

Planning Methods I: Final Project
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DOWNTOWN SACRAMENTO

INTRODUCTION

The purpose of this paper is to provide a qualitative and quantitative analysis of Downtown Sacramento, compare it to Downtown Denver, and draw useful conclusions. This paper will be divided into the following sections: Downtown Definition and Characteristics, Population, Development, Retail, Parking, Policies and Politics, and Comparison to Downtown Denver. The Downtown Definition and Characteristics section will orient and draw boundaries for Downtown Sacramento. Additionally, it will describe the physical characteristics and existing zoning. The Population section will describe general demographics and population trends. Following that section is a discussion of existing development, including a specific section on retail. Then the paper will move to describing policies and politics which have shaped the development and growth of Downtown Sacramento. Finally, comparisons and contrasts will be drawn to Downtown Denver.

Research was compiled from numerous sources, including Census data, magazine articles, internet research sources, and interviews. Data collected includes both qualitative and quantitative information, which has been analyzed and important conclusions have been drawn throughout the paper.

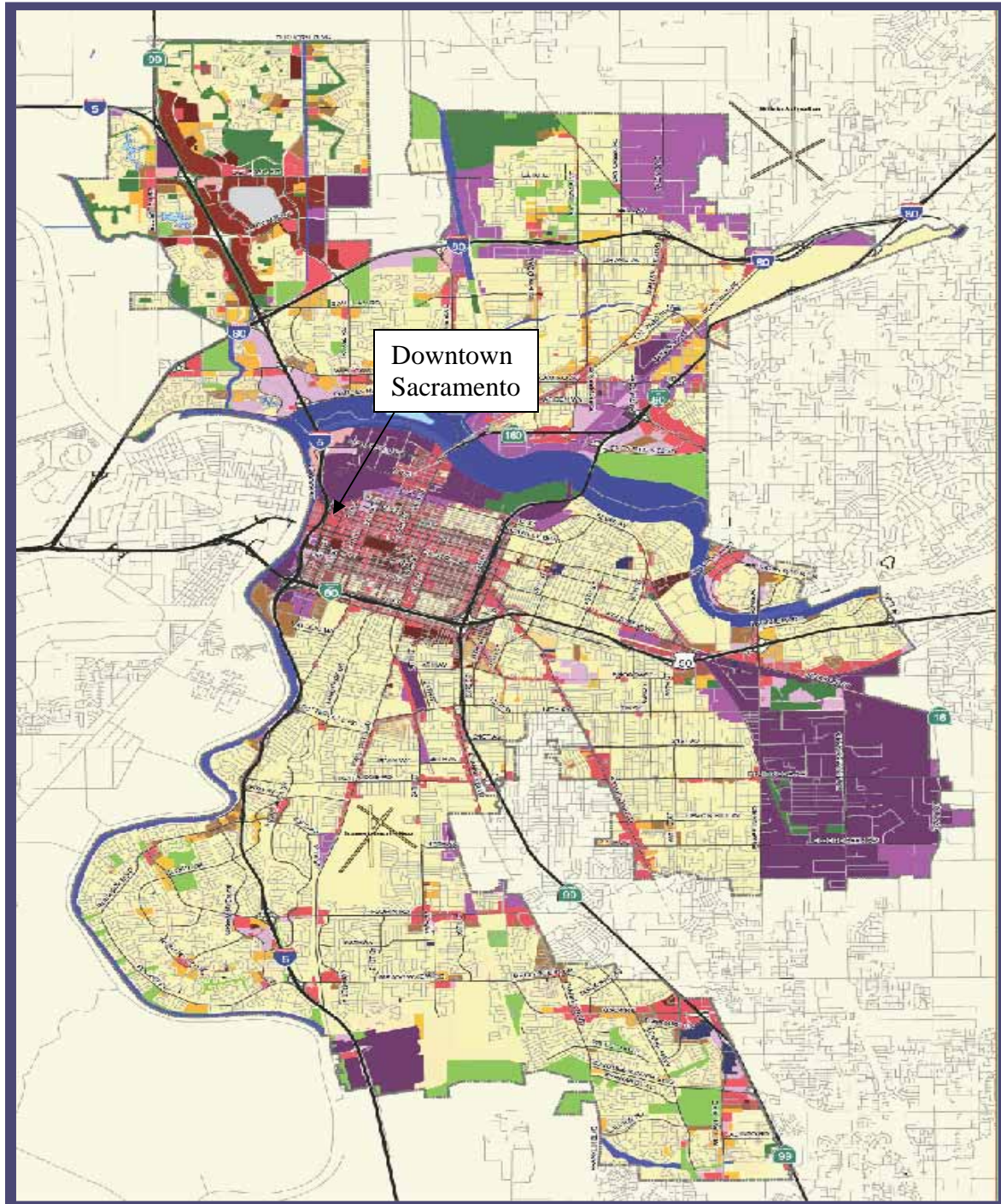
DOWNTOWN DEFINITION AND CHARACTERISTICS

Location

Sacramento, the Capitol, is located in Northern California. Sacramento is approximately 85 miles northeast of San Francisco, 60 miles east of the Napa Valley, 115 miles west of Lake Tahoe, and 90 miles south of Chico. The map below shows the state of California and the city of Sacramento's location.



(infolease)

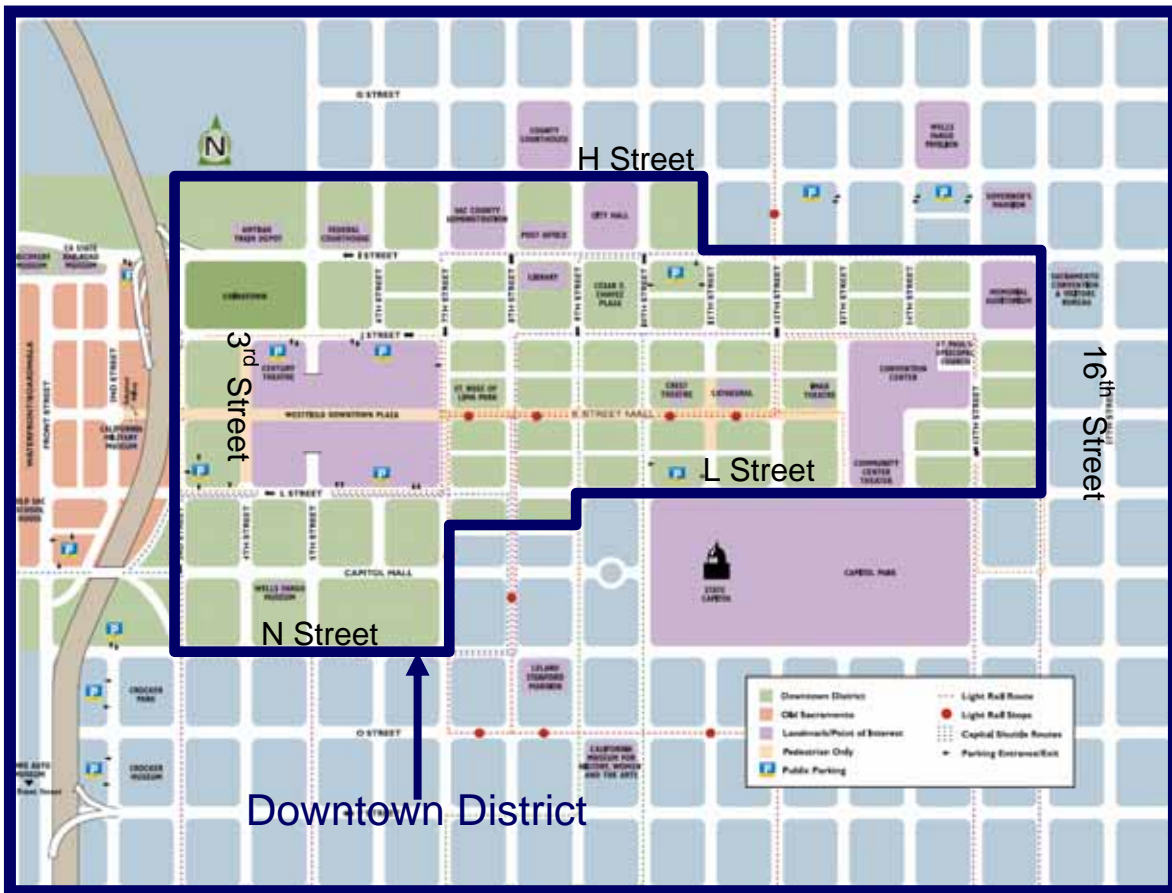


(City of Sacramento)

In the northwest portion of the city is the confluence of the American and Sacramento Rivers. In the southwest portion of the city is the intersection of Highway 50 and Interstate 5. The city boundaries are approximately 15 miles by 7 miles. The downtown area is centered north and south and on the westerly boundary of the city. The westerly boundary is Interstate 5. Directly west of Sacramento is the historic area called Old

Town, which is not part of Sacramento’s downtown. The map on the previous page shows basic boundaries of the City and the location of the downtown area.

The general location of the downtown district to the city of Sacramento is centered north to south of the city boundary. In relation to downtown, the north and south boundary is approximately 7 miles; the east boundary is 5 mile from downtown. Downtown sits on the west boundary of the city. West of Sacramento’s downtown is Interstate 5, and the Sacramento River.



(Downtown Sacramento)

Boundaries

Above is a map of the downtown district. The district is bound by H Street to the north, 16th Street to the east, N Street to the south, and Interstate 5 to the west. The district’s 66 blocks lay within the central business district C-3 zoning area. To the northwest of downtown is the train station. To the west is Old Town and Interstate 5. To the southeast is the State Capital. Sacramento has over 125

different neighborhoods. The official boundaries of the downtown district are in the downtown neighborhood – a natural boundary for the district. The total area of the downtown district is approximately 242 acres.

Characteristics

“Peacefully located in a leafy valley of scenic rivers and canopies of trees, today’s Sacramento is a cosmopolitan convergence of tall, gleaming buildings, hearty Victorians, splendid restaurants and shops, a vibrant arts scene, and a virtual cornucopia of state of the art meeting facilities. Sacramento has been called a snapshot of Wild West history in a modern, world-class city. With a plethora of first-class hotel rooms and attractions Sacramento offers an affordable and exciting vacation and meeting destination” (Sacramento Discover Gold).

The distinct areas within the downtown are China Town, Westfield Downtown Plaza, the City-County Administrative Offices, Convention Center, and the K Street Mall. Other major activity centers and landmarks are the Amtrak Train Depot, the City Library, Wells Fargo Museum – housed in the ground level of the tallest buildings in Sacramento, Crest, Century and IMAX theaters, Cesar E Chavez Plaza, Memorial Auditorium, the Cathedral, St. Paul’s Episcopal Church, and the Memorial Auditorium.

Chinatown is extended along I Street, between Third Street and Sixth. The buildings tend to be two-story wooden buildings. The buildings have brightly colored, second-story balconies, as was the custom in China. Shops and restaurants fill the first floors along I Street, with most people living directly above their shops.

The Westfield Downtown Plaza is between 4th and 5th Street, bifurcated by the K Street Mall, similar to the 16th Street Mall in Denver. The Westfield Downtown Plaza is a three level mall, similar in size and location to the Denver Pavilions Mall.

There are several buildings in the downtown area that are over 200ft tall. One of the more interesting buildings is the Elks Club Building – designed by Leon Starks, built in 1928 at over 226 ft and 18 floors. The building was recently purchase and the new owner is planning to invest more than 3 million dollars in renovations. Unlike Denver,

most of the buildings were built after 1990. Only two of the ten tallest buildings were constructed prior to 1990.

The ten tallest buildings that distinguish Downtown Sacramento are:

Building Name	Bldg. Height	Floors	Year Built
Wells Fargo	423	30	1992
US Bank Plaza	380	26	1991
Renaissance Tower	372	28	1989
Cal/EPA	372	25	2000
Capitol Square	351	25	1992
US Courthouse/Fed Bldg	350	18	1999
Sheraton Grand Sacramento	318	28	2001
1201K Tower	238	18	1992
Department of Justice Bldg	227	18	1995
Elks Club Building	226	18	1928

(emporis)

Technically not located in the downtown district, the State Capital Building is worth noting. The building and associated activities has a direct influence on downtown.

There are several new buildings planned for Sacramento’s downtown area. As in Denver, Daniel Libieskind has designed a structure, billed as a “sculpture that changes with the light and the seasons...” (Waters). The sleek building will be a 38 story condo tower. The residential component is much needed in the downtown area. Obviously, this building will bring a level of cache and affluence to downtown Sacramento. The building will be located at 601 Capitol Mall with condos starting at 750 sq. ft. and prices beginning at \$480,000. Only 50 of the 265 condos are still on the market. Another building, on K Street in the 800 block, offers at least two options: 300 residential units with 150,000 square feet of office space and 600 residential units with no office space (Walters). The final plans for the building may change, as the pre-sale numbers are not as great as the developers have hoped. Each of the buildings hopes to aid in rejuvenating Sacramento’s downtown.

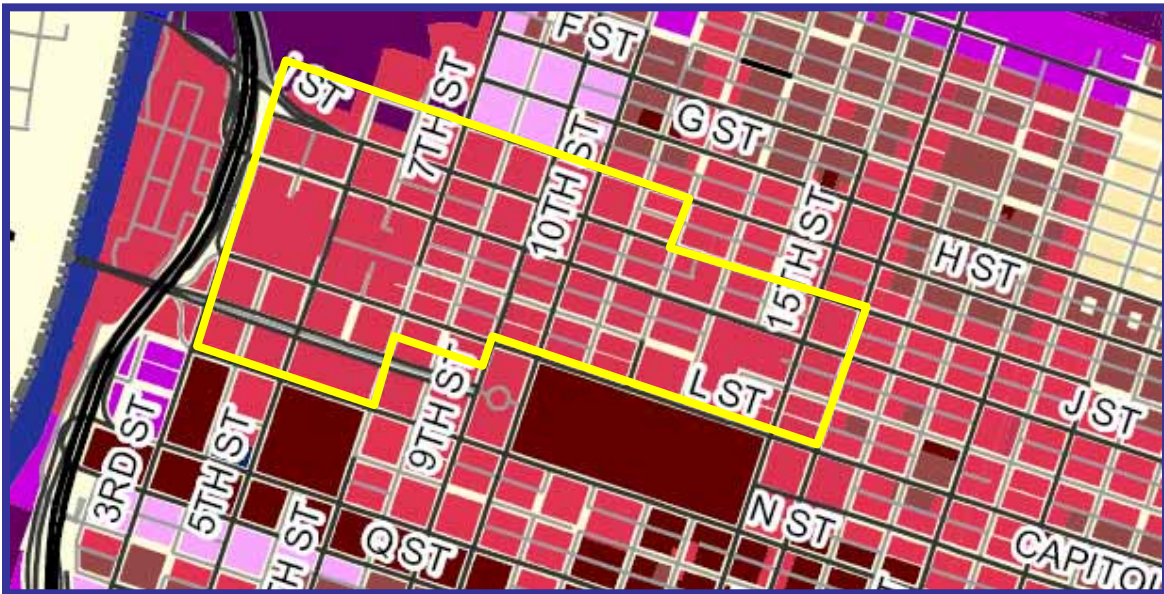
At 621 Capitol Mall, a new building is under construction that will have 25 above-grade floors with 366,291 rentable square feet. Offices will be on floors eight through 25. There will be one level of parking underground and six levels above. Plans for the ground floor

include a white tablecloth restaurant and about 23,000 square feet of retail space (Walters).

Located at 926 J Street is a 14 floor building built in 1924 that has been purchased by a boutique hotel and will undergo major renovations. This will be Joie de Vivre’s 31st boutique hotel. It is a \$55 million project, with the city providing \$9.8 million of assistance in the form of a \$3.3 million grant for historic preservation elements, \$600,000 in off-site improvements, and a \$5.9 million loan for the hotel. There will be 197 rooms, 11,000 square feet of small meeting spaces, the penthouse, of course, and a ground-floor restaurant (Walters).

One area of real challenge to downtown Sacramento is the incorporation of an inter-model transit hub. Located downtown, the local bus stop has outgrown its home. A possible location for the new bus stop is the historic train station that is in the northwest corner of downtown. This location is under consideration for a large mixed use development that would include a transit hub, residences, retail, and commercial uses

Zoning



(City of Sacramento)

Above is Sacramento’s city map showing the two downtown zone districts highlighted by the yellow border. Almost all of the downtown is zoned Central Business District (C-3).

In the northwest corner of the district are two small areas zoned Manufacturing – Industrial Park (MIP).

Purpose and Intent of the CBD:

“The central business district (CBD or C-3 zone) applies to an approximately seventy (70) block portion of the central city. The area is sometimes referred to in this section as the C-3 or CBD zone. The CBD or C-3 zone is the only classification which has no height limit and is intended for the most intense retail, commercial and office developments in the city. The goals of the CBD-SPD are as follows:

- Accelerate the economic revitalization process by creating a marketplace attractive to private investment;
- Achieve a plan for long-term economic growth through private sector incentive measures;
- Enhance the character of Sacramento’s downtown and ensure the development of well-designed new projects by adopting the architectural design guidelines;
- Provide for a pleasant, rich and diverse pedestrian experience by implementing the streetscape design guidelines;

Provide for the humanization of the downtown through promotion of the arts, program of special events and activities, and overall excellence of design” (City of Sacramento).

Purpose and intent of the MIP:

According to the City of Sacramento’s land use code, “To ensure the proper development and use of land and improvements in a manner so as to achieve a park-like, nuisance-free environment for light manufacturing, warehousing and distribution land uses in an industrial park setting in accordance with the policies of the city general plan, community plans and the planned unit development guidelines adopted for each industrial park. To ensure development standards that shall reduce to a minimum the impact of industry on the use and development of the surrounding non industrial property or neighborhoods” (City of Sacramento).

The Downtown area is part of a Special Planning District, which includes the following elements: (City of Sacramento)

- Purpose and intent.

- Urban design, architectural design and streetscape design guidelines— Procedure.
- Development review process—“Fast track” procedure.
- Building setbacks and landscaping.
- Sign regulations.
- Ground floor retail requirement.
- Historic preservation.
- Parking.
- Capital view protection requirements.

Downtown Sacramento is part of a Commercial Revitalization Program. The program, as found on the Sacramento Housing and Redevelopment Agency Website, has the following basic elements: (SHRA)

- Eligible Applicants
- Exterior Rebates
- Commercial Loans
- Exterior Rebate Partnership Program
- Special Program for Historic Properties
- Design/Plan Review
- Ineligible Rebate Applicants/Projects

POPULATION

From 1980 to 2000, the City of Sacramento increased in population from 275,741 to 407,018 persons.(dictionary.laborlawtalk) The 2003 population estimate has reached 445,335 persons(city-data.com), giving credence to the estimate that by 2020, the population will increase by thirty-eight percent(??). The population is near 50/50 split for males and females and the average age of a Sacramento resident is 35 years (epodunk).

Currently, over 15,000 people live in Downtown Sacramento (cityofsacramento). However, this number is expected to grow. “In the next five years, we’re probably

looking at having 10,000 new residents downtown,” says Heather Fargo, Mayor of Sacramento (sacmag). “People are moving downtown-and they’re not just refurbishing Victorians and bungalows anymore. They’re leasing lofts, settling into apartments and signing up to buy brand-new condos.” (Water, Joan) From an additional 1,072 new housing units approved by the city since early summer, to the some 1,500 more being planned, Downtown Sacramento is preparing for the expected growth. Additionally, “Downtown Sacramento is the City’s largest employment center in the area with over 100,000 daytime employees.” (downtownsac). Downtown is not only a place to live but it is a place to work. These two factors contribute significantly to the continued increase in the Downtown population.

The growth Sacramento is experiencing is attributed to San Francisco Bay Area residents flocking to the area in search of lower housing costs, and to immigration from Asia, Central America, Mexico, and the former Soviet Union (epodunk). The effect of Bay Area residents moving to Sacramento can be seen in the increasing home prices. The median home price in 2005 was \$376,000, a 131% increase from the year 2000 (100 Major Markets).

Furthermore, a superior transit network system stimulates the continued growth Sacramento is experiencing. “Downtown is served by the Sacramento International Airport, only 10 minutes away; four major interstate highways (Interstate Highways 5, 50, 80, and 99); 9 light-rail stations provide convenient access from the outlying areas; an international deep water port, the Port of Sacramento; an AMTRAK station serving seven daily trains to the San Francisco Bay Area; the ninth busiest Greyhound station in the country; and a clean, reliable regional bus system.” (cityofsacramento). Access is a factor that can direct growth and clearly Downtown Sacramento is well served by the existing transportation system.

Another factor of Sacramento’s population increase is a strong economy. “The Sacramento region’s economy continues to expand and diversify. The County’s growth is fueled by a number of factors, including a strong state and local economy, rapid population growth, a strategic location, affordable land, and its adjacency to California’s Bay Area region. The Sacramento metropolitan area has transitioned from a government, trade, and agricultural center to a more diverse economy. The region is not

only developing a large high technology research and manufacturing base, but employment gains are anticipated across all major industry divisions with the largest gains occurring in services, trade and finance, insurance and real estate.” (Sacramento City General Plan). A strong economy is critical to sustaining growth and Sacramento understands that challenge. “New opportunities in diversified economic sectors are necessary if Sacramento is to grow as forecast. Diversification is the key to long-term economic prosperity and stability.” (Sacramento City General Plan).

The policies that have shaped the growth in Downtown Sacramento will be discussed in the Policies and Politics section of this paper. A brief highlight of those policies include a visionary Downtown Sacramento Partnership, a Sacramento Regional Council of Governments, which through a document policy has identified the importance of Downtown accommodating the expected growth, and the MATRIX program, a system which aids the permitting and project approval process (Waters, Joan).

DEVELOPMENT

Over the past ten years the retail vacancy rates have steadily declined. In 1997 the vacancy rate was 8.5%, and through the 2nd quarter of 2006 the vacancy rate was at 4.4%. The 3rd quarter of 2006 saw the first increase since 2003, however, the year to date absorption continues to be positive with a total of 211,000 square feet. The cause for the decline in the 3rd quarter was due to the Ralph’s grocery store vacating 350,000 square feet. This number should be made up because The Nugget grocery store is anticipating filling some of the space. Therefore, this figure is projected to improve in the 4th quarter of 2006 and into 2007. (2Q 2006)

The rental rate per square foot has drastically increased over the previous 10 years. Back in 1997 the average cost per square foot was approximately \$15.49. Conversely, in the 2nd quarter of 2006, the rental rates were \$26.97 per square foot. The Sacramento market has been similar to Denver in relation to vacancy rates, however, the opposite is true of the rental rates. This may have to do with the cost of living in Sacramento, which may have increased to a much higher degree than that in Denver. (2Q 2006)

The Sacramento office market over the past few years has made a slight decrease, moving from a 9% vacancy rate in 1999 to 17.70% in the 2nd quarter of 2006. The market continues to grow as lease rates remain stable and absorption remains positive. In the third quarter, the absorption was 300,000 square feet, which almost doubled the amount in the first two quarters. The total absorption for the year is approximately 500,000 square feet. Downtown Sacramento has experienced 10 consecutive quarters with positive absorption (2Q 2006).

The lease rates for the office market were \$22.67 in the 2nd quarter of 2006. This is a slight increase from \$19.37 back in 1999. The increase in the lease rates may be directly correlated to the increase in construction costs. Even with rising costs, the construction market for office projects remains strong. Slightly below 1.6 million square feet are currently being built, and a number of additional projects are moving through the planning process (2Q 2006).

In the third quarter of 2006 leasing outpaced the delivery of new products being completed. Therefore, the vacancy rates were caused to decrease. CB Richard Ellis does not expect this trend to continue. They expect absorption to remain positive, but that vacancy rates will increase due to the high volume of projects that are expected to be completed. Finally, as existing space becomes occupied, lease rates will continue to rise as tenants are forced to move to newer more expensive space (2Q 2006).

Historical Vacancy Rates

Downtown Office

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2Q2006
Vacancy %			9%	7.30%	9.60%	13.40%	16%	16.70%	14.30%	14.70%
Total SFx1000			32572	33833	35051	36357	37956	38966	40216	41251
Rental Rates			\$19.37	\$19.11	\$19.88	\$19.63	\$20.58	\$20.57	\$21.99	\$22.67

Downtown Retail

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2Q2006
Vacancy %	8.50%	7.10%	7.00%	7.30%	7.40%	7.90%	6.80%	4.60%	3.90%	4.40%
Total SFx1000	16576	16778	17014	18015	18782	19404	19652	20839	21222	21695
Rental Rates	\$15.49	\$16.16	\$17.02	\$18.76	\$19.67	\$21.35	\$23.04	\$25.03	\$27.22	\$26.97

www.cbre.com

A number of factors have contributed to the overwhelming growth that Sacramento has, and is projected to continue to receive. First, the close proximity of Sacramento to the Bay allows individuals to easily travel from one to the other. Currently, nine passenger trains travel directly between the two locations on a daily basis. Additionally, a significant number of individuals have moved from the Bay area to downtown Sacramento. The reason for this is the cost of living difference and affordability that Sacramento can provide. (Vio, Michelle) According to CR Richard Ellis, the cost of living in the Bay area is 46% above the national average. Conversely, Sacramento is only 12% above the national average. Additionally, the home prices in Sacramento are much more affordable.

The past ten years has seen a major shift in the types of developments in downtown Sacramento. Greg Schulte, whom works at the City of Sacramento, states that the focus has changed towards creating high quality residential and mixed use developments that are geared towards attracting individuals to move into the downtown area. The major cause is that the city realized they were going to have a population increase. (Schulte, Greg) From 2000 to 2003 the population of Sacramento increased 9.9%. Additionally, they wanted to create a downtown environment that was active and vibrant. Previously downtown Sacramento did not focus on residential development, in comparison to office and retail.

Two of the projects that will redefine the Sacramento skyline are the Aura Condos and The Towers on Capital Mall. The architect on the Aura project was Daniel Libeskind. This project is a 32 story high rise consisting of 373 condos. This project is under construction and has had extremely strong pre-sales. The Towers on Capital Mall is comprised of two 52 story high rise buildings with a total of 800 condo units. The first of the two buildings is under construction. Both of these two projects will have a significant amount of retail space that will be available. (Residential Development)

In total the downtown area can expect over 3,000 new housing units to be completed in the upcoming years. The downtown partnership believes that every new housing project that is completed helps to make the downtown area a more desirable place to live (Kwong, David)

The City of Sacramento is poised to become the regions capital for business and entertainment. The emphasis on residential development is only one piece of the puzzle to make this happen. The aesthetic revitalization of the downtown along with an emphasis on cultural events contributes to the resurgence. Additionally, the downtown area has constructed a performing arts center and is conducting a study to bring the Sacramento Kings into the central city. (Vio, Michelle)

A marketing campaign has positioned the city as the place to go for shopping, dining, arts, culture, entertainment, and commerce. This campaign is coordinated by the Downtown Partnership and is designed to retain the after hours works crowd while attracting local and out of town visitors. The campaign helps assist merchant's to advertise in local and regional publications while maintaining a consistent message (Marketing).

There have not been any significant changes in zoning/land use and development regulations over the past 21 years. In an interview with Joy Patterson, from the City of Sacramento, she stated that the city has not changed any philosophies or made any drastic changes. Additionally, the city has always encouraged quality developments with valuable characteristics that would lead to a positive image. Conversely, the growth that the city of Sacramento has experienced is due to a number of external factors. The most important of them is the population growth and the superior transportation system. The boundaries for the CBD have been the same and have not changed over the past 20 years. (Patterson, Joy)

In 2003 the City of Sacramento implemented the Commercial Exterior Rebate Program was implemented. The rebate program supports private investment by matching funds and administrative project assistance for exterior improvements to retail facades. The City's Economic and Development Department and the Downtown Partnership believed that the program was necessary to encourage the aesthetic improvement of a building exterior. The funds can be utilized for storefront renovations, awnings, exterior painting, signage, and lighting (Facade).

Since the inception of the program in 2003, a total of 11 façade renovations have been completed and another 23 are in process. An estimated \$370,000 in façade grants have been made to businesses in the downtown region. Additionally, another \$2 million in private investment have been leveraged to improve the downtown retail facades (Facade)

RETAIL

The past ten years have seen a major resurgence for the retail market in downtown Sacramento. In 2003, the city of Sacramento had a workshop to analyze, review, and determine what the appropriate objective for the downtown area. In conclusion the city decided that they needed to make huge improvements in the retail market in the downtown area. A focus on land acquisition and appropriate land assembly needed to be made to rejuvenate some of the areas in downtown that had potential, however, no plans were currently in the works (Bitter, Greg)

Since this plan had been made a number of positive steps have taken place. First, along K Street, which is the pedestrian mall strip that may be compared to the 16th Street Mall in Denver, multiple projects have been or will be completed shortly. First, on the 700 block, a warehouse has been completely renovated into a retail center. Additionally, the 800 block has a new mixed use, residential and retail center that will be completed early in 2007. The city worked directly with private developers to facilitate the development of both of these quality projects to help rejuvenate an area with a great amount of potential. (Vio, Michelle)

The city has a number of additional projects that foresee significant amounts of retail going in. The following are all projects that are either under construction or in the planning stages; the West Plaza Mall, the docks area project, JKL street projects, along with a number of mixed use buildings in downtown. (Vao, Michelle) Finally, the Railyards development, is the largest infill project in the region. (www.sacramentorailyards.com)

The Railyards development has been under discussion for approximately the past five years. It is still waiting for final zoning and land use decisions. The developer on this project is Thomas Enterprises. The location of this borders and encompasses a couple of blocks of the Downtown Central Business District. Although this is not directly in the

CBD, the project will have a large impact on the downtown area
(www.sacramentorailyards.org)

The Railyards project covers a total of 238 acres. The proposed development is slated to build over 7,500 residences, 2.9 million square feet of office space, and 1.3 million square feet of retail. This is a significant amount of retail and may draw consumers away from the CBD towards the Railyard development. This will also be the transportation hub for passenger, light rail and bus services. Henceforth, the ease to get into the Railyards retail district may negatively affect the CBD
(www.sacramentorailyards.org)

The Sacramento retail market contains 34 million square feet of gross leasable area. Additionally, over 3 million square feet of projects are under construction and roughly 3.1 million square feet are in the planning stages. Sacramento is the 28th largest retail market in the world (3Q 2006). The success of the market can be directly correlated to the growth in population and the emphasis that the city has placed. Finally, the CBD has over 100,000 individuals that commute to the downtown area for work. This is the highest in the area and positively affects the retail market by having consumers in close proximity (Vio, Michelle).

The city of Sacramento does not have a specific group that will manage all of the downtown retail properties. Furthermore, there is not a specific private entity that has an overwhelming market share in the management of these properties. Typically, when the city owns a property they will work with private brokers to sell that property to a development group that shares a vision with the city. Additionally, when they own a property they utilize private property management companies to facilitate the necessary activities. Within the city, the Maintenance Facilities group will ensure that general upkeep on a property is completed (Vio, Michelle).

The Downtown Development Group (DDG) manages two redevelopment project areas. These include the Downtown Sacramento Redevelopment Project Area and the Richards Boulevard Redevelopment Project Area. The goal of the DDG is to work with the private sector to continue to transform downtown Sacramento into a successful marketplace. According to the DDG, downtown Sacramento is currently experiencing

low unemployment, high job growth, increased market interest in Central City housing, and demand for new Class-A office development.

(Downtown Development)

The DDG believes that this is an excellent time for retail developers and tenants to invest in Downtown Sacramento. The city has a daytime population of approximately 165,000 workers. The downtown area has close to 6 million annual visitors and approximately 300,000 residents within a 5-mile radius. All of these factors, and that new shopping and dining options will attract many consumers.

(Downtown Development)

The DDG has created a retail strategy they believe will ensure the success of the retail market in downtown Sacramento. First, they plan to strengthen existing retail opportunities in the K Street District. They plan to do this by creating new retail development. Additionally, they believe they can find new tenants to go into underutilized retail space. Furthermore, they would like to develop the existing retail areas of Downtown Plaza and Old Sacramento. Finally, they plan to create new active areas with a distinctive character along the R Street Corridor and at The Railyards site.

(Downtown Development)

PARKING

In January 2005 the City of Sacramento initiated a comprehensive study to identify parking policies and programs that are in line with the goals of the city. The City of Sacramento Department of Transportation is in charge of managing the public parking facilities in the downtown district. With all of the development in downtown Sacramento, the greatest challenge that the city currently faces in the area of parking is to determine demand and supply. This study helped develop parking strategies by assessing current parking availability and future opportunities in metered spaces, on-street parking, garages and surface lots and potential joint use private parking. (Central City)

The goals and the objectives of January 2005 study was approved by the City Council in August of 2005 and became the core for creating the Central City Parking Master Plan. The following are the nine goals and objectives resulting from the study;

1. Support the citywide goals of economic development, livable neighborhoods, achieving sustainability and improving public safety.
2. Supply parking to meet need.
3. Use time limits, rates and enforcement to manage parking supply efficiently.
4. Modify the Residential Parking Program to manage the retail/residential interface.
5. Minimize the negative impacts of parking.
6. Make parking safe, secure, attractive and convenient.
7. Operate City–owned parking in a financially sound manner.
8. Promote alternative modes of transportation and walkable communities.
9. Provide transportation options to encourage use of existing parking supply
(City Council)

Revenues are from parking and retail lease charges within off street parking facilities. Fund 412 is the specific fund that provides for the operation, maintenance, and improvements of city owned parking facilities. The revenues generated are used toward parking facility operations, capital improvements, and new facility developments (Funding Sources).

Historically these parking funds have been allocated towards parking projects. The construction of the Memorial Garage was one of the larger projects that this fund has ever gone to support. Currently, the Downtown Plaza Way Finding project is being funded through this fund. Additionally, these funds can go towards structural repairs to city owned facilities and towards upgrading the parking revenue control systems (Funding Sources).

The City of Sacramento implemented a new policy relating to surface parking lots in the downtown area on January 1, 2006. As a result of the new policy, no new surface parking lots will be allowed in the Downtown Redevelopment Project Area. However, the city will allow properties that are actively progressing through the City of Sacramento's development process the ability to receive a 12-month conditional parking lot permit. In order to apply for the conditional permit, one must do any of the following;

- a. Applicant has filed a complete formal application with the City of Sacramento.
- b. Applicant/tenant has filed a Notice of Intent to lease, buy or develop the site

- and shall provide such copy with the exemption request;
- c. Applicant has filed a Schedule of Performances which details actions to be taken over the 12-month period to ensure development of the site;
 - d. A Due Diligence contract has been executed between the owner and an applicant for property development of the site and shall provide such copy (notwithstanding any privileged information) with the exemption request; or
 - e. The owner has entered into a joint venture contract with a development company for site development and shall provide such copy with the exemption request (Surface Parking))

If one is outside of the Redevelopment Project Area an individual has a couple of different options. First, if you fall within an identified high need area you have two options, and may apply for two year permit. First, if there is 25 or more spaces, one would be required to provide landscaping along the street frontage. Conversely, if there is less than 25 spaces, one must provide street level screening approximately 3' high.

If a surface parking lot had been in continuous operation prior to January 1, 2006 they would need to apply for a new parking permit within six months. All of the following requirement would need to be met in order to receive a one year permit;

- City Business Operations Tax Certificate for operation of the specific lot;
- Post signage with contact name and phone number and parking lot permit;
- Specific level of insurance coverage with City listed as additional insured and holding city harmless;
- Agree to operate in clean and safe manner;
- Provide 0.2 foot-candle minimum lighting level;
- Provide improved surface as defined by code;
- Meet design standards for layout as defined by code; and
Provide required number of accessible spaces as defined by code
(Surface Parking)

If an existing parking lot does not apply for and meet the requirements, it will be closed. An administrative fee will be charged to cover the staff administration costs

and enforcement (Surface Parking). The city wants to shut down any surface parking lot structures that do not have a certain appeal and aesthetic appeal to them. The city is trying to improve in all areas and parking is one that needs to be addressed. (Chan, Howard)

POLICIES AND POLITICS

The tangible changes Downtown Sacramento is experiencing can be attributed to a few key policies and policy makers: Downtown Sacramento Partnership, the Sacramento Area Council of Governments, the Blueprint Project, and MATRIX. Funneling and encouraging growth in Downtown did not happen by accident, but rather through a network of collaboration and focused vision.

Downtown Sacramento Partnership, formed in 1995, initially began as a group of interested business and property owners. Today, it is a strong non-profit group that works with other organizations to implement the goals and initiatives set forth in the Strategic Action Plan. “The DSP will play a crucial role in cultivating and maintaining this revitalization effort, ensuring that downtown is a distinct and dynamic urban environment for residents, workers and visitors in the years to come.” (downtownsac)

The Sacramento Area Council of Governments, SACOG, is “an association of local governments in the six-county Sacramento Region.” “SACOG provides transportation planning and funding for the region, and serves as a forum for the study and resolution of regional issues.” (SACOG formed what is known as the Blueprint Project. Through a number of community workshops, SACOG was able to highlight the pending growth and possible consequences of that growth, if a plan was not put in place. Additionally, SACOG through the Blueprint Project highlighted the need and benefit of “building the core and bringing residents downtown and establishing an urban-lifestyle option for people in the region” (Waters, Joan) Through Blueprint Project, the important goal of accommodating growth in the established downtown was identified.

“The Central City has significant opportunity for intensification and reuse, including plans for the Capitol Area, R Street Corridor, Richards Boulevard, K Street Mall, and longer-term prospects for the Downtown Railyards. The Central City currently has a zoning potential for 6,000 to 10,000 additional dwelling units and significant commercial retail

and office potential.” (sacgp.org) However, simply having the zoning in place is not the only factor for encouraging and facilitating development. Enter City Manager Kerridge. A transplant from Portland, Kerridge brought with him proven ideas for facilitating development. “The MATRIX program, for example: It’s the city’s new permitting and project approval process. “A developer who’s worked here and gone through the MATRIX system is also working in other major centers, too, and these guys talk to each other,” Kerridge says. “You can go to San Francisco and try to get your project through and it will take you 10 years. So what happens is, people say, ‘How can Sacramento do this in six or seven months?’ That generates a buzz in the development community. And we’re hearing this more and more now. It’s all cutting-edge stuff, and it’s working.” (Waters, Joan) As one developer said, “Ray Kerridge and other additions to the city are a big reason why we are downtown and newly looking at it as a place to do business. That is a very new and very dramatic change. We would not have purchased 926 J had it not been for them. That’s the truth.” (Waters, Joan)

These are examples of the nexus that needs to be in place to encourage and foster development. Sacramento is an example of a comprehensive, multi-faceted approach to funneling and facilitating development in the Downtown core. The City and its leaders have recognized the potential growth and development, as well as the negative impacts that could arise from not funneling growth into the downtown core. Through multiple organizations and persons, a visionary and comprehensive approach to planning and development was formed. These policies have shaped the direction and form of growth in Downtown Sacramento.

DOWNTOWN DENVER

Downtown Denver and Downtown Sacramento have several similar attributes. The median age is similar with Denver’s at 31 years and Sacramento’s at 33 years. Both cities have a near 50/50 split for male to female population. Sacramento has a slightly higher population of persons 15 and younger, while Denver has a slightly higher population for those 25-44 years old. The median income is also similar with Denver’s at \$39,500 and Sacramento’s at \$37,049. (epodunk) Interestingly, the home prices are not similar with Denver’s median home price at \$250,000 and Sacramento’s at \$376,000 as of 2005. (100 Major Markets)

Both cities have embraced transportation alternatives. While Denver is behind in light rail, it is catching up. Sacramento has had light rail in place since the late 80's. An interesting statistic speaks to the importance of aligning growth with transit. While Sacramento has more transit and has had it in place longer, only 4.6% take public transportation to work, as compared to Denver's 8.4% utilizing public transportation. It will be interesting to see if Sacramento's ridership increases as the population increases. Sacramento. However, Sacramento is taking a proactive approach to facilitating the use of the transit through a series of surveys. "The Sacramento Regional Transit District (RT) has completed the first phase of a comprehensive set of independently conducted market research surveys that are focused on helping the District better understand its customers, improve existing services, and enhance the overall visibility and image of transit regionally among the general public." (Noble, Jo) While this scope is regional, it includes those transit lines serving the Downtown. Denver and the Regional Transportation District should consider such a survey and assessment of customer satisfaction, particularly with the new lines and bus routes.

Another important factor to evaluate is the professional sports teams and location of venues. While Sacramento has only one professional sports team, The Kings, whose venue location is not near Downtown. While Sacramento has identified a possible location at the new development, Railyards, the outlook is not optimistic. "A new poll shows a dismal outlook for measures Q and R in Sacramento County. The measures include a sales tax increase that would help fund the construction of a new sports and entertainment arena at the downtown rail yard site. A poll by The Sacramento Bee found that 42 percent of likely voters support Measure Q. Just 23 percent support Measure R, while 58 percent said they'll vote no, according to the poll." (Poll Finds Little) However, Downtown Denver, with multiple professional sports teams identified the importance of the sports venue locations, locating Pepsi Center and Coors Field in Downtown. "The Downtown area has experienced significant positive economic impact with the construction of each sports stadium:

- LoDo properties adjacent to Coors Field assessments increased significantly from \$1.77/sf to \$27/sf.
- Since the opening of Coors Field, LoDo housing increased by 1,104 units (408% increase).

- Sales tax collections in 1999 and 2000 totaled \$80 million.
- 907 hotel rooms were added in Downtown since the groundbreaking (of Pepsi Center) (between 1997 and 2005).”

(downtowndenver)

Finally, both Downtowns have the opportunity to learn from one another. Sacramento should look to Denver as it attempts to bring The Kings arena Downtown as the benefits are numerous. As Denver embarks on its ambitious transportation program, it should look to Sacramento which has had transit in place for years. Of particular interest would be the comprehensive customer survey, is it useful, beneficial, and what results can it produce? Furthermore, as Sacramento continues to grow, it would be useful for Downtown Denver to watch the successes and failures that will occur of the next decade. As both cities are experiencing a surge in growth it would be beneficial to follow the projected growth and actual growth, the projected development and actual development, and the success or failure of actually leasing the numerous additional square footage of development.

SUMMARY

Downtown Sacramento is “in the middle of an incredible transition” as it balances the growth from a steady increase in population, a surge of downtown development, including office, retail, and housing, and a renewed vigor for creating a vibrant downtown. From the recently approved 1,072 new housing units, 600,000 square feet of office space, 15 new restaurants opening in 2005, and the in construction 38-story Aura condo building, Downtown Sacramento is in the midst of change. As Joan Waters wrote in “Sacramento Grows Up”, “...don’t get used to your map. In six months, you’re going to need a new one, and revised editions at regular intervals for a long time to come.” (sacmag.com) Downtown Sacramento is experiencing a real transformation and it is one city to watch for the next few decades.