museums and festivals in Old Sacramento

Next Steps

- Assemble staff technical team

(City Manager's Office, Public Works, Planning, SHRA)

- Assemble interagency team

(State Parks, CALTRANS, Army Corps, State Lands, Reclamation Board, Toxics and Substance Control)

- Brief Key Stakeholders

(Southern Pacific, State Parks, Downtown Partnership, Old Sac Management Board, Trade and Commerce)

- Harrison Price to fine-tune market study and provide feasibility analysis

- Knott's to develop concepts, storyboards for an attraction with input

- Explore various financing alternatives, financial commitments

- Evaluate parking issues

- Develop Letter of Intent

(Knott's, State, Southern Pacific, OSMB, Army Corps)

ADDITIONAL DETAILS ON DEVELOPMENT ROLE OF CITY IN PRIOR PROJECTS

OFFICE OF ECONOMIC DEVELOPMENT REAL ESTATE PROJECTS

Project	Federal Courthouse	Granite Park	Lot B	Army Depot	Stadium	Public Market	Downtown Hotel	Tourist Attraction
Type	Office	Office	Office	Industrial	Sports, Recreation and Retail	Retail	Hotel	Recreation
Land Area	2.5 acres	260 acres	2.5 acres	360 acres	100 acres	1/4 acre	1/2 acre	15 acres
Buildings (Square Feet)	500,000	3.5 million	1.0 million	2.5 million	500,000	8,000	280,000	?
Cost	\$150 million	\$350 million	\$160 million	\$50 million	\$200 million	\$600,000	\$50 million	\$50 to \$100 Million
Status	Construction	Environmental Review	Financing	Complete	Feasibility	Design	Documents	Concept
Notes:	Open 1998	Six Phases over 30 years			Two years of study	Could open May-June 1996	Final documents to Council April	Six to eight months to get to feasibility

OFFICE OF ECONOMIC DEVELOPMENT REAL ESTATE PROJECTS

Project	Federal Courthouse	Granite Park	Lot B	Army Depot	Stadium	Public Market	Downtown Hotel	Tourist Attraction
Land Owner	Federal Government	Granite Partners	State of California	City	City	City	Hilton Hotels Corporation	?
Purchased from:	City and SP	City and Granite Construction	City	U.S. Army	Del Paso Road Partnership (Gift)	City	City	SP and State
Builder	Nacht and Lewis	Granite Partners	Maguire Thomas	PCL Construction	Maguire Thomas	Not Selected	McCuen Properties	?
Owner	Federal Government	Granite Partners	State of California	City	Maguire Thomas	City	Hilton Hotels Corporation	?
Investors (Cash)	Federal Government	Pannatonni, Separovich & Domich, and Granite Construction	State	Packard Bell	Maguire Thomas	None	Hilton Hotels Corporation SHRA City	
Lenders (Loans)	None	Unknown	City	City	Unknown	SHRA	Unknown	Unknown
Tenants	District Courts	Unknown	CalEPA	Packard Bell	Concert promoter, Minor League Baseball, Retail, Entertainment, Restaurants, University	Upper Crust Bakery, Ricks Desert Diner, Produce, Meat and specialty food vendors.	Hilton	Knott's

OFFICE OF ECONOMIC DEVELOPMENT REAL ESTATE PROJECTS

Development Summary and Status

\$1.1 to \$1.2 Billion in value
8.2 million square feet of buildings
725 acres of development

Status	Project	Cost	Annual taxes	Annual Economic Activity	Annual Jobs
Concept	Tourist Attraction	\$50 to \$100 million	\$2.0 million	\$50 to \$75 million	100
Feasibility	Stadium	\$200 million	\$1.5 million	\$20 to \$60 million	500
	Granite Park (Phases II-VI)	\$315 million	\$2.0 million	Unknown	Unknown
Documentation	Downtown Hotel	\$50 million	\$1.0 million	\$2 to \$5 million	100
Financing	Lot B	\$160 million	\$1.0 million	\$5 to \$15 million	Unknown
Environmental Review	Granite Park Phase I	\$35 million	\$300,000	Unknown	Unknown
Design	Public Market	\$0.6 million	Negligible	Negligible	Negligible
Construction	Federal Courthouse	\$150 million	Negligible	\$2 to \$5 million	Unknown
Complete	Army Depot	\$50 million	\$700,000	\$200 million	3,500

BENCHMARKS

City's Annual Operating Budget	\$410 million
City's Annual Capital Improvement Budget:	\$90 million
City's Current Debt:	\$250 million

Regional Economy:

Jobs:	Over 600,000
Economy:	Over \$30 Billion