BIGGER THAN BASKETBALL:
Mayor Kevin Johnson and the Fight to Save the Sacramento Kings

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Executive Summary

Sleep Train Arena, the current home for the Sacramento Kings basketball team, has become an economic strain on the City and its stakeholders. For over a decade, Sacramento has attempted to build a new arena, in order to keep their only professional sports team in town and reap the economic and social benefits of a major league team. The people of Sacramento have witnessed multiple failed arena attempts in the past decade, becoming increasingly more disheartened with the current Kings owners, the Maloof family. The current political and economic climate in both Sacramento and California has made a new arena plan an even less likely dream to reach.

Against all odds, The City of Sacramento, led by Mayor Kevin Johnson and Think Big Sacramento, were able to formulate a financing plan for a new Entertainment and Sports Complex in 2011 (ESC). The new arena was bigger than just basketball, and would have given Sacramento a world-class civic amenity with benefits that could have stretched across the entire region. Sacramento finally had the leadership and political support to make a new ESC a reality. However, at the very last minute, the Maloofs refused to show the same level of commitment to the city of Sacramento, by pulling out of a deal that held so much promise.

With two legitimate relocation options emerging in Virginia Beach and Seattle, Mayor Kevin Johnson and Think Big Sacramento are at a crossroads in their pursuit of a new ESC that will keep the Kings in Sacramento. The city has several options moving forward: first, they can continue to engage the Maloofs and bring them back to the negotiating table; second, they can build a case to force the NBA Board of Governors to block another relocation attempt from the Sacramento Kings; third, they can assembled a rival ownership group that is willing to purchase the Kings and agree to a downtown arena deal to keep the Kings in Sacramento; and fourth, the city can disengage with the Maloofs and look at other economic development options for the City of Sacramento. Sacramento has rallied together in the spirit of community in the face of losing the city’s only professional sports team. The final chapter of this story has yet to be written, and, today, Sacramento has the leadership and political support in place to formulate a plan to successfully build a new arena and keep the Kings in town.
Introduction

The current facility for the NBA Sacramento Kings, Sleep Train Arena, is one of the oldest and smallest arenas in the league today, with a seating capacity of just over 17,300. Built in 1988, the arenas’ age, coupled with the lack of upkeep and maintenance, has made the arena an economic strain on the city and its stakeholders. For over a decade, Sacramento has attempted to build a new arena, having witnessed 12 failed arena attempts come and go, including a 2006 tax measure aimed at raising the funds from taxpayers which was soundly rejected by 80% of Sacramento County voters. Additionally, the Kings have experienced six straight losing seasons since the 2005 - 2006 season and the public has become increasingly disheartened with the owners, the Maloof family.

To add to this seemingly perfect storm, the current political and economic climate in California and Sacramento has made a new arena plan even more difficult to reach. Sacramento is facing multi-year budget deficits, a reduced credit rating, double-digit unemployment and a foreclosure crisis. In addition, voter approval is required for tax increases in California – in some cases with two-thirds of voter support – further challenging publicly-financed sports infrastructure projects across the state.

However, against all odds, the people of Sacramento, led by Mayor Kevin Johnson, the City of Sacramento and Think BIG Sacramento, were able to formulate a $391 million public-private financing plan for a downtown entertainment and sports complex. The deal was reached in Orlando in February 2012 at NBA All-Star Weekend, consummating nearly a year of discussions among the Mayor, City, Think BIG, Anschutz Entertainment Group (AEG), National Basketball Association (NBA), and Sacramento Kings. Unfortunately, to the surprise of all other parties, the Kings decided not to follow throughout the deal shortly thereafter, leaving the Mayor and Sacramento community at a crossroads on how best to move forward in the City’s longstanding quest to build a new facility and keep their beloved NBA team.

The following narrative documents the history of the Kings since their relocation to Sacramento, the multiple failed arena attempts, and the efforts of Mayor Kevin Johnson and Think BIG Sacramento to build a new arena and keep the Kings in Sacramento.

Sacramento Kings: The Early Years

For over twenty-five years, Sacramento has been home to the Sacramento Kings of the National Basketball Association (NBA). The Kings are members of the Western Conference of the NBA and are the only professional sports team in Sacramento today (www.nba.com 13 December 2012). The Sacramento Kings trace their origins to a local semi-professional team based in Rochester, New York in the early 1920s, making them one of the oldest basketball clubs in the NBA today (www.nba.com 13 December 2012). The team was first known as the Rochester Royals and later went on to be the Cincinnati Royals, the Kansas City-Omaha Kings, and the Kansas City Kings (www.nba.com 13 December 2012).

Kings Arrival to Sacramento

On January 8, 1983 the Kings were purchased for approximately $10.5 million by a local business group from Sacramento, California headed by Joseph Benvenuti, Frank and Gregg Lukenbill, Bob A. Cook, Frank McCormick and Stephen H. Cippa (www.nba.com 13 December 2012) The business group petitioned the NBA’s Board of Governors to relocate the team to Sacramento where the Kings officially started during the 1985-1986 season (www.nba.com 13 December 2012). On October 25, 1985 the Sacramento Kings played their first home game against the Los Angeles Clippers to a sold out crowd of 10,333 fans in the Sacramento Sports Arena, built in 1985 as a temporary home for the team (www.nba.com 13 December 2012).

Fan Support

During their inaugural season in Sacramento, the Kings sold out home game after home game, as fans were elated to finally have a hometown team to support. Later during the inaugural season, the Sacramento Sports Arena was renamed ARCO Arena, and is believed to be the first example of an NBA team selling naming rights to brand a new facility (www.sacbee.com 7 December 2012). The naming rights to the arena were sold to the Atlantic Richfield Company, which is now a subsidiary of British
Petroleum. The Kings original arena was located north of downtown Sacramento in an area called Natomas and was termed “The Madhouse on Market Street” by locals (www.ballparks.phanfare.com 20 November 2012). In their first season playing in California’s capital city, the Kings posted a disappointing 37-45 record, finishing fifth in the Midwestern division. Despite this poor record, Kings fans remained committed to their team, continuing to sell out home games throughout the season (www.nba.com 7 December 2012).

In the following seasons, despite continued lackluster performances by the Kings, fans remained committed to their team, impressively selling out every home game during the 1986-1988 seasons. The Kings moved into their new home, also named Arco Arena, at the start of the 1988 - 1989 season and played their first game against Seattle in front of a sold out crowd, which included NBA commissioner David Stern (Kings Through the Years: Cheers, Jeers, Sighs and Cries). The venue opened with a seating capacity of 16,517 and cost just over $40 million to construct, at the time the lowest cost of any NBA arena. During the early 1990's the Kings continued to struggle on the court. Despite having won over 60% of their home games, the team could not find a winning strategy on the road, and went 1 - 40 during a single season, a near unheard of statistic in the league. Once again, Kings fans did not abandon their home team during their struggles and remained supportive by continuing to sell out home games between 1990-1996 (Appendix A). At the end of the 1995 - 1996 season, the Kings finally clinched a playoff berth, ultimately losing to the, then, Seattle Supersonics in front of a sold out home crowd (Kings through the Years: Cheers, Jeers, Sighs and Cries).

By 1995, however, the future of the team was uncertain. Los Angeles developer Jim Thomas, who had purchased a majority interest in the team in 1992 for $140 million dollar, said the team could no longer afford the payments on the lease of Arco Arena (Small Market Big Heart). In order to help with his financial commitments, Thomas requested a loan from the city of Sacramento, threatening to move the team to Nashville, Tennessee if the city could not pull through. Thomas’ threat was taken seriously, as Nashville was in the beginning stages of building a new sports arena, and desperately wanted to attract a major professional sports to the area. Sacramento politicians, led by Mayor Joe Serna, initially were comfortable with the notion of the Kings relocating, figuring that the NBA would move a new team to the area. Despite this, months of back and forth resulted in a January 1997 City Council vote on the issue of extending Thomas a loan. The Council voted 5-3 votes in favor of Thomas’ loan request and the Kings were safe in Sacramento. Thomas received a loan of $70 million from Sacramento in exchange for committing to keep the Kings in town for a minimum of ten years (www.sacgrandjury.org 8 December 2012).

The Maloofs & Sacramento

On January 15, 1999 the Maloofs, a wealthy family with interests in the distributing rights of Coors beer, professional skateboarding and Las Vegas hotels, purchased a controlling interest of the Sacramento Kings for $156 million (www.forbes.com 10 December 2012), which went into effect on July 1, 1999. In this agreement, between the Sacramento Kings Limited Partnership and the city, the Maloofs assumed the debt to the city and agree to pay loan back if they decide to relocate the team. “The team owner hereby covenants and agrees it will not relocate the Kings from Sacramento, California to another venue if the city obligation is not satisfied” (Haley).

The Maloof family’s ownership of the team was notable on several key respects. First, George Sr., the family’s patriarch owned the NBA’s Houston Rockets from 1979 through 1982. Shortly after his passing in 1980, the Maloofs decided to sell the team, a decision they regretted almost immediately. That regret weighed heavily on the family for 17 years until they purchased the Kings. Additionally, unlike many previous team owners, the Maloofs had limited ties to Sacramento, living primarily out of Las Vegas and previously, New Mexico. The family typically flew into Sacramento for Kings home games, but were not known to have a significant presence in Sacramento outside of Kings games. In addition, multiple family members – notably brothers Joe, Gavin and George – played prominent and varying roles in the team’s leadership, decision-making and public relations. These multiple faces and personalities often added layers of complexity and unpredictability to the family’s relations both at the negotiating table and in the community.
The Kings began a slow shift during the following seasons 1999 - 2000 as the team emerged from mediocrity with their most winning season to date in 2001 - 2002, finishing with a franchise-best 61–21 record, winning 36 of 41 home games in front of excited hometown crowds (Kings Through the Years: Cheers, Jeers, Sighs, Cries). The Kings went on to play the two-time defending NBA champion Los Angeles Lakers in the Western Conference Finals, ultimately losing in a deciding and series-ending seventh game, just one win away from their first ever NBA Finals (www.nba.com 13 December 2012). While the Kings were playing better than ever, discussion began about finding a plan to replace ARCO Arena.

During the mid-2000’s, the team’s performance began to decline once again. During the 2005 - 2006 season the Kings stumbled out of the gate, having won only one of their first five games. The Kings continued to struggle, ending their 2008 - 2009 season with a 17 - 65 record, the worst in the NBA. But in a way never seen before, attendance at King’s home games began a rapid decline. Up until 2008, the Kings had enjoyed 19 sellout seasons in their 22 years in Sacramento, despite only making the playoffs ten times, with only four appearances past the first round (Appendix A). This unwavering display of loyalty by local fans proves that Kings supporters were unquestionably committed to their team regardless of their performance. Whispers of the Kings relocating to a different city began while the Maloof brothers pressed Sacramento for a new arena.

The 2010–2011 season was marked with continued uncertainty. Frustrated by the lack of progress towards an arena and dwindling profits from their other businesses, the Maloof family sought an immediate relocation of the franchise to Anaheim, California. On February 19, 2011, NBA commissioner David Stern acknowledged for the first time publicly that the Kings and officials in Anaheim were engaged in discussions about relocation. It was later revealed that the Maloof Sport & Entertainment organization went so as far as to file for a trademark of the name “Anaheim Royals” (“On the Move”, 2011). The Maloofs prepared to make their case for relocation in an NBA Board meeting in New York, in what was many expected to be a simple formality.

For much of the past decade, Sacramento city officials, business leaders and committed fans have been involved in arena negotiations in hopes of building a new facility to replace the aging Arco Arena. The following section will present a comprehensive narrative of several of the failed arena attempts from 2002 - 2006.

**History Of Arena Attempts In Sacramento**

Before the Kings were given permission to relocate to Sacramento in 1985, the NBA required that the team have a permanent arena to play home games. Gregg Lukenbill’s business advisor Steve Cippa arranged for the purchase of the abandoned crop dusting airport, and adjoining property in North Natomas for the sports facility project and crafted proposal to open up the land for development (“Original Kings owner Greg Lukenbill”). Environmentalists and their sympathizers on the city council lined up against the proposal. However, community excitement at the prospect of having an NBA team overwhelmed the opposition and on October 28, 1986 the city council approved a permit for a professional basketball arena (Garvin).

Gregg Lukenbill, the Kings original owner, and his partners funded the construction of Sacramento Sports Arena, later Known as ARCO I, the temporary home for the Kings until a new permanent residence could be constructed. However, the city of Sacramento would not allow the construction of a new arena because of zoning regulations. Lukenbill and his partners again got creative and ended up purchasing the property site themselves with the aim annexing it to City of Sacramento (Garvin). The land that was purchased was technically located in Sacramento County, but it was not within Sacramento city limits (www.smallmarketbigheart.com 13 December 2012). The Sacramento Kings played the 1985 - 1988 seasons in Arco Arena I, while construction on Arco Arena II began in September 1986. After two years of construction, Arco Arena II, located only 300 yards from Arco I, opened its doors on November 8, 1988 for the first Kings home game of the season (www.basketballreference.com 13 December 2012).

There are currently only three NBA arenas that are as old or older than Sacramento’s Sleep Train Arena:
Oracle Arena (1966) in Oakland, California home to the Golden State Warriors, Madison Square Garden (1968) in New York City home to the New York Knicks and The Palace (1988) in Auburn Hills. Madison Square Garden is currently undergoing a major renovation. Given the age and current quality of Sleep Train Arena, there have been 12 major attempts at constructing a new facility for the Kings since 2002. Some of the highlights of these attempts will be discussed in the next section.

**Failed Arena Attempts**

The main goals of the arena campaigns have been to create a regional draw to the downtown Sacramento area, to jump-start the long-awaited construction of a new urban district on the old toxic rail yards between the existing grid and the American River, both of which will lead to improved economic conditions through the creation of jobs and visitor spending to the area. To locals, the arena saga has been marked by attempt after attempt after attempt to build a new facility, all failing for similar reasons: flaws in the financing plan; unexpected actions by the Kings ownership; and unrealistic assumptions of risk and cost placed on taxpayers (Garvin).

**2002 Effort**

Talks of building a new arena for the Sacramento Kings began during Heather Fargo’s campaign for Sacramento Mayor in 2001. Fargo spoke publicly about the possibility of a new downtown arena during her election campaign, citing the economic and social benefits that a new arena would bring to the city (Johnson). After Fargo won the election in 2002, she formed a commission to study the possibility of building a new downtown sports and entertainment complex (ESC), which would be part of a development plan for a new 240-acre downtown Railyard project (Johnson). The goal was to develop 240-acre brownfield site, located just north of Sacramento River into a transportation, entertainment, and cultural, business and residential mecca. A railroad technology museum also was planned (Johnson). This area is recognized as the largest urban infill site in this region and presents Sacramento with a significant opportunity to accommodate future growth utilizing sustainable and smart growth principles (www.cityofsacramento.org 12 December 2012). The Kings’ owners showed positive but limited support for a new arena plan. Joe and Gavin Maloof, expressed support for a downtown arena, suggesting the possibility of bringing in a National Hockey League team and a willingness to pledge approximately $73 million to the arena plan. However, their overall role in the effort remained limited. 

Local business leaders, along with other stakeholders within Sacramento, also supported the downtown arena plan. Sacramento’s city government went so far as to propose a new tax measure that would ultimately cover nearly $180 million of the roughly $540 million costs. (McCarthy). Ultimately, the idea of a new downtown ESC puttered along for the next several years but never truly caught on. The Maloof family and Millennia Associates, who were supposed to purchase and develop the 240-acre Railyard site, had conflicting visions for a new arena, which ended up getting in the way of any real progress towards an actual plan (McCarthy). Second, and more importantly, introducing a new tax on local businesses was greatly unpopular and deemed too risky move because of the special amendment to California’s State Constitution, known as Proposition 13. The proposition was approved in 1978 with 65% of the vote and reduced property tax rates on homes, businesses and farms by about 57%. An important aspect of Proposition 13 requires taxes raised by local governments for designated or special purpose to be approved by the two-third of the voters (“What is Proposition 13?”). The two critical reasons that the above mentioned arena plan failed could be summed up as follows: “the prospects for a downtown arena -- championed by Mayor Heather Fargo as a major economic attraction for downtown -- sank in recent weeks because of the public cost of the project, plus discord between the
city and Kings owners Joe and Gavin Maloof" (McCarthy).

2004 Effort

Although an initial attempt to build a new arena for the Sacramento Kings at the site of the Railyards was defeated, the notion of the need for a new arena for the city was kept alive. At the request of Mayor Fargo, the Sacramento Metro Chamber of Commerce together with business leaders in the region, the Downtown Sacramento Partnership and the Sacramento Convention and Visitor Bureau created the Arena Business Task Force in May 2004 (Johnson). The mission of this Task Force was to call for a broader regional discussion on how to finance an arena, rather than recommend a particular site (Johnson). The Task Force convened to ultimately recommend that the cost of a new arena be supported by a combination of different public funding methods. These funds could potentially include business assessment districts, the allocation of sales taxes in defined districts, property tax increments and special taxes such as a new hotel tax or rental car surcharges to visitors in the area. The Task Force also deemed that any businesses that could potentially be taxed to finance a new plan, be required to be included in any subsequent discussions (Johnson).

In 2004, the findings and recommendations of Mayor Fargo’s Task Force determined that the Downtown Plaza, located at 7th and K streets, was the best location to begin construction for a new arena. The proposal, which was introduced to the Task Force by Chong Partners, a Sacramento architectural firm, would also bring retail shops, restaurants and several other businesses to the downtown area. "It’s an idea we’re very excited about," said John Thomas, President of Maloof Sports & Entertainment (Johnson).

Members of the Task Force along with Mayor Fargo presented their idea to the Sacramento City Council, representatives of local business groups as well as members of the media. (Johnson). As was the case with the previous attempt, it seemed that almost all stakeholders were satisfied and supportive of the proposed plan. Constructing an arena downtown where infrastructure like hotels and restaurants already existed would significantly reduce the cost of the overall project and would help to spur redevelopment along J, K and L streets and the downtown area. To cover the cost, which was estimated to come in anywhere between $300 million and $500 million, Mayor Fargo and the Task Force, came up with the following three cost covering scenarios:

1. Sell the current Arco site and construct an auto mall with taxes going towards the construction of a new arena
2. Swap the properties of Arco Arena and the Westfield mall, which owns the Downtown Plaza Mall. In this arrangement Kings would get the 4.7 acres that the mall was located on and Westfield would get a piece of the 85 acres that held Arco Arena.
3. Partial financing from the city of Sacramento, however this was capped at $175 million according to the city council. (McCarthy).

The Maloof Sports & Entertainment group did not choose to accept the notion of capping the City's financing at $175 million and decided to walk away from negotiations (McCarthy). Some planners estimated that the project would actually be closer to $750 million dollars, a drastic increase from what was initially presented by the Mayor and the Task Force. Despite the Task Force having offered a myriad of ways to finance the new plan, including new fees on parking, hotel rooms and restaurants, surcharges on Kings’ tickets and the sale of Arco Arena and nearby land for up to $90 million, the city council concluded that 7th and K Street plan should be abandoned due to the high cost and the need to focus resources on parking and low-income housing in the area (McCarthy).

2006 Effort

In late 2006, the Maloofs, began another campaign for a new and improved arena (Johnson). The Maloofs hired former Sacramento City Council Member and California State Assembly Member Darrell Steinberg to persuade Sacramento city and county officials to back a public financing plan in order to replace Arco Arena. Together, the Maloofs and Steinberg launched an aggressive campaign around the need to approve a decade long proposed, quarter-cent on the dollar sales tax measure ("Play the Game").
The campaign was launched with a discussion among Sacramento leaders, representatives of the Kings and other business interests about the potential for a countywide sales-tax increase, slated for the November ballot. As soon as the idea of a tax increase made its way to the public, various opposition groups began organizing (Johnson). The Sacramento County Taxpayers League objected to characterizing the quarter-cent sales tax increase on the ballot as a general tax. The group demanded that the increase be considered a special tax, which, according to California’s constitution, would require a two-thirds majority vote. Another opposition group, People United for a Better Sacramento, argued that there were far more important issues that could be funded by additional tax dollars than building a new home for the Kings (Johnson).

In spite of opposition, the Sacramento County Board of Supervisors voted 4-1 in favor to move forward and support two ballot measures (“Q” and “R”) that would levy a 15-year sales-tax increase and fund $470 million for a new arena in downtown Sacramento. Measures Q and R were slated to go before voters in November of 2006 (Johnson).

To counterbalance the groups opposing the ballot measure, leaders within Sacramento’s government began their own aggressive campaign, hired key consultants to support their cause and formed the “Yes on Q and R” committee. Thomas Enterprises Inc., a developer with strong ties to the new arena plan and proposed tax increase, pledged $2 million to underwrite the “Yes on Q & R” campaign (Johnson). Measure R would establish a quarter-cent (0.25) sales tax for 15 years beginning on January 1, 2007 for “general governmental purposes” and Measure Q would recommend that no more than half of the money taken in by the tax increase be used for a “publicly owned sports and entertainment facility” (Lamb, Turner, McCarty).

Opposition to ballot Measures Q and R continued to grow in a diverse and bipartisan manner. A “No on Measures Q and R” umbrella group was created and included: Sacramento County Democratic Central Committee, Green Party of Sacramento, Libertarian Party of Sacramento, American Independent Party of Sacramento, Republicans of River City, Sacramento County Young Republicans, Women Democrats of Sacramento, Town and Country Democratic Club, the Sacramento Young Democrats, Howard Jarvis Taxpayers Association, Sacramento City Taxpayer Rights League and the Sacramento County Taxpayers League (Johnson). It was clear that voters opposed to the tax increase were not alone and had the support of several of Sacramento’s political and social organizations across party lines (Johnson). Joining the opposition were prominent leaders including Council Member Steve Cohn and Sacramento Municipal Utility District Board Member Larry Carr who publicly opposed Measures Q and R and formed an “Anti Q and R” campaign (Johnson).

Around the same time the ballot measures were heating up, arena negotiations once again broke down when the Maloof family withdrew from negotiations after several new terms were added to the agreement. Among these were terms regarding parking areas and control of land use. The Kings’ owners wanted to stop Thomas Enterprises developing retail and housing within the planned Sports and Entertainment District, and even outside of the district in the Railyard development, especially where food and beverage development was planned. This concept didn’t sit well with Thomas Enterprise Inc and City of Sacramento (Lamb, Turner, McCarty).

To add to the strained relationship between the Maloofs and the city of Sacramento, the Maloof Sports and Entertainment organization launched a controversial Carl’s Jr. television commercial depicting the brothers’ extravagant Las Vegas lifestyle, replete with fancy hotels, casinos, beautiful women, and billion-dollar net worth. The commercial advertised the “Carl’s Jr. $6,000 combo meal,” consisting of a burger, fries, and 24 year old bottle of French Bordeaux, exclusively available at the Maloof-owned Palms Hotel. The Sacramento community was outraged by such a brazen display of the Maloofs’ wealth at a time the family was asking Sacramento taxpayers to incur a disproportionate share of the arena costs. (“Sacramento leaders, Kings fans angry at Maloofs”). Voters were, needless to say, unimpressed. The commercial became a public relations nightmare, and seriously wounded the ballot measures’ chances at the ballot box.

The years-old saga, complete with pricey consultants, lengthy reports, on-site visits and endless headlines,
came to an end on Tuesday, November 7, 2006 when voters visited the voting booths. Measure Q, which would have recommended that the proceeds of a tax increase go towards the construction of an arena, failed with 71.5% of voters in opposition. Measure R, which would have increased the county sales tax by a quarter-cent for fifteen years, failed with 80.2% voter opposition. Sacramento voters soundly rejected both tax measures and were not interested in assisting to publicly finance a new sports complex (Johnson).

In the wake of Measure Q and R’s epic failure, longtime NBA Commissioner David Stern decided to take a more active role in the Sacramento arena effort. Stern said he would “take responsibility for crafting a workable plan to build a new arena for the Kings and selling it to the public”. This marked Stern’s first lead negotiator role on behalf of an NBA franchise.

That would prove to be a tough sell; after failure after failure after failure, the word “arena” had become toxic to the Sacramento community.

**Mayor Johnson Takes On The Arena Issue**

Two years after the failure of Measures Q and R, Kevin Johnson was elected as the 55th mayor of Sacramento. Prior to his political aspirations, Johnson spent 12 successful seasons as an NBA point guard, with the Cleveland Cavaliers and Phoenix Suns. Following his retirement from the NBA in 2000, Johnson returned to his hometown of Sacramento, where he had grown up as a star on the Sacramento High School basketball team (www.kevinjohnson.com).

**Mayor Johnson’s Election**

Kevin Johnson’s run for Sacramento’s mayor in 2008 brought the otherwise quiet city an unusual amount of attention, given both Johnson’s star status and the fact that the current mayor, Heather Fargo, was facing a reputable opponent in her third run for the position. The campaign and election turned into one of the most hostile the city had seen, but ultimately ended with a victory for Johnson who secured nearly 58% of the vote (http://topics.nytimes.com 20 November 2012). Johnson’s win brought the city their first native Sacramentan to the office of mayor as well as the first African American elected to office.

Johnson’s vision for the city of Sacramento was for it to become a “city that works for everyone” (www.cityofsacramento.org 20 November 2012). Among Johnson’s top political goals were his commitments to public safety, job creation and economic development, reform of public education, promotion of good government and an enhancement of the quality of life for all Sacramentans. Johnson was often quoted as being committed to “elevating Sacramento’s profile as the capital city of California” (www.kevinjohnson.com 20 November 2012) and has been involved in several national organizations including the US Conference of Mayors as well as the national Education Reform Task Force.

Given his NBA background and commitment to Sacramento, Johnson appeared uniquely positioned to take on the arena issue. Early in his term, he took a vested interest in the livelihood and success of the Sacramento Kings, citing the team as both a major employer of 1,000 residents and key source of civic pride and identity.

**Cal Expo Plan**

With their long history of attempts at finding the Kings a new home in Sacramento, team owners, representatives from the NBA and other stakeholders continued the quest for a new arena. In early 2009 NBA consultants unveiled a $1.9 billion development plan for Cal Expo, a 350 acre multi-faceted site that is home to the annual California State Fair, an RV Park, water park and other exciting attractions as well as within close proximity to fine dining, hotel accommodations and retail centers (www.calexpo.com 23 November 2012). Initially opened in 1968, Cal Expo seemed to be a logical choice for a new arena given its established infrastructure and community awareness. The idea was to build a new state-of-the-art arena within Cal Expo, which would make the proposed project one that would not require “a shovel in the ground” according to NBA consultant John Moag. Unfortunately, like many of the proposed arena plans before, the Cal Expo arena development never materialized due to a lack of taxpayer dollar support – which was a critical source of funding for the project. The negotiations eventually ended and Cal Expo was yet another example of a failed attempt at revitalizing
Sacramento and the Kings with a new arena ("Cal Expo, NBA Agree to Explore New Arena").

**NCAA Rejection**

At around the same time as the Cal Expo talks began, Sacramento was dealt another blow when the National Collegiate Athletics Association (NCAA) bypassed the city's bid to host the regional round of the men's collegiate basketball tournament. Having previously hosted rounds of tournament in 1994, 1998, 2004 and 2007, the rejection in the fall of 2009 came as both a shock and an embarrassment to the city and its sports fans. The rejection was estimated to cost the city an estimated $4 million dollars annually in revenue from fan spending. Publicly also revealed that it was most likely Arco Arena, the oldest arena in the NBA, that ultimately cost the city the bid. Authorities from the NCAA said that the city would not be reconsidered to host the tournament in the future until the arena is replaced with a more modern facility (The Sacramento Citizen Blog).

The loss of hosting the NCAA tournament was a tipping point in Mayor Johnson’s involvement in the arena talks. The decision further motivated Johnson to take a more aggressive and public stance on the need for a new arena. In response, Mayor Johnson brought together some of the brightest minds and most committed Sacramentans to launched Sacramento FIRST.

**Sacramento FIRST Task Force**

Mayor Kevin Johnson knew exactly how powerful having a viable professional sports team meant to a city like Sacramento, both for social and economic reasons as well as the civic pride that the Kings brought to local Sacramentans. In November of 2009, Johnson established “Sacramento First”, a citizen’s task force charged with “reviewing proposals for the development and financing of a new entertainment and sports complex in Sacramento” ("Mayor Kevin Johnson Introduces Entertainment and Sports Complex Task Force"). The 12-member team was comprised of a “diverse and bi-partisan group of experts in the fields of design, law, finance, arts, labor, development, and communications.” The task force was led by Chris Lehane, a renowned political and communications strategist who had previously served as a top advisor to President Bill Clinton and Vice President Al Gore, among other high profile public figures. The members worked without pay to ensure no expense to taxpayers. According to Mayor Johnson, the members of Sacramento First were a ‘Dream Team’ in that they represent the best and brightest minds with Sacramento’s best interests at the forefront of every decision.

At the Mayor’s direction, the Task Force was expected to follow a simple set of instructions, called the “Rules of the Game”:

- The Taxpayer Comes First
- The City Will Not Be Used as Leverage
- The City Will Negotiate On Even Terms
- The City Must Think Inside and Outside of the Box

With these guidelines in mind, the objective of the Task Force was to “facilitate the development of a premiere entertainment and sports complex that will result in job creation, cultural revitalization and broader economic and community development across the Sacramento region” ("Mayor Kevin Johnson Introduces Entertainment and Sports Complex Task Force").

The team of volunteers were expected to act with a sense of urgency given the stressful economic conditions in the area, marked by high unemployment, high foreclosure rates and deep cuts to public programs and services. Finding a practical answer to the arena questions held a tremendous amount of promise in terms of solving many of the issues that were plaguing the Sacramento area and its citizens (Citizens First press release). The Task Force set a timeline of approximately a month for new proposals to be submitted for review. Business developers were quick to draw up potential plans to present to the Task Force that detailed new ideas for renderings of entertainment and sports complexes within Sacramento. Proposals would only be considered if they included "a design for an arena, a financial plan which was to include whether or not public money would be used, a timeline for construction, a location and the number of jobs the arena would create". Mayor Johnson was clear in stating that plans that required new taxes on residents would not be favored.

The committee met regularly to discuss the most thorough and realistic plans submitted for review.
Throughout every step of their work, the Task Force encouraged public involvement through town hall meetings and open forums. The Task Force’s concerted effort to involve the public was intended to communicate a different tone from previous arena attempts, which had been criticized for their lack of transparency and public engagement. The idea was that the better educated and involved the public felt throughout the entirety of this process and arena attempt, the more likely Sacramentans were to feel valued, engaged in, and supportive of the Task Force’s eventual recommendations.

The Convergence Plan

In total, Sacramento FIRST evaluated seven new proposals:

1. C.O.R.E. Team (Downtown Plaza site): Proposal to turn the Downtown Plaza mall into an arena with shopping, dining and a public park.

2. Doug Tatara (Cal Expo site): Proposal to construct a theme park and arena at Cal Expo.


4. M&M Group (Docks site): Proposal to build an entertainment and sports complex at the docks area near the Sacramento riverfront.

5. Natomas ESC Partners (Natomas site): Proposal to use the 100 acres adjacent to Arco Arena for a new ESC as well as a green-tech office development and housing units.


7. Tripp Development (Third and L Street site): Proposal to use the site of the city parking garage at Westfield Downtown Plaza for the construction of a new arena.

In addition, the Task Force reviewed the earlier Cal Expo proposal, and the option of renovating the existing Arco Arena (Sacramento Business Journal 14 January 2010).

In the early spring of 2010, the Task Force determined that the Convergence Plan held the most promise in terms of “vision and feasibility” (Davis), primarily due to its downtown location and inclusion of viable financing plan. Along with NBA support, the Task Force favored a plan that would build an arena downtown at the Railyards through the sale of Cal Expo and the relocation of the fairgrounds to land at Arco Arena (Sacramento Business Journal 14 January 2010). The Task Force presented its findings to the City Council in January, and the Council voted to enter into an exclusive negotiation with the Convergence Plan team to flesh out and further evaluate the proposal.

Called The Sacramento Convergence, the privately financed plan would “converge” three sites in Sacramento - the downtown Railyards, Cal Expo and the site of Arco Arena in North Natoma. In essence, the plan proposed the “coordinated redevelopment of all three sites in order to develop and privately finance a project providing statewide high-quality access.” The plan was unveiled by NBA consultant and developer Gerry Kamilos and David Taylor during a news conference in early 2011. Although neither Kamilos nor Taylor had prior experience in the arena building business, and both were respected local figures. In particular, Taylor was one of the most well regarded developers of hotels, restaurants and retail space in the region, and well-liked and well-connected among local elected officials. Also known as the Kamilos plan, the plan would “construct a new Entertainment and Sports Complex, associated parking structure and support retail, commercial, office and residential land uses” (“NBA, developers unveil new downtown arena plan”).

The Convergence Plan was comprised of three central elements:

- **Sale and redevelopment of Cal Expo site.** The current site at Cal Expo would be sold for cash, which would then be used for new development

- **Conversion of Arco Arena to new state fairgrounds.** The approximately 188 acres at the
Arco Arena site in North Natomas would be given to the State of California, along with $2 million, to create a new state fairgrounds site.

- **New arena at the downtown Rail yards.**
  Construction of a new entertainment and sports complex in the downtown Railyards in combination with the city’s planned regional transportation center at The Railyards.

At the time, it was near impossible to estimate a final price tag for the project, however the initial phase of arena construction; a new parking garage and the payment for Cal Expo was estimated to come in at $675 million. The Maloof family’s contribution consisted of a commitment of $300 million to finance the project over a 30-year period in exchange for a 30-year lease for the downtown area. The Maloofs would also pay off to the city what was left from the $68.5 million loan the city gave to the franchise in 1997. After that period ended, the city would acquire complete ownership of the complex.

The Maloof family was quoted in a statement saying, “We are very excited about the possibility of a new sports and entertainment complex for Sacramento. We have been briefed by the NBA on the details of this proposal and are appreciative and supportive of the NBA’s efforts and the leadership of Mayor Kevin Johnson who has driven this process forward. We’re committed to help any way we can.”

A key advantage of the Convergence Plan was its planned location adjacent to the planned Intermodal Transit Center at the downtown Rail yards – the very location that experts on the Sacramento FIRST Task Force had concluded to be the site most likely to maximize job creation and economic development. The planned site would provide visitors easy access via the Intermodal Center, which once fully built would provide access via high speed rail, light rail, commuter rail, streetcars, buses, cars, and pedestrian traffic (Davis Report). The ease of access and adherence to transit-oriented design guidelines favored by urban planning experts gave the concept greater credibility and appeal.

What made this plan stand out from the others was that it had garnered the attention and support of “the NBA and partners with big money, names and experience”. According to the proposal, the Convergence Plan would immediately create 300 professional or technical jobs, 5,000 construction jobs and 20,000 direct and indirect permanent jobs (“NBA, developers unveil new downtown arena plan”). The Convergence supporters also stated that the project would “inject more than $1 billion into the region’s economy at build out,” and would significantly increase revenue for the city and Sacramento County (Sacramento Business Journal 14 January 2010).

Despite NBA support of the Convergence Plan, John Moag, a consultant for the NBA kept a realistic outlook on the plan. Moag was quoted as having said, “It’s a jigsaw puzzle,” but he said he thinks this is the “actual team who can pull it off.” Much could get in its way, however, Moag noted. “Government can hold this project up. Litigation can hold this project up,” he said. “The other downside is the economy” (Sacramento Business Journal 14 January 2010).

As was the case with so many of the arena attempts that preceded it, the Convergence Plan ultimately did not materialize. Despite support from many of the major players in the arena talks, including the NBA, the Mayor’s office and the Maloofs, the Convergence Plan ultimately failed. In September 2010, the Board of Directors of Cal Expo, one of the critical sites involved in the land swap for the Convergence Plan, voted 7 - 2 to stall further negotiations with Kamilos and the Sacramento Convergence Team, claiming that Cal Expo’s best interests lie in staying where they are currently located (Hurt, Sacramento Press). The plan’s developers vowed to find a way to move forward without the support of Cal Expo.

King’s co-owner, Joe Maloof, released a statement following the latest round of failed attempts saying, “We must continue to work hard to find a solution. We look forward to hearing what are the next steps and options” (Hurt, Sacramento Press). Later in September, the Sacramento City Council voted against...
a suggestion made by Mayor Johnson to end the Kamiilos group’s exclusive negotiating period with the City early given the plan’s demise. Ultimately, however, the group could not develop a suggestion that would work given the many stakeholders and limitations that had been set forth. This ended what was known as the Convergence Plan for good.

The ICON-Taylor Group

Once again, supporters of a new arena deal felt frustrated and deflated after yet another sure shot victory was struck down. Rather than give up hope, stakeholders rallied together and persevered to keep the hope of a new Kings arena alive. Mayor Johnson moved to reconvene the Sacramento FIRST Task Force to determine next steps and revisit other finalists from the original Task Force process. In December of 2010, two competing groups came forward with, what was at the time, potential arena proposals: Gerry Kamiilos, who brought forward a revised version of the Convergence Plan, and the newly-formed ICON-Taylor group.

Studying the failures of previous efforts, Mayor Johnson had handpicked an arena development “dream team” comprised of ICON Venue Group, Populous architecture firm, Turner Construction, and David S. Taylor enterprises. Together, the team could boast involvement in dozens of sports infrastructure projects, including some of the most successful and high profile arenas and stadiums around the world. Taylor's involvement was crucial as a prominent local developer who had gained the trust and respect of elected and city officials through the Convergence Plan and many other public-private development projects. In February of 2011, with the support of the Mayor, Sacramento FIRST, and the City Council, ICON-Taylor group was given 90 days to conduct a pro bono feasibility study for a new sports and entertainment complex at the downtown Railyards.

Anaheim Relocation Attempt

Less than two weeks after the City Council approved ICON-Taylor to commence an arena feasibility study, news broke that the Kings were actively seeking to relocate at Commissioner Stern’s February 19th, 2011 press conference which took place during NBA All-Star Weekend in Los Angeles. Commissioner Stern made known that Kings team officials had met with Anaheim officials about a possible relocation to Anaheim’s Honda Center at season’s end (Stein 2011). Joe Maloof, co-owner of the Kings, stated, “we have to look at all of our options at this point. But we also want to concentrate on our team right now. Any of the arena stuff, we’ll talk about that later” (Stein 2011). David Stern went on to say that the NBA would be stepping back after many failed arena attempts and would let the Maloofs and the city of Sacramento try to work things out together. Stern’s departure from Sacramento’s arena talks signaled frustration on the part of the NBA.

The news hit the Sacramento community hard. Fans who had worried for years about the potential departure of their only professional sports team were devastated to find their worst fears coming true. In subsequent weeks, a steady drip of bad news created a sense of hopelessness about the prospects of saving the team. News broke that the Maloofs had taken out trademarks for the “Anaheim Royals” (“On the Move?” 2011). When the NBA’s annual deadline for owners to file for relocation came on March 1st 2011, the Maloofs requested and were granted an extension until April 18th – signaling the team’s intentions in formal terms. Team officials opted to postpone the annual push to renew season tickets, which typically began in the closing weeks of the season (Youngman 2011). The City of Anaheim began taking a series of steps in preparation to facilitate $75 million in bonds for an unnamed professional sports team ("Anaheim Pursuing Sacramento Kings” 2011). Most of all, Henry Samueli, billionaire owner of the Anaheim Mighty Ducks NHL franchise and Honda Center arena, surfaced as a key partner in the relocation deal, offering a personal loan of $75 million to the Maloofs in addition to $70 million to improve the Honda Center, in hopes to facilitate the Maloofs transition to Anaheim (Casacchia 2011). In February 2012, Henry and Susan Samueli broke ground on the Grand Terrace project, a $20 million, 15,000 square foot addition to the Honda Center which included seating and a new restaurant (Pugmire 2012).

In 2011, it has been rumored, that The Kings ownership not only took a loan from the city of Sacramento, but from the NBA as well. Reports say that the NBA loaned the Kings approximately $75 million in April, 2011 (Nelson; Young; Chicago
Additionally, had the Railyards deal been signed, the NBA would have loaned the Kings between $60 million and $80 million more. In total, had the most recent arena deal been signed, the Maloos, as the team’s ownership, would have owed the NBA nearly $140 million and the city of Sacramento close to $70 million. These astronomical figures together would have added tremendous stress to the Maloof family who were already facing financial difficulties.

In 2011, the Maloof family lost majority control of the Palms Casino in Las Vegas, the family’s crown jewel. George Maloof, who ran the Palms Casino, confirmed that his family had given up control to the casino’s creditors, investment firms TPG Capital and Leonard Green & Partners, who will each own 49 percent, while the Maloof family will own just 2 percent (“Maloofs will Own”). The family’s financial troubles began even earlier when the family sold their beer distributorship, their WNBA team folded and staff and salary cuts were made throughout the Kings organization. The Maloof’s fiscal troubles had a direct effect on the financial health and spending of the Kings as they operated at the NBA’s lowest payroll in the 2011-12 season (“Maloofs will Own” ). The financial woes and lack of spending on player’s led to the team struggling to a 22-44 record during the 2011-12 season.

Things did not look good for Sacramento. Mayor Johnson faced a daunting political and communications challenge, trying both to level with the public and remain positive despite the circumstances. The Mayor opted for a candid tone, calling the feeling of losing the Kings a “slow death”, and sought to take the high road, deciding not to criticize the Maloofs or the city of Anaheim. This was a “business decision,” he reasoned, that a private business was entitled to make. However, Mayor Johnson maintained that the “grass was not greener,” elsewhere, and the best decision for both the team and community would be to keep the Kings where they belonged, in Sacramento.

Despite the Mayor’s positive, yet realistic approach, it seemed that most Sacramentans — fans, players, coaches, media, politicians and other civic leaders — felt the team’s departure was imminent. To help protect Sacramento, city officials sent a letter to Anaheim officials asking them to cease negotiations with the Kings organization. The letter said that Sacramento would seek state legislation to block Anaheim from issuing any inducements to lure the Kings, unless the Kings first assured Sacramento that they would pay off the estimated $77 million they still owed Sacramento (Bizjak 2011). Despite outward signs that hope was dwindling, both Mayor Johnson and the community were busy taking a series of actions to wage one more battle to save the Kings and lay the groundwork for a new arena.

**Grassroots Efforts**

Passionate Kings fans began organizing themselves at the grassroots level with the help of social media. Chief among the efforts was a Facebook group called *Here We Stay* founded by local residents James Ham and Blake Ellington. Mr. Ellington, an avid Kings fan and blogger, believed that “giving the fans a voice” was critical to the equation. This voice showed support for the Kings remaining in Sacramento and urged both sides to work to complete a deal. Furthermore, he expressed the importance of always staying positive and never pointing fingers.

Borrowing from the Kings’ “Here We Rise” marketing slogan from earlier in the season, Ham and Ellington created a “Here We ___” meme that became a rallying cry for fans. The *Here We Stay* campaign went viral and drew a groundswell of support throughout the Sacramento community by involving local celebrities and generating interest through a variety of events. Additional groups formed, including a “Game Over” marketing campaign to highlight the negative consequences of losing the team, and *Here We Build*, an effort launched by local radio personality Dave “Carmichael Dave” Weiglein that secured $800,000 in online pledges from fans to fund a new arena in Sacramento for the Kings.

![Here We Build billboard, sponsored by Matt Graham, a local businessman and Jiffy Lube](image-url)
Mayor Develops a “Business Case”

In parallel, Mayor Johnson was determined to make good on his statements that Sacramento represented the best business decision for the Kings. In March, Mayor Johnson requested the opportunity to make a presentation at the April 2011 NBA Board of Governors meeting. With few exceptions, outsiders, and particularly elected officials, were rarely invited to attend these private, high profile meetings among the NBA’s top leadership. However, Commissioner Stern granted the Mayor’s request, and the Mayor began preparations for a “business case” as to why Sacramento should remain an NBA city.

The Mayor knew that one of the major selling points of Anaheim to the Maloofs was the size and wealth of its market. Despite owning two of the longest sellout streaks in NBA history, Sacramento was often criticized as an inadequate NBA market, particularly in terms of its corporate base, which lacked the kinds of major Fortune 500 companies that typically generated significant corporate sponsorship dollars in larger markets. Determined to disprove perceptions about Sacramento, Mayor Johnson set out to prove that the Kings lack of corporate sponsorship revenues were less about the market and more about the franchise’s limited efforts to cultivate relationships with the local business community.

As relocation rumors swirled, Mayor Johnson began to reach out to top CEOs with the help of the Metro Chamber of Commerce. Business leaders across the region shared the Mayor’s sense of urgency about the potential economic and civic impact of losing the region’s only professional sports team. Remarkably, over a span of seven days, nearly 30 companies stepped forward to pledge $7 million in corporate sponsorships dollars for the 2011-2012 season – a total believed to represent more than half of what the Kings typically collected in revenues over an entire year (Falgoust 2011). Many companies shared that they had previously never been approached by the Kings, confirming theories that the franchise’s ownership had not fully capitalized on sponsorship opportunities in the region.

In addition, the Mayor developed a framework to present to the NBA that consisted of three possible scenarios whereby Sacramento could remain an NBA city: Scenario 1: Same team, same owner; Scenario 2: Same team, new owner; Scenario 3: New team, new owner.

Mayor Johnson’s clear preference was to keep the Kings and the Maloofs in Sacramento, but he began planning for all contingencies. The Maloofs had consistently expressed no interest to sell, but in case they did, Sacramento needed to be ready. The Mayor and his team began to explore options for a potential new owner for the franchise who would be committed to Sacramento and capable of not only purchasing an NBA team, but participating in a deal to build and finance a new arena. Emerging from the search was Los Angeles-based billionaire Ron Burkle, a highly respected businessman well known in the sports community as the successful and community-oriented owner of the Pittsburgh Penguins NHL franchise. Discussions with Burkle remained highly confidential leading up to the Board of Governors meeting.

On April 13, 2011 the Kings played their final home game of the 2010-2011 season against their heated rivals, the Los Angeles Lakers. With the Maloofs having “not only one foot out the door, or two feet out the door. They had both legs, arms, their torso, head and all critical body parts out. It was like there was one little string at the back of their coattails that snagged on the door as they were walking out,” as the Mayor put it in his 2012 State of the City Address, emotions ran high as fans entered Arco Arena for what most everyone believed to be the final game played by the Sacramento Kings. The Kings, overmatched by a superior Lakers squad, kept the game close, forcing overtime before ultimately losing by a score of 116 - 108. As a final show of defiance, Here We Stay had organized a Here We Sit effort, where hundreds of fans stayed after the game chanting ‘Here we sit!’ and ‘Here we stay!’ Kings players returned to the court to show their own support of the cause (Small Market, Big Heart). Eventually the crowd dispersed, but this tangible effort did not go unnoticed by the team’s ownership, the league and the greater sports world.

While nearly all key players involved in the decade-plus saga filled the stands, Mayor Johnson did not. After a brief appearance at the game to acknowledge fans, the Mayor and his team had to leave for the airport, headed on a red-eye flight to New York City, where they would present their new plan to the
Commissioner and NBA Relocation Committee the next day.

**Presentation to NBA Relocation Committee**

On April 14, 2011, Mayor Johnson arrived at the NBA Board of Governors meetings at the St. Regis Hotel in New York City with a small contingent from Sacramento: Tim Romani, CEO of ICON Venue Group; Darius Anderson, CEO of Platinum Advisors, LLC and close ally of Ron Burkle; and Kunal Merchant, Mayor Johnson's Chief of Staff. The Mayor and his team were slated to present in the early afternoon, shortly after a group of 14 representatives from the Maloofs family, City of Anaheim, and Honda Center made their case for relocation.

Mayor Johnson began his presentation by emphasizing that he was not there to disparage the Maloofs or Anaheim. Rather, he wanted to lay out the business case for why Sacramento deserved to remain an NBA city. The Mayor talked about Sacramento’s viability as a market - as the hub of 2.3 million people, as a top 20 media market, and as home to fans that had sold out 19 of 26 seasons and held two of the longest sellout streaks in NBA history. He also reminded the owners that the NBA enjoyed 100% market share as the only major professional sports team in the region, making Sacramento a top-5 NBA market when demographics were adjusted for this very fact (Office of Mayor Kevin Johnson 2011).

Next, the Mayor laid out specific strategies to improve the team’s revenues, anchored by the $7 million in new sponsorships secured from the corporate community from the Mayor’s efforts. Tim Romani – a familiar and respected figure whom many owners in the room had worked with successfully in their cities - presented the feasibility of a new world-class entertainment and sports complex. He affirmed that, to date, it would be feasible to complete such a project through a private-public partnership that would protect taxpayers, generate significant new revenues for the team, and catalyze job and economic activity for the city (Office of Mayor Kevin Johnson 2011).

Finally, Mayor Johnson and Darius Anderson provided one last option: an ownership group led by Ron Burkle that was committed to keeping the team in Sacramento. A transaction of this type could be completed one of two ways: either purchasing the Kings from the Maloofs, or by purchasing another franchise and relocating it to Sacramento. However, Mayor Johnson made it clear that his first priority is keeping the Maloofs and the Kings in Sacramento (Office of Mayor Kevin Johnson 2011).

The Mayor concluded his remarks by talking about the special significance he felt in fighting for an NBA team as a former NBA player:

> “I am product of the NBA’s success. The fact that I am standing here today would not be possible without the NBA. I played twelve years for this league, most of them in Phoenix. I saw what can happen when a city embraces a team, and a team embraces a city.

> The NBA also taught me about life after basketball. I would not be Mayor without the NBA. I would not be in a position to fight for my hometown without the NBA. And so today I am doing exactly what the NBA taught me to do. You’d expect nothing less from the product you created. You wouldn’t want it any other way.”

The day after the relocation meeting, Commissioner Stern held a press conference to announce that Mayor Johnson’s presentation gave the NBA much more to ponder. The relocation deadline would once again be extended from April 18th to May 2nd in order for a decision to be reached. Stern went on to share that Clay Bennett, the head of the relocation committee and owner of the Oklahoma City Thunder, would visit Sacramento along with two of the Commissioner's top deputies to assess the Kings corporate sponsorship agreements (Floyd, 2011). Bennett was an intriguing choice, as he was an owner who had recently relocated a team from Seattle to Oklahoma City. While some feared he would show bias towards relocation, others thought that a man from Oklahoma City might be sympathetic to Sacramento’s small market appeal.

From the time Mr. Bennett and his team set foot in Sacramento, they were inundated with signs of community support for the Kings. A Here We Purple campaign was in full swing - where residents, businesses, and buildings all around the region decked out in the Kings’ purple jersey color. The city wanted to make it known, to Mr. Bennett and to the NBA, just how deeply it cared about the Kings franchise and the need to keep the team in Sacramento. In a meeting
with the corporate sponsors, Mayor Johnson announced that since the Board of Governors presentation, additional commitments had raised the total amount raised in sponsorships from $7M to $10M. Mr. Bennett took notice and returned to NBA headquarters with this in mind.

**Relocation Decision**

Despite the large community groundswell to keep the Kings in Sacramento, relocation to Anaheim was going to be a business decision. On May 1st, as the clock ticked closer and closer to the May 2nd relocation deadline, no one was certain exactly what the Maloof family would do. In the end, the Maloofs did not file for relocation and kept the Kings in Sacramento for at least one more season.

The announcement brought elation to the community. A few days after the announcement, more than 6,500 fans gathered across from City Hall at Cesar Chavez Park – the largest gathering in that park in the City’s history (Johnson 2011). As a gesture of goodwill, the Maloofs requested Mayor Johnson represent the team at the May 17th NBA Draft Lottery. With newfound momentum, the people of Sacramento – once again – began work on another plan to develop a new arena.

**Think Big Launch**

After the Maloof family made the decision to not file for relocation, the NBA took over negotiations on behalf of the team, setting a March 1, 2012 deadline by which Sacramento would have to have a finalized term sheet on a new arena.

With new momentum at the City’s back, the Mayor and City Council reviewed ICON-Taylor’s feasibility study on May 26, 2011. ICON-Taylor had concluded that a new NBA-caliber arena at the downtown Railyards was indeed feasible at an approximate cost of $389 million. The Mayor and Council approved further ICON-Taylor and the City to conduct further analysis, including the all-important issue of financing.

Mayor Kevin Johnson knew he would need a regional, professional, and coordinated effort well beyond the City’s limited resources if the community were to deliver an arena plan by the March 1, 2012 deadline. With this in mind, the Mayor launched Think BIG Sacramento in May, 2011 as a regional initiative to facilitate the construction of a new entertainment and sports complex (ESC). Think BIG was co-chaired by top Democrat and State Senate President pro Tem Darrell Steinberg and Republican Senator Ted Gaines. Chris Lehane reprised his leadership role from Sacramento FIRST, taking over as Executive Director and chief strategist. Think BIG also created a 15-member Executive Committee, comprised of public and private leaders responsible for making recommendations, and a 72-member Committee of the Whole comprised of additional business, labor, political and civic leaders who provide input and counsel, and a team of experienced professionals to support the committee (“Sacramento Region Jobs First Compact”).

To ensure public taxpayer dollars were not needed for the effort, members of the group of corporate sponsors who helped save the team (now dubbed “Team Score”) pledged a portion of the $10M raised in commitments to fund the effort. Some companies made their payments directly to Think BIG, while others paid the Kings through their sponsorship deals and agreed to have the franchise transfer a portion to Think BIG (Lillis 2012).

The Think BIG committee was guided by several principles: to promote a transparent process that puts the interests of taxpayers first; to ensure that any public investment provides a compelling return and a transformative economic development impact; to maximize the ESC’s potential as a broader cultural and civic catalyst, to win as a region; and ultimately to embrace the ESC as a big, bold and transformative project that expands what the Sacramento region is capable of achieving (“Sacramento Region Jobs First Compact”). The committee members sought to accomplish three key goals through their work with Think BIG:

1. To support progress on the ESC’s design and development timeline
2. To finalize a public-private funding plan
3. To engage and educate the public (“Sacramento Region Jobs First Compact”)

**100 Day Plan**

Fully aware of the tight timeframe to meet the NBA’s March 1st deadline, Mayor Johnson challenged Think
BIG to accelerate progress in key areas through a self-imposed 100-day deadline, from Memorial Day on May 31st through Labor Day on September 5th, 2011. City of Sacramento officials and Think BIG committee members aimed to make a formal presentation to the City Council on September 13, 2011, setting the stage for the next step toward building a new entertainment and sports complex in Sacramento. Think BIG identified several key steps to be addressed during the 100 day plan including, launching a regional coalition and arena campaign, conducting a city technical review and feasibility study, identifying regional joint power authority, if needed, and need for CEQA litigation relief, and conducting a poll re: funding alternatives. Another key issue was the need to coordinate construction of an arena with the previously planned transit center. The city sought to preserve historic assets at the site, such as the Sacramento Valley Station historic train depot, the Railway Express Agency Building and the historic Southern Pacific Railroad central shops (Hart).

But the central focus of the 100 days was simple: how to pay for the ESC facility? In all previous attempts, the question of funding had always proved to be the most vexing. Dan Barrett, a sports infrastructure finance expert who had advised Sacramento’s 2006 arena attempt, was re-hired to lead the financial analysis, along with Think BIG finance subcommittee members, City of Sacramento officials, and public finance experts from Goldman Sachs. Despite significant skepticism among veterans from past arena efforts, Mayor Johnson and Think BIG were adamant that the analysis focus exclusively on financing options that did not require an increase in taxes on residents.

The line in the sand on taxes forced finance team members to explore a broad and unorthodox range of over 50 financing strategies. Ideas explored included business improvement districts, tax rebates and credits, incremental revenues from cell service towers and digital billboards, tax increment financing, land sales, casinos and card rooms, and obscure government programs like EB-5 and new market tax credits.

At the conclusion of the 100 Days, Think BIG held an event at the Sacramento Press Club to roll out a framework for an arena-financing plan. The framework focused on a public-private partnership where contributions to the arena would come from public investment, private investment, and a third category of user fees generated from revenues that would not otherwise exist but for development of the arena such as ticket fees or revenues from billboards and signs affixed to the facility. In addition, the presentation revealed a promising alternative approach: the potential monetization of the City’s parking assets.

**Mayor Brings in AEG as Operator and Equity Investor**

Recognizing the need to bring in a world-class arena operator and generate more private investment in the facility, Mayor Johnson reached out to Tim Leiweke, President and CEO of the Anschutz Entertainment Group (AEG). AEG was a global powerhouse in the sports and entertainment complex industry, having played central roles in facilities that included Miami’s American Airlines Arena, San Antonio’s AT&T Center, Memphis’ FedEx Forum, Los Angeles’ Staples Center and countless other stadiums, arenas and venues throughout the United States and the world.

AEG had powerful incentives to get involved in the Sacramento arena deal. AEG recognized that the inadequacies of the current Arco Arena meant that the Sacramento market was vastly underserved – not only for basketball, but also for a vast range of concerts, conventions and other civic events typically operated at world-class arenas. AEG operates arenas throughout the world and is the second-largest U.S. concert promoter ("Kings and AEG" 2). A new facility, located in an attractive downtown location, would offer a compelling economic return under the right lease terms. In addition, AEG also operated the Staples Center, where the NBA’s Los Angeles Lakers and Los Angeles Clippers played. Neither those teams, nor AEG, was particularly enthused about a potential third entry into the Southern California market should the Kings move to Anaheim. After a series of discussions, AEG joined the ICON-Taylor Group in the capacities of operator and equity investor. For a community unaccustomed to attention from major corporations, AEG’s interest was a significant win for Sacramento, the Mayor, and Think BIG.
Negotiations with the NBA and AEG

With the March 1, 2012 deadline looming, three-party negotiations commenced between the City, AEG-ICON-Taylor, and NBA/Sacramento Kings. With the Kings’ blessing, Commissioner Stern and the NBA had agreed to represent the Maloofs in the negotiations. While unusual for the NBA to take such a direct and active role, the Kings made several public statements of support for the process. In October, team spokesman Chris Clark said, "We've decided to let the NBA take the lead on this, but we are in very close contact with the league and are briefed regularly when new updates are available" (Amick). In December, Gavin Maloof said, "We're encouraged that something can be done. Obviously, we're leaving that up to the Mayor and the City and the NBA. But the NBA is keeping us apprised of everything that's going on" (Amick).

Community Engagement

In parallel, Chris Lehane and Think Big began to conduct a series of activities to educate, engage and mobilize community support. A regional bus tour highlighted the regional nature of the project, with two-thirds of current arena patrons originating from outside Sacramento city limits. An “Economic Engine” analysis pointed to the transformative potential of the project to generate an estimated 4,100 jobs, 2 million new annual visitors to downtown, and $7B in economic impact over 30 years to the region. A series of town halls and community meetings motivated 20 of the region’s 22 chambers of commerce to formally pledge support for the plan and thousands to join the Think BIG Facebook and Twitter pages in support of the project. A “Citizen Architects” competition encouraged residents to submit ideas for a potential fan-designed component to the overall arena plan. In total, Think BIG hosted over 20 meetings, issued 16 reports, and grew increasingly effective in mobilizing public, media and political support for the arena. It was a stark turnaround from 2006; support for the arena among city and county residents was measured at a remarkable 65% level (Think BIG July 2011 poll).

Parking Monetization Strategy

With the March 1, 2012 deadline looming, pressure mounted on the Mayor, City and Think BIG to demonstrate a viable source of public funds that would not require new taxes. Attention increasingly focused on the prospect of monetizing the city's parking assets – specifically its parking garages, meters and enforcement – through a long-term lease arrangement. A relatively new concept in municipal finance, the monetization strategy consisted of reaching a long-term lease agreement with a private parking operator and investor team who would operate and maintain the parking assets in exchange for a large upfront payment. The monetization strategy had been adopted in Chicago and evaluated by other communities with mixed results and public support.

To proponents of the concept, monetization had appeal for several reasons. The upfront payment provided by a private operator would preclude new taxes and the need for a long-term loan backstopped by the City’s general fund to finance the arena – fulfilling the pledge to “protect taxpayers.” In addition, many viewed the City’s parking assets as underperforming, with aging infrastructure, underutilization issues, and outmoded technology and equipment that a private operator might be better positioned to address. Underutilization was most pronounced on nights and weekends – peak periods for future arena activity – creating an attractive synergy that would both enhance parking asset utilization downtown and address parking needs for the arena.

But the parking monetization strategy was not without challenge or controversy. Residents were concerned with the length of the lease agreed to in other cities – 99 years in Chicago – which seemed exorbitant and risky. Labor unions expressed concern about potential job cuts of parking employees under private management. Fiscal watchdogs pointed to the significant contribution – an estimated $9M – parking revenues yielded to the general fund. And philosophical opponents of “privatization” chafed at the idea of transferring public assets to the private sector, who might seek to maximize profits via aggressive rate hikes.

To address these concerns, Mayor Johnson, Think BIG and other City leaders emphasized that any monetization agreement would seek to protect parking employees, place guidelines on rate increases,
ensure no net impact to the City’s general fund, and target a 30-50 year lease term.

With those assurances in place, the parking monetization strategy gained appeal. The Mayor and Council commissioned third party analyses to assess the condition and value of the parking assets, and in December 2011, the analysts reported back with promising news: a parking monetization could generate revenues of $170 million to $245 million—well in the range of what would be needed to cover the City’s contribution to the $391 million arena project. Thirteen teams responded to a “Request for Qualifications,” in January 2012, validating market interest in Sacramento’s parking assets.

It was becoming clear that parking monetization could be the “game changer” the Mayor needed to deliver on a viable public-private finance plan.

**Arena Deal Reached**

The City of Sacramento, the Maloofs, and the NBA headed to the 2012 NBA All-Star Game in Orlando, Florida on February 24, 2012 with the intention of agreeing to the framework for a financing term sheet prior to the NBA’s imposed deadline of March 1, 2012. All parties intended to negotiate the terms of a financial term sheet for an estimated $387 million entertainment and sports complex in Sacramento. With the City well positioned to fund its contribution via parking, and AEG’s commitment in place, the Maloofs contribution to the construction of a new downtown arena was one of the major items left to be resolved.

After three days of intense negotiations, Mayor Kevin Johnson, the Maloofs, and Commissioner David Stern emerged with a handshake agreement for a new Sacramento arena deal, thereby, keeping the Kings in California’s Capital City. A tearful Gavin Maloof expressed relief, and brother Joe proclaimed, “It’s a great day for the city of Sacramento” (Gianulias). The sides were able to bridge a reported $35 million gap on the third day of negotiations, when the NBA, Maloofs and AEG agreed to cover nearly all of the gap. Back in Sacramento, the community exploded with feelings of elation, pride and relief at such a long-sought and hard-fought victory.

The celebration continued for days. The night following the arena deal, the Kings played a home game against the Utah Jazz. Co-owner Gavin Maloof addressed members of the media court side and was applauded loudly by fans (Kawahara). Longtime Kings fan Barbara Rust, held a sign reading “If We Built It, They Will Stay!” which she had constructed five or six years ago. Rust said of the new arena, “It’s like a dream come true” (Kawahara). Juan Vargas, another longtime Kings fan wore an orange vest over his Chris Webber jersey, written on the back of the vest was, “Sac Town, Ready to Build” and Vargas proclaimed “Our Mayor did his job, we’re ready to build this arena” (Kawahara). The excitement and hopeful spirit extended to Kings players who were equally thrilled by the announced, as forward Donte Greene said, “I was happy for the city. They’ve been waiting to get an arena for a long time and keep the team here. They did that and it looks like the Sacramento Kings will be in Sacramento for a very long time” (Kawahara). At their next home game, the Maloofs and Mayor stood with hands raised at center court to a standing ovation.

The agreed upon term sheet set the stage for the Sacramento City Council to vote on the plan on March 6, 2012. The term sheet met several “core tenets” the Mayor had sought in the deal, including:

- Protecting Taxpayers by avoiding new taxes and no net impact to the general fund
- Securing a long-term commitment to keep the Kings in Sacramento for 30 years
- Ensuring a true public-private partnership of shared investment and opportunity
- Protection for the city on the refinancing of the Kings’ controversial loan
- Maximizing economic impact via a downtown transit-oriented location

The Council reviewed the detailed term sheet summarizing all key aspects of the plan. Under the terms of the deal, the Kings would serve as anchor tenants in the arena for 30 years. The ICON-Taylor group guaranteed the completion of the facility at the downtown Railyards by September 2015 while also providing cost overrun protection covering any shortfall in the financing. The funds for the ESP were to be comprised of $255.5 million from the City of Sacramento; $73.25 million from the Sacramento Kings; $58.75 million for AEG, and $3 million from the
Brick-by-Brick community fundraising campaign ("Sacramento Game Changer").

The City of Sacramento was to generate its contribution to the new ESC primarily through $230 million from parking monetization and the $18 million sale of underutilized city-owned land. The exact contribution from the monetization would depend on the results of a competitive bidding process that would yield the most favorable deal, term and partners for the City. The City and AEG agreed to a revenue sharing plan where Sacramento would receive 15% of the first $10 million in the ESC’s operating profit, 30% of the next $5 million, and 50% of any subsequent profits. The proposal was meant to ensure no net impact to the general fund with new revenues generated from sources including parking monetization, user fees (5% ticket surcharge) and other ESC related revenue and taxes. The City and the Kings would issue new bonds to retire the existing Kings loan, provided the City receive adequate collateral from the Kings for the loan. The City, Kings and other stakeholders would determine the optimal reuse of Sleep Train Arena after 2015. However, the deal would provide three additional years of revenue and economic activity at the arena through 2015 ("Sacramento Game Changer").

The framework for a financing plan stipulated that AEG and the Kings were to enter into an agreement by April 15, 2012. The Kings would retain all revenue relating to Kings events and team operations, 100% of concessions and merchandise sales during Kings events, 50% of premium seating ticket revenue and 50% of naming rights and arena signage revenue. The Kings would also not be responsible for game day operating expenses. Furthermore, the Kings organization would retain all net parking revenue for Kings events while the City would retain the new parking revenue for non-Kings events. The Kings would also be responsible for reimbursing AEG for 50% of any property taxes as well all costs incurred by the City for municipal services for Kings Events ("Sacramento Game Changer"). AEG Chief Executive, Tim Leiweke said “the new arena would generate more revenue than the Maloofs have been able to make as owners of Power Balance Pavilion, a big source of which would be naming rights and advertising” ("Chief says Arena").

AEG Chief Executive, Tim Leiweke, visited Sacramento on March 21, 2012 to meet city officials, the Maloofs, and the ICON-Taylor Group marking the first time all partners where in the room together. During a press conference, Leiweke said the Sacramento project would be AEGs first new arena since the recessions started and that the $58.75 million is the most AEG has ever invested in a U.S. arena or stadium. According to Leiweke, “It’s telling that we have so much faith in the marketplace. We’re willing to bet on this community” ("Chief says arena"). However, the lukewarm reactions from the Maloof family during meetings with AEG and the City suggested that the owners were reconsidering the deal.

**Deal Collapses, Sacramento Pivots**

Concerns with the Maloofs’ continued commitment to the deal amplified in the days and weeks ahead. The next step was to initiate the “predevelopment” phase of the project, a stage that would require a combined $13 million from the City, AEG and Kings. The City would present $6.5 million, none of which came from taxpayer dollars, while AEG and the Kings were to pay $3.25 million each (Office of City Manager – Sacramento). While the City and AEG prepared to make payments, the Maloofs appeared reluctant to move ahead. Under a tight timeline to maintain the targeted 2015 opening date, the Mayor, City, AEG and NBA grew concerned.

When the need to initiate predevelopment reached a breaking point, Commissioner Stern agreed to advance $200,000 from the NBA to keep the project on track and buy time for all parties to regain consensus (Lillis & Bizjak 2011). He pointed to the upcoming NBA Board of Governors meeting in New York as the best opportunity to get the deal back on track.

Unfortunately, it became increasingly evident that the Maloofs were once again seeking a path out of an arena deal in Sacramento. On April 12, the Maloofs met with the NBA Board of Governors to introduce and elaborate on a long list of issues with the terms of the arena project (Bruski 2012). The Maloofs were looking for support from the NBA and their fellow team owners. Upon learning this, Mayor Johnson flew to New York City that evening to see if he could salvage the deal. The next day, the Maloofs, accompanied by an anti-trust lawyer and economist,
held a lengthy press conference to explain their concerns with the deal’s terms, revenue projections, and Sacramento’s market economic viability. The Maloofs insisted that they had never agreed to a deal, but merely the framework of a deal that was to be subsequently negotiated in detail. The Mayor, City, AEG and NBA all disputed this interpretation.

Following the press conference, the Mayor and Maloofs met a final time to determine whether the deal could be salvaged. After an hour of discussions, it became clear that the differences between the City and Maloofs were too large to be overcome. Both Commissioner Stern and the Mayor announced the arena deal as dead, however the Commissioner went on to say, “It’s not going to happen, but I can say the city has stepped up.”

The dramatic turn of events stunned and shocked Sacramento. Only weeks after a remarkable, improbable and historic win, yet another arena deal had fallen short. One week after the New York meetings, the Mayor, City and Maloofs made one final attempt to reach agreement, but were unable to do so. Speculation swirled about the underlying causes for the abrupt demise of the deal, with attention focused on the Maloofs’ financial challenges, reluctance to assume greater debt, and degree of genuine interest in remaining in Sacramento.

With the deadline to file for relocation having passed, the Kings would remain in Sacramento for at least one more season. But with the arena deal in tatters, that appeared to be the only certainty.

**Think BIG Changes Direction**

Mayor Johnson’s frustration with the deal’s collapse was clear. Along with the NBA and AEG, Johnson was adamant that the deal that was reached in Orlando had been agreed to by all parties and that the City would not re-open negotiations inconsistent with the Council-approved term sheet. Mayor Johnson also made it known that he believed the Maloofs were not negotiating in good faith, citing the shifting reasons for the deal disapproval including predevelopment costs, revenue projections, and parking concerns, among others (“Letter to Think BIG”, 2012). With that in mind, Mayor Johnson decided that Sacramento should move forward with alternative options.

Initially, the Mayor and Think BIG sought to evaluate the viability of building an arena without an anchor tenant, similar to the Sprint Center in Kansas City, a profitable AEG-run arena that had neither an NBA nor NHL anchor tenant. Unfortunately, the option did not prove legally, economically or financially feasible for either AEG or the City.

Next, the Mayor challenged Think BIG to explore alternative pathways to creating transformative economic growth. Following the Mayor’s re-election in June 2012, two of his top staffers, including his Chief of Staff Kunal Merchant, transitioned to Think BIG and began to explore alternative options to attract jobs and investment to Sacramento. In its first months, two of Think BIG’s notable successes have included facilitating the sale of the long-suffering Downtown Plaza mall to new ownership and acquisition of a United Soccer League franchise to begin play in Sacramento in 2014. Other efforts, including an initiative to assess the feasibility of attracting a Major League Baseball team, are in preliminary stages and will need to overcome skepticism among those who feel the market is too small, or that such an effort would be too disruptive to the region’s successful Triple A baseball franchise.

Meanwhile, Sacramento’s relationship with the Kings appears more fraught than ever. On the court, the team continues to rank among the least successful teams in the NBA. In the stands, fans continue to show up, although attendance numbers and corporate sponsorship revenues are reported to have diminished in the wake of the collapsed deal. Diehard fans face an unenviable Catch-22: attend games and put money in the pockets of unpopular owners, or boycott games and risk creating the excuse the Maloofs may be looking for to finally justify leaving town.

Once again, the fate of the Kings and arena are uncertain. But as the Mayor recently remarked, “the script is not yet finished on this story.”

**Conclusion**

Through a tough political and economic climate, the City of Sacramento, led by Mayor Kevin Johnson and Think Big Sacramento, were able to formulate a financing plan for a new Entertainment and Sports...
Complex (ESC). The new arena for the Sacramento Kings would have been a world class civic amenity that would have benefitted the entire region and enhanced the quality of life of residents. The arena was bigger than providing a home for the Sacramento Kings. The new arena would be capable of attracting businesses and human capital critical to spur economic development in the City. Sacramento finally had the leadership and political support to make a new ESC a reality. However, the Maloofs did not show the same level of commitment to building a new arena and keeping the team in Sacramento.

Mayor Kevin Johnson and Think Big Sacramento are at a crossroads in their pursuit of a new ESC. Seattle and Virginia Beach have emerged as relocation options for the Sacramento Kings. Virginia Beach has proposed an oceanfront arena with an estimated cost of $346 million, of which close to 90 percent would be publicly financed, with $241 million financed by the city and $70 million from the state ("Price tag for Va. Beach"). The deal is highly dependent on the state providing $150 million in financing, of which $70 million would go to the arena and $80 million to relocate a team. Hedge Fund manager Chris Hansen is leading a Seattle group that wants to build a $490 million basketball and hockey arena with $200 million in public financing ("Seattle Arena"). With two legitimate arena proposals existing that could attract the Kings to relocate; the City has several options moving forward:

1. Continue to engage the Maloofs and bring them back to the negotiating table in the hopes of agreeing to a new deal that is consistent with the proposed Railyards arena.

2. Build a case and generate the public support necessary to force the NBA Board of Governors to block another relocation attempt from the Sacramento Kings.

3. Assemble a rival ownership group that is willing to purchase the Kings, keep the team in Sacramento and agree to a downtown arena deal with some minor changes.

4. Disengage with the Maloofs and look at other economic development options for the City of Sacramento.

The question remains, after over a decade of attempts, whether the City and the Maloofs can ever have a workable relationship moving forward. The Maloofs have been criticized for not negotiating in good faith and have been questioned if they have the finances and motivation to keep the team in Sacramento ("David Stern asked"). However, the door should be kept open and the City should continue to engage the Maloofs to mend their differences and agree to a new arena deal. History has shown that it is easier to keep a professional team then to receive an expansion team or get another team to relocate. With the NBA coming off a lockout shortened season, with an estimated twenty two out of thirty NBA teams losing money the season prior to the lockout, the prospects for expansion do not look likely in the near future. The last city to receive an expansion team was the Charlotte Bobcats in 2004 after they lost the Charlotte Hornets to New Orleans in 2002. Seattle's new arena proposal comes after their old NBA team, the SuperSonics, moved to Oklahoma City in 2008, leaving the city searching for a new team to relocate for the past four years.

Therefore, the downtown arena option should still be pursued. Failing to come to an agreement could start a long and difficult process for another NBA team to ever make its way back to Sacramento. The Maloofs, with their dwindling assets and significant liabilities, may be forced to return to the negotiating table with Sacramento. The dilemma is whether it justifies the time and resources the City has invested going forward.

Should Think BIG continue to evaluate baseball, several factors must be considered, chief among them the fact that baseball stadiums are markedly more expensive than their basketball counterparts. Since 2000, the average cost to build a professional football or baseball stadium is $528 million while the average cost to build a professional hockey or basketball arena is only $276 million (Santo and Mildner 2010). More recently though, the Barclays Center in Brooklyn, home to the NBA's Brooklyn Nets, blurred this distinction with its $1 billion price tag (McKinley). Given recent stadium development history and these financial statistics, developing a working baseball stadium deal would be much more difficult.
The City faces a tough path moving forward and is faced with critical decisions on how to accelerate job creation and economic development for the Sacramento region. Some other options include investing in transportation and infrastructure, attracting new medical or higher education anchor institutions, or expanding facilities and amenities in the arts, music and entertainment. The City of Sacramento has rallied together in the face of losing their only professional sports team. The Kings are currently still playing in Sacramento and the final story has not been written. The leadership and political support is in place to formulate a plan to build a new arena and keep the Sacramento Kings in town.
## Appendices

### Appendix A: Sacramento Kings Attendance, Record and Playoff History

<table>
<thead>
<tr>
<th>Season</th>
<th>Total Attendance</th>
<th>Average Attendance</th>
<th>Capacity</th>
<th>Wins</th>
<th>Losses</th>
<th>Playoffs</th>
</tr>
</thead>
<tbody>
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<td>1985-86</td>
<td>423,653</td>
<td>10,333</td>
<td>100%</td>
<td>37</td>
<td>45</td>
<td>Lost Western Conference First Round</td>
</tr>
<tr>
<td>1986-87</td>
<td>423,653</td>
<td>10,333</td>
<td>100%</td>
<td>29</td>
<td>53</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1987-88</td>
<td>423,653</td>
<td>10,333</td>
<td>100%</td>
<td>24</td>
<td>58</td>
<td>Did not make playoffs</td>
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<tr>
<td>1988-89</td>
<td>677,197</td>
<td>16,517</td>
<td>100%</td>
<td>27</td>
<td>55</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1989-90</td>
<td>697,574</td>
<td>17,014</td>
<td>100%</td>
<td>23</td>
<td>59</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1990-91</td>
<td>697,574</td>
<td>17,014</td>
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<td>Did not make playoffs</td>
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<tr>
<td>1991-92</td>
<td>697,574</td>
<td>17,014</td>
<td>100%</td>
<td>29</td>
<td>53</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1992-93</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>25</td>
<td>57</td>
<td>Did not make playoffs</td>
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<tr>
<td>1993-94</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>28</td>
<td>54</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1994-95</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>39</td>
<td>43</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>1995-96</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>39</td>
<td>43</td>
<td>Lost Western Conference First Round</td>
</tr>
<tr>
<td>1996-97</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>34</td>
<td>48</td>
<td>Did not make playoffs</td>
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<tr>
<td>1997-98</td>
<td>605,434</td>
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<td>85%</td>
<td>27</td>
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<td>418,751</td>
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<td>97%</td>
<td>27</td>
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<td>Lost Western Conference First Round</td>
</tr>
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<td>1999-00</td>
<td>687,410</td>
<td>16,766</td>
<td>97%</td>
<td>44</td>
<td>38</td>
<td>Lost Western Conference First Round</td>
</tr>
<tr>
<td>2000-01</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>55</td>
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<td>Lost Western Conference Semifinals</td>
</tr>
<tr>
<td>2001-02</td>
<td>709,997</td>
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<td>100%</td>
<td>61</td>
<td>21</td>
<td>Lost Western Conference Finals</td>
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<td>2002-03</td>
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<td>100%</td>
<td>59</td>
<td>23</td>
<td>Lost Western Conference Semifinals</td>
</tr>
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<td>2003-04</td>
<td>709,997</td>
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<td>100%</td>
<td>55</td>
<td>27</td>
<td>Lost Western Conference Semifinals</td>
</tr>
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<td>2004-05</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>50</td>
<td>32</td>
<td>Lost Western Conference First Round</td>
</tr>
<tr>
<td>2005-06</td>
<td>709,997</td>
<td>17,317</td>
<td>100%</td>
<td>44</td>
<td>38</td>
<td>Lost Western Conference First Round</td>
</tr>
<tr>
<td>2006-07</td>
<td>709,817</td>
<td>17,312</td>
<td>100%</td>
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<td>49</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>2007-08</td>
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<td>14,150</td>
<td>80%</td>
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<td>44</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>2008-09</td>
<td>502,852</td>
<td>12,571</td>
<td>70%</td>
<td>17</td>
<td>65</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>2009-10</td>
<td>543,416</td>
<td>13,254</td>
<td>80%</td>
<td>25</td>
<td>57</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>2010-11</td>
<td>569,496</td>
<td>13,890</td>
<td>80%</td>
<td>24</td>
<td>58</td>
<td>Did not make playoffs</td>
</tr>
<tr>
<td>2011-12</td>
<td>478,764</td>
<td>14,508</td>
<td>80%</td>
<td>22</td>
<td>44</td>
<td>Did not make playoffs</td>
</tr>
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http://www.basketball-reference.com/teams/SAC/
Appendix B: List of Interviews Conducted

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Position</th>
</tr>
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<tbody>
<tr>
<td>Blake Ellington</td>
<td>Founder, Here We Stay</td>
</tr>
<tr>
<td>Bob Graswich</td>
<td>Longtime Sacramento Bee Contributor, former Special Assistant to Mayor Johnson</td>
</tr>
<tr>
<td>Steve Hammond</td>
<td>President, Sacramento CVB</td>
</tr>
<tr>
<td>Kevin Johnson</td>
<td>Mayor of Sacramento</td>
</tr>
<tr>
<td>Kunal Merchant</td>
<td>Executive Director, Think BIG Sacramento, former Chief of Staff to Mayor Johnson</td>
</tr>
<tr>
<td>Kevin Nagle</td>
<td>Longtime Kings Supporter &amp; Fundraiser</td>
</tr>
<tr>
<td>Greg Nickels</td>
<td>Former Mayor of Seattle</td>
</tr>
<tr>
<td>Tim Romani</td>
<td>President &amp; CEO, ICON Venue Group</td>
</tr>
<tr>
<td>David Taylor</td>
<td>Sacramento Developer</td>
</tr>
<tr>
<td>Mike Testa</td>
<td>Senior Vice President, Sacramento CVB</td>
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Appendix C: History of Sacramento Kings Arenas

<table>
<thead>
<tr>
<th>Arena Name</th>
<th>First Game Played</th>
<th>Seating Capacity</th>
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</thead>
<tbody>
<tr>
<td>Sacramento Sports Arena</td>
<td>October 25, 1985</td>
<td>10,333</td>
</tr>
<tr>
<td>ARCO I</td>
<td>1985 - 1986 season</td>
<td>10,333</td>
</tr>
<tr>
<td>ARCO II</td>
<td>October, 1988</td>
<td>17,317</td>
</tr>
<tr>
<td>Power Balance Arena</td>
<td>March 1, 2011</td>
<td>17,317</td>
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<tr>
<td>Sleep Train Arena</td>
<td>October 15, 2012</td>
<td>17,317</td>
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