



APPROVED
BY THE CITY COUNCIL

AUG 31 1999

OFFICE OF THE
CITY CLERK

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OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

CITY OF SACRAMENTO
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August 24, 1999
A3722PRC.DOC

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: INDEPENDENT CONSULTANT REPORT - BASEBALL ISSUES IN
SACRAMENTO**

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that the City Council accept the attached report (Attachment B) as an information report relative to baseball issues in Sacramento.

CONTACT PERSON:

Thomas P. Friery, City Treasurer, 264-5168

FOR COUNCIL MEETING OF: August 31, 1999

SUMMARY:

As support to the City's efforts to negotiate a development agreement with Stadium Partners for relinquishment of the City's North Natomas 100 Acres, the City commissioned a study by Gateway Consulting Group, Inc. This report transmits the consultant's report and summarizes its findings.

- The business of major league baseball is such that a municipal entity cannot cause major league baseball to locate in its territory. The financial condition of major league baseball is presently weak. The possibility of major league baseball expansion in the United States, or expanding to Sacramento given the present operation of both the Oakland Athletics and San Francisco Giants within 100 miles of Sacramento would not be permitted. Therefore, it is unlikely that Sacramento will achieve a major league baseball franchise within the next 5 years.

- The operation and rules of minor league baseball are such that the award of the "AAA" Vancouver Canadians baseball franchise to West Sacramento establishes territorial rights encompassing the City of Sacramento. Therefore, it is unlikely that the City of Sacramento will achieve another minor league baseball franchise within the foreseeable future.
- Although it may be possible to retrofit the North Natomas site to meet the future needs of major league baseball, given the preference of major league baseball in the 1990's and the planned new both major league and minor league baseball stadiums in urban center sites as opposed to destination sites it is possible that major league baseball may not prefer the North Natomas for a major league baseball team in Sacramento.
- The financial demographics of the Sacramento metropolitan area are fiscally and geographically appealing for major league baseball or other major leagues sports franchises. Population, Total Personal Income, Available Personal Income and TV Market will cause sports franchises to consider our market to the extent such participation would not be in violation of League rules or the competitive operations of their League.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

In conjunction with City Council's review of the North Natomas stadium site, staff was authorized to conduct an independent study of baseball issues in Sacramento. Council was presented a memorandum from Deputy City Manager Jack Crist on June 14, 1999 to proceed with such a study with the Gateway Consulting Group, Inc. from Cleveland, Ohio. Finally, Council was apprised the study would be paid for from the City Manager's budget.

The Gateway Consulting Group description and resume of staff are shown in Attachment A. Very briefly, Thomas Chema, President of Gateway Consulting Group was the Executive Director of the Gateway Economic Development Corporation of Cleveland, Ohio, from 1990 through 1995. Through this period Mr. Chema oversaw the successful development of Jacobs Field home of the Cleveland Indians. The independent consultant report prepared by Mr. Chema contains an executive summary of five pages. The observations made by Mr. Chema in the summary were developed by him in response to 23 questions that were prepared by staff and which are contained in pages 6 through 26 of the report. It is highly recommended the detailed responses be read in conjunction with the executive summary.

The demographics of the Sacramento market for professional sports are very appealing. In the United States, Sacramento will be a candidate for any major league sports franchise so long as such franchise is not in a league which would prohibit Sacramento given other League rules regarding franchise territories.

Staff believes the information in the report is useful to the Sacramento City Council as well as Sacramento Stadium Partners and River City Baseball.

FINANCIAL AND OTHER DEMOGRAPHICS OF THE REGION:

1. Sacramento metropolitan area population of 1,655,866 is:
 - the third largest metropolitan area in the U.S. and Canada without a baseball team;

- would be ranked 27th (ahead of Milwaukee_ in the 25 metropolitan areas last are home to major league baseball's 30 teams;
 - would be ranked 2nd in areas currently housing "AAA" baseball.
2. Sacramento's Total Personal Income is \$39.6 billion and its Adjusted Personal Income is \$15.2 billion:
 - compared to other major league baseball metropolitan areas Sacramento would be ranked 14th;
 - compared to other metropolitan areas that do not house major league baseball, Sacramento would be ranked 47th.
 3. Based on TV households the Sacramento metropolitan area (including Stockton and Modesto) would be ranked 20th in the U.S.

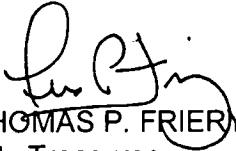
ENVIRONMENTAL CONSIDERATIONS: Not applicable

POLICY CONSIDERATIONS:

This action is consistent with City Council priorities to support economic development and to negotiate the development of the City 100 Acres parcel in North Natomas.


ESBD EFFORTS: None

Respectfully submitted,


 THOMAS P. FRIERY
 City Treasurer


 JACK CRIST
 Deputy City Manager

RECOMMENDATION APPROVED:


 ROBERT P. THOMAS
 City Manager

- Attachment A - Qualifications of Gateway Consulting Group, Inc.
- Attachment B - "Baseball Issues in Sacramento"

The Gateway Consulting Group

The Gateway Consulting Group ("GCG") was formed in 1994 to take advantage of a unique knowledge base to assist public or private sector entities which seek to develop major infrastructure projects such as stadiums, ballparks, arenas and civic centers. GCG believes that increasingly successful projects will result only when there exists broad based public support, including subsidies, combined with major private participation in such projects.

The principals of GCG were personally involved in every phase of the development of the Gateway project that built Gund Arena and Jacobs Field in Cleveland, Ohio. As a result of this experience, and their prior backgrounds, GCG is qualified to assist in the development of major infrastructure projects from conception to operation. GCG provides consultation services, either as a complete package or unbundled, in all of the following areas:

- Conceptual planning for the project
- Development of funding plans, both public and private sources
- Development of strategies for implementing the funding plans, including legislative and/or public vote campaigns
- Development of financing plans and methodologies including assistance in selecting underwriters, counsel and other professionals
- Preparation of background materials for use in lease negotiations with sports or other franchisees, where appropriate
- Development of strategies for lease negotiations
- Assistance in selecting design professionals
- Assistance in selecting costs and constructibility and/or project management teams
- Development of contract documents for use in engaging design professionals and construction team
- Development of methodology for dealing with affirmative action responsibilities
- Development of marketing plans and strategies, where appropriate
- Development of public relation strategies to achieve or maintain support for the project
- Development of budget and cost control strategies and methodologies

While GCG does not routinely act as "developer" of a project, we do share our experience as successful developers to enable projects to move forward with minimal problems and expense. Our approach is one of consensus building and problem solving. We are focused on getting the project done with the least expenditure of resources: dollars as well as political capital.

Our goal is to assist clients in developing a strategy which will succeed, and then aiding the client in the implementation of that strategy. GCG is a unique organization. We are consultants who not only understand the theory underlying development of major infrastructure projects; but we have been responsible for and have successfully completed projects which are among the largest of their type in the country. We can help you achieve similar success.

Attached you will find a Representative Client List whom you may feel free to contact for recommendations. You will also find background information concerning the firm's principals. Messrs. Chema and Eckart are attorneys and partners with the Cleveland-based law firm of Arter & Hadden, that also has major branch offices in San Francisco and Los Angeles. The resources of the firm are available to GCG clients.

We at Gateway Consulting stand ready to assist you at any point in the development of a project. Let us know how we can be of service to you.

REPRESENTATIVE CLIENT LIST

International Management Group (IMG)

Arthur J. LaFave, Jr. - Chief Financial Officer
Peter J. Kuhn - Deputy Chief Financial Officer
[Financing, Development and Construction Issues for Garden of Champions
Tennis Stadium in Indian Wells, California]

Gateway Economic Development Corporation of Greater Cleveland

James Biggar - Former Chairman
[Jacobs Field / Gund Arena in Cleveland, Ohio]

Cincinnati Bengals

Troy Blackburn - Stadium Project Director
[New Stadium for NFL Franchise]

City of Akron, Ohio

Richard Merrolla - Finance Director
[Canal Park - Akron Aeros Minor League Ballpark Project]

City of Dayton, Ohio

Baseball at Hara, Inc.
[Minor League Baseball Facility for the Dayton, Ohio Area]

City of Las Vegas

Lynnette Boggs-McDonald - Assistant City Manager
[Siting and Development Issues for a Domed Stadium]

City of Louisville, Kentucky - Board of Alderman

Dan Johnson - Alderman
[Developmental Work on a Proposed New Arena]

San Diego Padres Baseball team

Erik Judson - Special Assistant to the President
[New Ballpark Project]

San Francisco Giants Baseball Team

John Yee - Chief Financial Officer
[Ballpark at China Basin]

Toledo - Lucas County, Ohio

James O'Neal - Assistant Lucas County Administrator
[Develop Construction & Financing Plan for New Toledo Mudhens Ballpark]

Youngstown - Mahoning County, Ohio

Bruce J. Zoldan - President and Chief Executive Officer, B.J. Alan Company
Thomas E. Hutch - President, Aerolite Company
[Developmental Work for New Arena]

GATEWAY CONSULTING GROUP, INC.

RESUMES OF

THOMAS V. CHEMA

DENNIS E. ECKART

PATRICK ZOHN

Career Resume: THOMAS Y. CHEMA

President, Gateway Consulting Group, Cleveland, Ohio (1994 -)

Executive Director, Gateway Economic Development Corporation
of Greater Cleveland, Cleveland, Ohio (1990 -1995)

Partner, Arter & Hadden, Cleveland, Ohio (1972 - 1983; 1989 -)
(Practice specialty: energy utilities, telecommunications, capital project development)

Chairman, Ohio Building Authority (1989 - 1995)

Chairman, Public Utilities Commission of Ohio, Columbus, Ohio (1985 - 1989)

- Member, National Association of Regulatory Utility Commissioners Executive Committee (1985 - 1989)
- Member, Advisory Board Electric Power Research Institute (1987-1989)
- Member, National Academy of Science Panel on Alternative Energy Research and Development (1989 - 1990)
- Participant, Ditchley Conference, Ditchley, England (1988 -)
- Participant, United States - German Acid Rain Exchange (1988)

Executive Director, Ohio Lottery Commission, Cleveland, Ohio (1983-1985)

Current Selected Board Memberships:

- Transtechnology Corporation, Union, New Jersey
- NuMed Home Health Systems, Inc., Clearwater, Florida
- Interactive Multimedia, Inc., Columbus, Ohio
- Roulston Family of Funds, Cleveland, Ohio
- Hiram College, Hiram, Ohio
- Cleveland Foundation for Architecture, Cleveland, Ohio
- Sisters of Charity of Saint Augustine Health System, Inc., Cleveland, Ohio

Education:

AB, History, University of Notre Dame (1968)

JD, Harvard Law School (1971)

Recent Lecture Assignments Relevant to Infrastructure Planning Include:

- The Graduate School of Design at Harvard University
- Baldwin Wallace College
- The College of Wooster
- Northern Virginia Planning District Commission Land Use Conference
- Ohio Bar Foundation Annual Meeting
- National Council for Urban Economic Development
- The International Sports Summit

Career Resume: DENNIS E. ECKART

Principal, Gateway Consulting Group, Cleveland, Ohio (1994 -)

Partner, Arter & Hadden, Washington, DC (1994 -)
(Practice specialty: energy utilities, environmental issues, international trade & finance, transportation issues, securities and finance, health care issues, international relations and development, Federal and State Government Relations, US Congress, Executive Branch, Federal Agencies)

Partner, Winston & Strawn, Washington, DC (1993-1994)

United States Congressman, (1980 - 1993)
(Chairman, SBA Subcommittee on Antitrust, Deregulation, and Ecology, Member, House Energy and Commerce Committee, Co-chairman of the Democratic Congressional Campaign Committee ("DCCC"). Co-Chairman of the Democratic Steering and Policy Committee, Served as Vice-Chairman of the Northeast-Midwest Congressional Coalition, and as a Deputy Democratic Whip)

Ohio House of Representatives (1975 - 1980)

Attorney, Beringer, Hertick & Eckart,
Cleveland, OH (1974-1981)

Assistant Lake County Prosecutor (1974)

Current Selected Board Memberships:

Recently appointed by the US Department of State to head the US Delegation of the Conference on Security and Cooperation in Europe for their annual Implementation Conference on Human Rights
Appointed Member, the American Bar Association Congressional Process Committee
Public Member, Board of the American Institute of Certified Public Accounts

Education:

BA, Xavier University (1971)
J.D., Cleveland Marshall College of Law (1974)

Legislative Initiatives Authored:

- Superfund program to reform management of dangerous toxic chemical waste sites
- The Drinking Water Act
- Great Lakes Research and Management Act to remove toxins threatening the quality of the Great Lakes
- Privatization of Conrail
- Clean Air Act
- Acid Rain
- Regulation and competition for area cable systems

Career Resume: PATRICK M. ZOHN

Principal, Gateway Consulting Group, Cleveland, Ohio (1999 -)

General Counsel & Manager of Governmental Affairs, Ohio Valley Resources, Inc.,
Cleveland, Ohio (1998)

Director of Administration, Parkwood Corporation/Mandel Foundation,
Cleveland, Ohio (1997 - 1998)

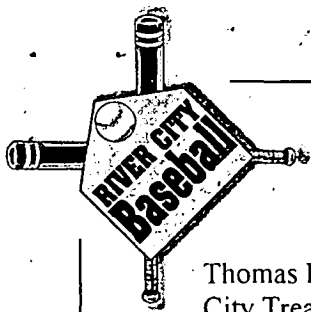
Senior Trial Attorney, United States Department of Labor, Cleveland, Ohio (1980 - 1997) (Practice
specialty: litigation of construction, labor, safety, health & environmental cases on behalf
of the federal government)

Current Selected Board Memberships:

- Midtown Cleveland, not-for profit development corporation Cleveland, Ohio
- Case Western Reserve University School of Law Board, Cleveland, Ohio
- Great Lakes Theater Festival, Cleveland, Ohio
- Committee For Public Art, Cleveland, Ohio
- Greater Cleveland Growth Association Speakers Bureau

Education:

AB, Social Science/Education, West Liberty State College (1975)
JD, Case Western Reserve University School of Law (1978)



River City Baseball

August 31, 1999

Thomas P. Friery
City Treasurer
City of Sacramento
926 J Street, Suite 301
Sacramento CA 95816

Dear Tom:

Thank you for the opportunity to review the report prepared by the Gateway Group. We find ourselves in general agreement with the consultant's conclusions.

We would like to offer the following comments on how we might work together in the future:

1. We believe that Raley's Field could be an excellent site for a Major League Ballpark in the future. We would welcome the opportunity to work with staff from the City of Sacramento and West Sacramento to clear the way for future expansion of the park. The purchase of the West Sacramento Ballpark site for Major League Baseball, including paying off outstanding bonds, will be less expensive than the site acquisition costs at any of the other downtown ballparks in Denver, Baltimore, and Cleveland, and probably less expensive than the Railyards property in Sacramento.
2. The City of West Sacramento, Yolo County and Sacramento County have agreed not to build a stadium or arena that competes with Raley's Field, and for that matter Arco Arena. It would be appreciated if the City of Sacramento could reciprocate on this matter. If you do not build a competing facility in Natomas, and if we can agree to make Raley's field the future home of Major League Baseball in the community, it would strengthen our ability to sell tickets and corporate sponsorships.
3. The City of Sacramento can be a critical member of our regional team by working to improve access between Old Sacramento and the Ballpark and establish parking operations and revenue sharing agreements with our group.
4. We would like to explore how we can participate in the Downtown Partnership. Perhaps we can help bring in property owners along the riverfront into the Downtown District.

Working together, we believe the benefits of our project can be expanded for the betterment of the City of Sacramento and the region. Hopefully, the Gateway Consultants Groups' report will serve as a starting point to focus all of our efforts. Please extend our invitation to work together to the City Council.

Sincerely,

Warren Smith
Executive Vice President

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Old Sacramento, CA 95814
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www.rivercitybaseball.com