

# Sacramento LEW Report

May 5-7, 2022

scribed by Julia Park Tracey



About 70 members of Lambda Alpha International gathered in Sacramento May 5-7 for the most recent Land Economics Weekend. Attendees enjoyed observing the developmental changes in Sacramento since a LEW took place there more than ten years ago, in 2011, exploring improvements in the city's downtown and edges, as well as good conversation and elegant dining. Members arrived from Spain, Canada, and around the United States to share their strategies, ideas, and optimism at current and future metropolitan development.

## Thursday, May 5



Following business meetings and registration, members met on the 24<sup>th</sup> floor of 500 Capitol Mall, overlooking the California State Capitol, the American and Sacramento rivers, and the Downtown Sacramento skyline. Sacramento Chapter President **Naaz Alikhan** offered her thanks and a welcome. "It takes a village to do this [put on a LEW], but it's been a joy. You will see what Sacramento is all about." **Gary Leach**, International President, welcomed everyone to the LEW.

LEW Chairperson **John Webre** gave a brief introduction of the LEW schedule and an orientation of events for the next two days. "After ten years, it's interesting to reflect on the past; all of these emerging things, like the new convention center," Webre said. "Ten years ago [all of this] was about to happen. Well, they've happened!"



“Sacramento has emerged since the last LEW here. The buildings were there, but the money, the vision was not there.” Webre pointed out the confluence of the American and Sacramento rivers from the view on the 24<sup>th</sup> floor, and their importance to Sacramento as an entity and as a regional hub.

The evening was also an opportunity to reconnect for Lambda Alpha colleagues from around the nation. Hors d’oeuvres, beer and wine were served. The luscious fresh strawberries were California-grown, sourced by the chef at a local farmers market, indicative of the vast agricultural Eden surrounding the city of Sacramento.



## Friday, May 6

The day began with economist **Garrick Brown** discussing current and developing conditions of the Sacramento region as well as state and national trends.

Brown made numerous observations about the national economy and where the nation is headed. Brown’s predictions included:

- Metaverse “real estate” crash within 6-18 months.
- Supply chain issues remain in place at least into 2023.
- Historically low inflation of last 30 years is likely over; likely to top 10 percent in next few months.
- Recession may be the only cure to near-term labor shortages.
- 2022 to see the fewest retail store closures in nearly a decade.
- 2022 to see highest number of new store openings in nearly a decade.
- Retail sales boom of past two years is about to normalize; look for double-digit category growth to slow back to pre-pandemic norms by 2023.
- E-commerce that accelerated during pandemic closer to near full market penetration numbers.
- Restaurants lead all categories for unit growth in 2022; QSRs dominate.
- Delivery service consolidation and evolution kicks into high gear in 2022; has already begun with ultrafast grocery players.



Brown talked about the “mall apocalypse” that took place during the past ten years and how retail purchasing changed during the pandemic. He spoke about converting excess office space to multifamily housing, to bring back life to downtown areas. He also discussed how the new hybrid worker (works from home as well as in the office) and WFH employees are changing the face of office use, and therefore, downtown economics. Lastly, Brown talked about electronic stores such as Amazon Fresh, replete with hundreds of cameras watching the shopper’s every move. His two words of advice? *“Don’t shoplift.”*

Brown invited attendees to listen to the podcast he cohosts, called **The Retail Grind**, available on Amazon Music and other podcast providers.



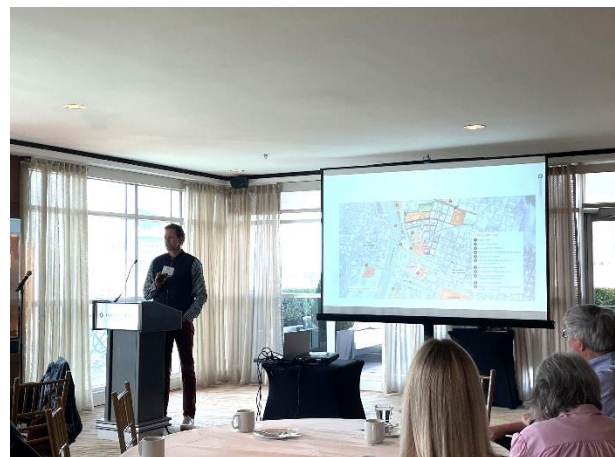
### **The Railyards**

The Railyards redevelopment project is among the largest urban infill projects in the country. Once serving as the western terminus of the 1860s Transcontinental Railroad, today the Railyards will soon be home to a 244-acre mixed-use, transit-oriented development. The historic Union Pacific site will be transformed into a dynamic, urban environment featuring a state-of-the-art mass transit hub that will serve residents, workers, and

visitors. The other major developments on the site include the new Sacramento County Courthouse and new Kaiser Permanente hospital. SMUD's MOSAC, the new Museum of Science and Curiosity (MOSAC) and 1.2 million sq ft Richards Boulevard office complex are adjacent to the Railyards.

**Josh Leachman** of LDK Ventures gave an orientation presentation of the overall development of the historic Railyards and how the development of the space doubles the footprint of downtown. “The timing is really

right,” Leachman said. His presentation included a discussion of the historic Central Shops and surrounding developments, including the new Kaiser Permanente facility, county courthouse, Richards Boulevard Office Complex and more. Historic buildings will be redeveloped, and new buildings will reflect that historic perspective. The proposed public art includes old industrial equipment such as wheel sets and cranes, and the old-style



buildings add “color, movement and glamour” to the development. “The Railyards has weathered the COVID storm very well,” Leachman said. “Going forward, we are optimistic.”





Sacramento Metro Air Park is a 1400-acre business park, **Kevin Ramos** of Buzz Oates explained. He contrasted the urban infill of the historic railroads at the Railyards with the modern master plan of the new development next to the airport, as bookends to how Sacramento is progressing. Metro Air Park is all privately financed and has included a massive environmental and habitat preservation. California species such as the garter snake, Swainson’s hawk and burrowing owl, plus 35 additional species, have

benefitted from a \$60 million habitat mitigation, including a \$2.5 million, 10,000-foot-long “snake wall” to keep garter snakes in the field and off roads and parking surfaces. The plan visualizes some 60,000 employees at the business park when build-out is complete.

The presentation was followed by a bus tour of the entire Railyards development and then onward to Sacramento Metro Air Park, next to Sacramento International Airport. Following the bus tour of the Railyards, the buses toured R Street from the Ice Blocks Development to the Warehouse Artists Lofts (WAL) and left guests at the community room at the Warehouse Artists Lofts for a box lunch in the courtyard.



## R Street Corridor

Part of the excitement behind R Street’s emergence as a vibrant and distinctive district rests in the area’s unique history as the state’s first railroad and industrial corridor. Many brick buildings, landmarks and street elements still reflect the former rail-based business



activity that existed for over century. The R Street Corridor began as a vision of mixed-use and residential when the rail tracks were abandoned in the late 1980s. Now, instead of derelict warehouses and industrial shops, R Street’s historic structures are home to some of the best dining, cocktails, entertainment, art and design that Sacramento has to offer.

Innovative projects have been built such as Warehouse Artist Lofts, an affordable artist development residence project; the Ice Blocks, an office, retail and market rate apartment redevelopment project; the Carlaw, a market rate residential/mixed use space, and many more. Many projects feature re-use of the original industrial buildings. The R Street

Corridor panel speakers, all native Sacramentans, were involved in the initial design and development of some of the most innovative projects on the corridor and gave members a virtual walk down R Street, one of the coolest retail districts in the area.

A panel discussion of the R Street Corridor was presented after lunch by **Mike Heller, Jim Cordano, Todd Leon** and **Ron Vrilakas** with **Nancy Park** as moderator. The R Street Corridor was originally a levee to hold back the river; then it became the railbed between the river and the town of Folsom, for bringing gold from the foothills down to the river and supplies back up. It was the first railroad west of the Mississippi River, said Vrilakis, and the tracks became the industrial spine of



Sacramento. But by the mid-20<sup>th</sup> century, the area was somewhat left behind in growth and development. By the 1980s, the R Street area needed revitalization. The area became a political football between state offices development and mixed-use/community development, he said.

Vrilakis described the Corridor area as a 30-block passage from the river inland and encompassing a total of 60 city blocks. With mixed-use and its history, “It’s a clean slate in many places, or an opportunity to redevelop” in others, he said. He compared the targeted area as akin to the Meat Packing District in Manhattan and the Pearl District in Portland, Oregon. Some of the first live-work lofts in the trend were built in the Corridor, and residents have claimed R Street as “Our Street.” Residents enjoy the vibrant and lively restaurant and bar scene as well as urban living and transportation. Leon noted that the street includes moveable bollards for street closure, and that “Street parties are the norm around here.”

Heller spoke about the importance of keeping the Sacramento Kings NBA basketball team and the development of R Street together, saying, “It would have been a quiet, dull place to be after 5 o’clock” without either. Benefits of the Corridor included the width of the industrial streets, the area’s roots in history, and an inventory of buildings to be redeveloped. The area has become a transit-oriented hub with another 70-unit apartment building slated for the current remaining parking lot. Because there is so much public transit to the area, residents can live comfortably without cars.

Heller spoke about the creative challenges of redevelopment in a historic area. “I prefer creative reuse [to] ground-up development. I just really dig it.”

Cordano shared his experience as a suburban mall developer and how his perspective on development changed with the R Street Corridor. “It’s more than just money,” he said. “It’s passion, something to be proud of.”

“These buildings that are old need TLC,” added Leon.

So far R Street includes the Ice Blocks mixed-use development, city blocks full of mixed use buildings, affordable housing units and ground floor retail, and more apartments to come. “That part of R Street [Ice Blocks] is just booming,” said Leon. Further market rate and affordable housing is planned in the 8<sup>th</sup> and 9<sup>th</sup> Street cross-street area.

After the presentation, guests had free time to explore R Street from the Warehouse Artist Lofts to Ice Blocks. Later, buses returned to take people to the MOSAC.

### The MOSAC!

The Museum of Science and Curiosity, or simply MOSAC! Located in a historic PG&E power station overlooking Matsui Waterfront Park along the Sacramento River, MOSAC is a dynamic epicenter for STEM education and an anchor point for Sacramento’s revival.



Attendees were greeted by MOSAC Director of Marketing and Development **Shahnaz Van Deventer**, Sacramento LAI Chapter President **Naaz Alikhan**, and Sacramento **Mayor Darrell Steinberg**. Steinberg welcomed guests to Sacramento. “I have seen this city change and grow in magnificent ways. I hope that you find some of that magic, or at least see some of it,” he said.

The LAI Skyline Award was presented to MOSAC!, **Jason Silva** and **John Webre** of Dreyfuss and Blackford Architects, the architect of MOSAC!, and gratefully accepted by Van Deventer. The museum had just been certified as a LEED Platinum building. “The possibilities are enormous when the community comes together and lifts this boat,” said Webre.





Guests, who had gathered in the planetarium for the award ceremony, were treated to a short film on the development of the property and enjoyed the 360-degree film view overhead in the dome.



After the gathering, attendees split into smaller groups to dine around the city of Sacramento, to enjoy the finest dining that the city had to offer, concluding Friday's activities.

## Saturday, May 7

The morning program began with a presentation by **Michael Ault**, executive director of the Sacramento Downtown Partnership, who discussed issues important to downtown and its recovery from the pandemic. "Sacramento used to be known as the place you stopped on your way to somewhere else," Ault said wryly. He spoke about the number of workers, including public employees, who worked in the downtown area. "Cities are known by their downtowns," he said. Foot traffic in the downtown area increased 45 percent on event days at the Golden One Center, he said. Developers and retailers have invested some \$4.5 billion since the Golden One Center was built, confirming the adage that, "If you build it, they will come."



"Young professionals want to be part of an urban environment," he added. With continuing investment in infrastructure, outdoor features like benches and lighting, and bringing workers back to the office, Ault has seen the worker population creeping back toward its pre-pandemic levels. If 2019 brought 100,000 workers downtown on any given workday, Ault expects that to be at 65-70 percent by Labor Day of 2022. Further attractions include concerts in the park, live music at lunchtime and food trucks. "I'm curious to see how hybrid workers will affect the downtown."

But despite the challenges, Ault is not afraid of the future. "Now is our time. We've got to believe in this. This [challenge] is what [downtown associations] were made for. Downtown will survive—definitely."

**Matthew Voreyer**, general manager of the **SAFE Credit Union Convention Center**, discussed the redevelopment of the downtown Convention Center. The \$180 million renovation and expansion of Sacramento's Convention Center celebrated its grand reopening with a ribbon-cutting ceremony on June 3, 2021. The expansion and renovation project took two and a half years to complete with most of the work completed during the pandemic. In addition to state-of-the-art convention facilities, the Center showcases unique local masterpieces of art in and surrounding the facility. The installed art pieces create landmarks for visitors and meeting points for groups attending events, engage the public and enliven Sacramento's downtown entertainment district.



Voreyer described the 80-acre entertainment and events district on both sides of K Street. Further amenities include a thriving farmers' market, live music, outdoor art, and a planned kiosk for purchasing show tickets. Although conventions in general were slow throughout the pandemic, the pace in bookings has picked up. Voreyer expects 2022 to be back at 40 percent capacity in convention bookings. "2023 looks good and 2024 [looks] outstanding."

The Convention includes three lobbies that have their own entrances, ballrooms and meeting spaces for the Convention Center to host different groups simultaneously, to wit:

- Programmable Space - 240,000 square feet
- 4 Exhibit Halls - 160,000 square feet
- 2 Ballrooms - 40,000 square feet
- 37 Breakout Rooms - 40,000 square feet
- Outdoor Plaza 15,000 square feet



**Sid Garcia Heberger**, Community Center Theater manager, discussed key concepts and features of the renovated **SAFE Credit Union Performing Arts Center**. The Performing Arts Center opened in 1976 and had not been expanded nor undergone any renovations over the past four decades until the 2019 renovation project. The project began construction in June of 2019 and reopened in September 2021.

The performing arts center plays on the theme of Sacramento as "city of trees," with leaf and tree motifs throughout, from carpet patterns and art



to latticed overhangs. The tour showed off a private area for donors, dedicated bathrooms, and more women's than men's facilities. Hanging artwork elevates the lobby areas. Bar and concession points of sale make getting a beverage or snack fast and easy during events.

The Performing Arts Center contains:

- 2,190 comfortable seats
- Excellent sightlines and risers for better views
- Enhanced donor lounge with dedicated restrooms
- New audience chamber layout
- New multi-purpose room
- New AV, theatrical lighting and dimming systems
- Expanded and refurbished dressing room and chorus room
- Reconfigured and expanded loading dock, scene dock and storage rooms
- Acoustic enhancements in audience chamber and orchestra pit
- New L Street entry with expanded lobby and upgraded finishes
- Improved accessibility (ADA) additional restrooms and concessions areas

"It's a bright and modern theater experience," Heberger said.

Guests concluded their inside tours with a short walk outside, down K Street to Downtown Common (DOCO). This area is a key part of the downtown entertainment district.

### **K Street Mall — "The Kay"**

Throughout much of the 1930s, '40s and '50s, K Street was Sacramento's grandest urban boulevard. Lined with bright neon movie marquees, restaurants and shops galore, it was, effectively, the center of Sacramento. By the 1960s, K Street was in decline with retailers moving to suburban centers. The City of



Sacramento attempted multiple times to

find a solution to revitalize K Street Mall as part of an effort to bring life back to its downtown district. K Street Mall has gone through short periods of success, but it continued to suffer. K Street, recently renamed "The Kay," is hoped to become a key component of the Downtown Entertainment District with many new restaurants and retail businesses, and hopes that the new branding will be successful. The catalysts for the most recent renewal of K Street are the Golden 1 Center and DOCO on the west end of K Street, and the 2021 expansion and renovation of the Convention Center and Performing Arts Center on the east end of K Street. Along with these major attractors, a couple of mixed-use residential/retail projects have recently been built and more have been approved.

## Downtown Commons (DOCO)

Downtown Commons (or DOCO), formerly known as Sacramento Downtown Plaza, Westfield Downtown Plaza and Downtown Plaza, is a two-level outdoor mixed-use entertainment and shopping complex operated by JMA Ventures, LLC, located along the alignment of K Street. Downtown Commons' previous format was a mainly two-level outdoor shopping mall commonly known as Downtown Plaza, despite numerous official name changes over the years. The majority of the site has been redeveloped, centering on the Golden 1 Center, home of the NBA's Sacramento Kings. The section between 5th and 7th Streets was demolished in 2014 to make room for the Golden 1 Center, as well as The Sawyer, a 250-room boutique hotel. The remaining standing section between 4th and 5th Streets was also redeveloped in association with the arena project.



DOCO's entitlements include up to 1.5 million square feet of mixed-use development. The initial phase of development featured 128,000 square feet of office space, 300,000 square feet of retail, a 250-room boutique hotel managed by Kimpton Hotels, and up to 50 residential units. DOCO showcases entertainment, restaurant and retail offerings. The three-acre plaza is an exciting civic space for people to gather and enjoy outdoor concerts, fresh markets, farm-to-fork favorites, and outdoor activities ranging from holiday ice skating to morning yoga to movies after dark. The plaza features Jeff Koons' *Coloring Book* sculpture, the first publicly displayed Koons sculpture owned by a municipality.



Lunch took place in one of the Golden 1 Center's special club rooms, Row One, with a sleek black and marble interior and a wall of shelves of candy; guests were encouraged to help themselves to the sweets.

The Golden 1 Center is a LEED Platinum Certified facility, and it has contributed significantly to the redevelopment of downtown Sacramento. **Desmond Parrington**, the City of Sacramento's project manager during the development, discussed the complex issues involved in the development of the Arena and DOCO. **Alex Rodrigo**, general manager of Golden 1 Center and senior vice president of the Sacramento Kings, led a tour of the

Arena and discussed unique features of the construction and operation of the Golden 1 Center. **Ken Turton**, president of Turton Commercial, spoke on the economic impact of Golden 1 Center on Downtown Sacramento.

## Golden 1 Center



Golden 1 Center is an indoor arena that sits partially on the site of the former Downtown Plaza shopping center. The arena, which replaced Sleep Train Arena as the home of the Sacramento Kings, hosts concerts, conventions and other sporting and entertainment events. Capacity is expandable to about 19,000 to accommodate concert audiences. As part of the successful effort to keep the Kings in Sacramento, an ownership group led by Vivek Ranadivé purchased the majority stake in the team with the City of Sacramento agreeing to partner with the Kings to build a new arena by 2016. Golden 1 Center reflects the fabric of Northern California by utilizing regionally sourced materials. A rooftop solar array generates up to 1.2 megawatts. Installing solar power is part of the Sacramento Kings ownership's goal to have its new sports and entertainment center be the most technologically advanced arena in the country. The arena has five unique flip-up windows that catch river breezes on warm days.



The arena earned LEED Platinum certification in late September 2016. Along with the architectural design, several artworks were permanently installed, with works from local artists such as Phil America and Gale Hart and internationally recognized artist Jeff Koons.

Rodrigo said that experience at the Golden 1 Center is "all about the fans." He touted the



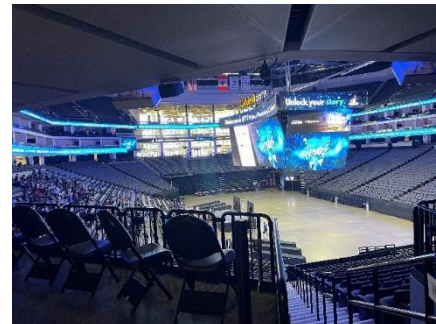
arena's 360-degree sound, its one million square feet of free Wi-Fi, sustainability, and new technologies from hospitality to food and beverages to ticketing. He said that the Golden 1 Center is the first LEED Platinum arena in the NBA. Further, "Golden 1 sources 90 percent of all its food from within 150 miles of the building." That made supply chain issues almost nonexistent for the center, he said. The plans are attracting events and concerts, with more than 200 already booked for 2023, including more than 50 concerts. The city owns the arena. The Kings committed to 35 years of play, with two five-year extensions available afterward. Ultimately, the Golden 1 Center seems on track for success.

Parrington discussed the complex details of the financial arrangements of the deal between the City of Sacramento and the Sacramento King to keep the Kings in Sacramento and build the Golden 1 Center. He also provided insight into the motivations of each group as the deal points evolved into the final agreement.



Turton spoke about the development of downtown and how vital the Golden 1 Center is to its success. Thus far, the area is shaping up to be "the urban utopia that everyone dreamed it would be," despite the pandemic. The pandemic brought challenges, however, impacting entertainment, conventions, tourism, office vacancies, parking revenues, and more; protests, homelessness and absent employees also had their effects. To bring back absent workers, "we have to create a work environment that's better than home, an amenity-rich environment" like downtown. He added, "we think that the urban core provides the solution."

After the presentations, LEW guests enjoyed a tour inside the recently built **Golden 1 Center**



## Waterfront Charrette

After the luncheon and tours of the Golden 1 Center, the party split into three factions. One group headed to the Sacramento Convention Center for a special LAI Charrette. The city of Sacramento requested that conference attendees lend their expertise to aid the city in dealing with one of its pressing land use issues, what to do about the riverfront.



**Michael Jasso**, assistant city manager of the city of Sacramento, addressed the 20 LAI members who attended the Charrette. “Change is coming to Sacramento and there is nothing we can do to stop it. Do we ride the tide or do we get swamped?” He was not merely speaking figuratively, as the topic was the riverfront and how to connect the river with the city in ways that enhance the experience of viewing or using the river and integrating that with other city amenities.



Jasso noted that all “great cities around the world are built on rivers,” and Sacramento is no exception. He added that, “Nothing is in perpetuity.” Jasso said the charrette group included “a lot of smart people from around the country and around the world here;” a brief introduction showed that there were six architects, four urban planners, an engineer, four developers, an urban designer, a financier, two economists and a real estate consultant, several of whom were also attorneys.

Jasso's question was, **“How do we redefine our waterfront in a way that is respectful to history and creates a space that is inviting, a place that residents take pride in and that visitors come to see?”**

**Tim Youmans** asked the group, “How do you make stuff happen?” and asked them to consider some basic questions such as how to prioritize money, time, power and partnerships. How should they connect the downtown with the revitalized Railyards—with a tram, a shuttle, an aerial tram? How will the planned I Street bridge (2026) impact the waterfront on both sides of the river? What are amenities vs. liabilities? The group broke into two teams and each debated the possibilities separately.

“How do you bring people? People bring revenue growth,” a participant asked. A successful plan depends on people feeling interested, engaged, and safe in the area.

When both teams came back together, they participants identified several key recommendations and ideas for Jasso, a fact he expressed great appreciation for. Top priorities were:

- Improving the safety of the waterfront so that residents and visitors to the region feel that they are in a safe and clean environment. Actions include increased policing & guides, comprehensively addressing homelessness, and a program of on-going cleaning of all areas along the waterfront.
- Construction of a world class pedestrian bridge across the Sacramento River.
- Developing and marketing a pedestrian/bicycle loop along both sides of the Sacramento Rivers highlighting key amenities along the loop.
- Developing more housing nearby the Waterfront to increase the number of people that will use the waterfront attractions at all times of the day.
- Working with the State to modify the Construction Defect Litigation laws to encourage more ownership housing.
- Implementing a Joint Powers Agency to facilitate resolving jurisdictional issues associated with the use of the waterfront and development along the waterfront





Other LEW participants enjoyed an afternoon of wine tasting at Old Sugar Mill. Originally built in 1934 as an operating sugar beet refinery, the Old Sugar Mill now hosts fifteen unique wineries offering varietals from all over Northern California: Zinfandel, Cabernet Sauvignon, Barbera, Tempranillo, Chardonnay, Chenin Blanc and Sangiovese. Located in the heart of the Clarksburg AVA, it is 20 minutes from downtown Sacramento. The Old Sugar Mill is the premier destination for enjoying world class wines in Sacramento.

Some LEW participants went to the Crocker Art Museum Saturday afternoon. The Crocker Art Museum features the world's foremost display of California art and is renowned for its holdings of European master drawings and international ceramics. The museum has also dedicated the historic building's entire first floor as an education center, which includes four classrooms, and space for student and community exhibitions. It is the only museum in the Sacramento Region accredited by the American Alliance of Museums (AAM).

### Closing Dinner

The final event was held at the historic Sutter Club in downtown Sacramento, next to the state capitol building. The evening began with a cocktail reception to catch up and trade stories about the LEW. Guests moved to a large formal dining room for dinner and the annual LAI Awards banquet. Various awards from Lambda Alpha International were presented at the gala evening event.

**Paul Des Jardin** was awarded the International LAI Public Official Award. **Rodger Showley** received the International Journalism Award. **Christopher B. Leinberger** was awarded the Richard T. Ely Distinguished Educator Award, and **Rachel Edds** was awarded LAI Member of the Year.





The LEW closed with Sacramento President Naaz Alikhan and Los Angeles President Karen Chao exchanging gifts. Karen then provided an overview of the exciting activities planned for the Fall 2022 LEW in Los Angeles.

The Sacramento LEW Planning Committee was pleased that everyone enjoyed their visit to Sacramento and had the opportunity to understand the land use opportunities and dynamics of California's capitol city. The Committee members were still smiling after more than a year of planning the LEW.

