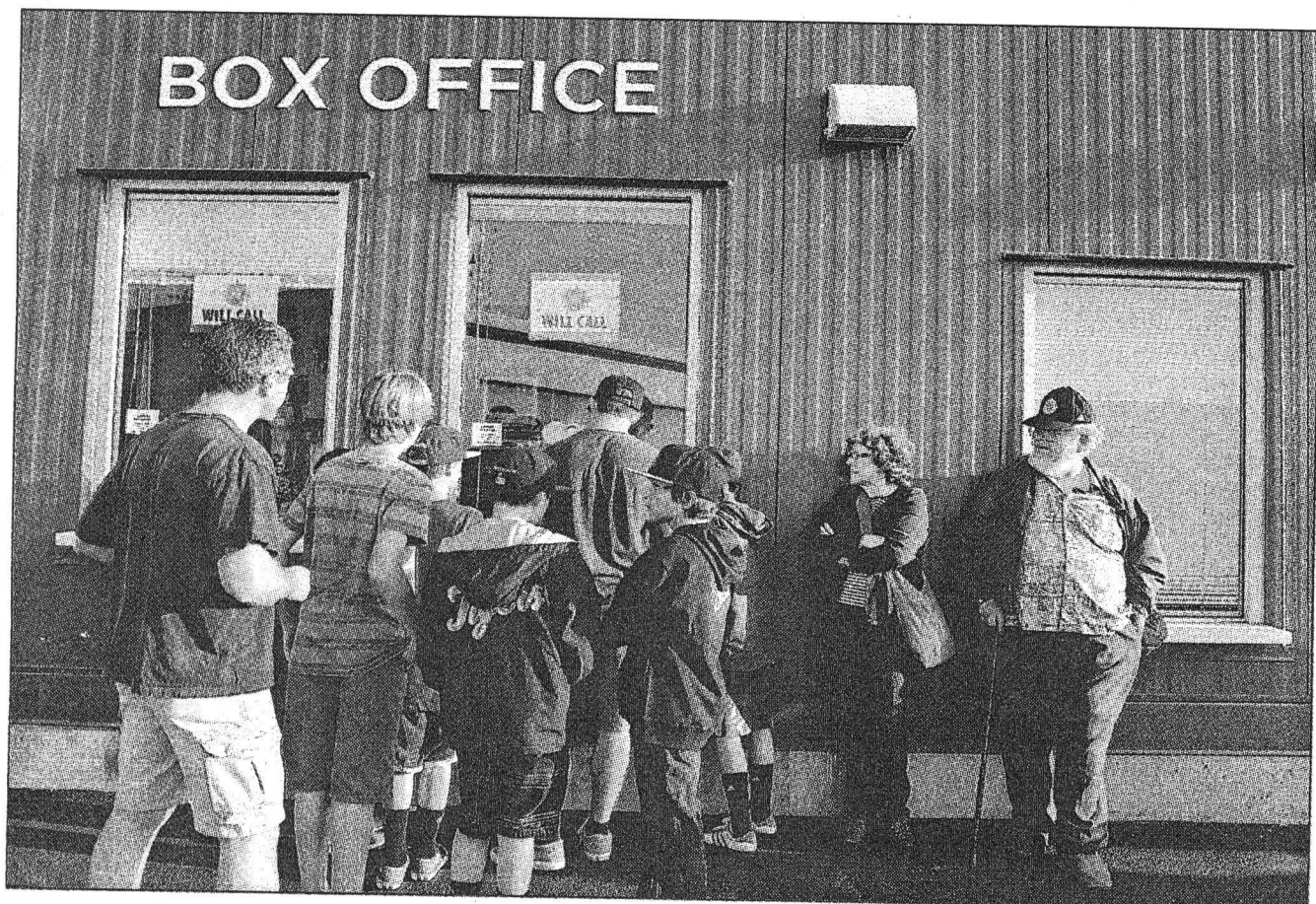


WINNING SEASON

First year for Santa Cruz Warriors, city offers financial promise



Julie and Rob Edwards of Soquel stand outside of the Kaiser Permanente Arena on April 6 as a horde of Warriors fans storm the box office to buy tickets for the final game of the regular season.

KEVIN JOHNSON/SENTINEL

Basketball
By J.M. BROWN
jbrown@santacruzsentinel.com

SANTA CRUZ — Looking at the financial scoreboard, it's clear the Santa Cruz Warriors had a winning inaugural season.

After relocating from North Dakota to a temporary facility erected on a parking lot near downtown Santa Cruz, the Warriors placed first in the NBA Development League for overall revenue. The team sold \$1.2 million in tickets, according to figures for individual, season-ticket and group sales for the 23 home games played before the final regular-season contest April 6.

The average ticket revenue per game, at \$52,651, was the highest in the 16-team league, according to figures provided by the Warriors. While the Warriors' ticket prices are the highest in the league — from \$15 for bleachers to \$140 for courtside seats — popularity was also key to the financial success.

The team had the highest average number of individual tickets sold per game at 709, about 130 tickets more than its nearest competitor, the Maine Red Claws. The Warriors, who made the playoffs, sold out all but three



Landon Fernald, 7, of Mount Hermon, holds up a paper napkin sign as he waits outside of the Kaiser Permanente Arena on April 6 for the Santa Cruz Warriors' final regular-season game of the season.

KEVIN JOHNSON/SENTINEL

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WARRIORS

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or four home games.

While the team ranked eighth in the number of full season tickets sold on average per game at 895, the price of those seats pushed the team's full-season ticket revenue into second in the league. Nearly 90 percent of season ticket holders are city residents, the team reports.

If the team continues to be successful, President Jim Weyermann said the Warriors will expedite repayment of a \$4 million city loan underwriting their Front Street facility.

Weyermann said rental income for use of the arena by outside groups could help retire the debt in four or five years rather than the seven outlined in the contract with the city.

"We definitely are going to get much more aggressive in booking this building," he said.

Weyermann also will focus next season on doubling sponsorships, which at \$475,000 fell just \$4,000 shy of the league average.

CITY REAPS BENEFITS

It's impossible to say whether ticket revenue will remain high after the honeymoon with fans is over. Even if the Warriors don't always perform well, Weyermann said he is betting on loyalty because the team has worked to build a strong identity in the community, attending more than 80 events and raising more than \$21,000 for the Grind Out Hunger campaign.

"If you fail to create an emotional connection with citizens that goes beyond entertainment value, you will ultimately fail," Weyermann said.

The Warriors are obligated to repay the city loan plus 3 percent interest through rent and other payments. A primary source of the team's ability to repay the loan is an

annual \$250,000 sponsorship for the naming rights to the 2,505-seat Kaiser Permanente Arena.

The city helps retire debt by plowing concessions revenue — estimated at \$35,000 for the first year — into repayment of the loan. They city also will apply a dollar surcharge collected on all tickets to deferred fees stemming from the project.

But that doesn't mean the city isn't making money.

Estimates by the Warriors and city officials show the city made \$60,000-\$65,000 through a 5 percent admissions tax on each ticket and \$36,000 in parking fees at city-owned lots and garages on game days.

"The season was great without a doubt," said the city's economic development director, Bonnie Lipscomb. "We are looking at it from an economic standpoint, but there are many other benefits to the city."

Lipscomb said she won't know until in June whether there was a substantial increase in sales tax revenue on game days compared to the same days in 2012.

Anecdotally, however, restaurants near the arena or those marketing to Warriors fans have seen a spike on game days, said Chip, executive director of the Santa Cruz Downtown Association. Many eateries had to make menu or staffing adjustments to accommodate the rush of diners before and after games.

"This season came on really quickly, and a lot of businesses didn't understand how to take advantage of it," Chip said. "Now that people understand what games are like, next season will be even more of a benefit to the downtown district."

There are other benefits that are too difficult to quantify now.

For instance, Lipscomb said the Warriors have brought activity to a blighted part of town between downtown and the beach, and spark other business

BY THE NUMBERS

The Santa Cruz Warriors finished their inaugural regular season at the top of the NBA's D-League team in terms of revenue. Here are some key estimates for the 23 games that took place before the final game April 6:

OVERALL REVENUE: \$1.2 million

AVERAGE INDIVIDUAL TICKET SALES PER GAME: \$16,064

AVERAGE FULL-SEASON TICKET REVENUE PER GAME:

\$28,817

ADMISSIONS TAX REVENUE FOR CITY: \$60,000-\$65,000

DOLLAR SURCHARGE PER TICKET FOR CITY: \$55,000

PRE-PAID PARKING REVENUE FOR CITY: \$36,000

CONCESSIONS REVENUE USED TO REPAY CITY LOAN: \$35,000

SOURCE: City of Santa Cruz, Santa Cruz Warriors

interest in the area. The games, running from late fall to early spring, also generated revenue during what is typically the slow season for the tourism-driven city.

The impact on parking, however, has been mixed.

The city's parking manager, Marlin Granlund, said season ticket holders didn't buy pre-paid parking at the level expected by the city. Only 83 spots were sold out of an anticipated 375.

Nonetheless, Granlund said customers of several downtown businesses have been inconvenienced by season-ticket holders buying spaces in city lots that are free on non-game nights.

For those customers, Granlund said the city is setting aside parking meters and validating parking in a paid garage. Members of the Downtown Commission also will study options for days when the arena is rented by other groups.

"We don't have a lot of free spaces, but there is parking downtown," Granlund said.

LOOKING AHEAD

It's too early to know how much future rental income and admissions taxes could be made from non-Warrior events. Answering that question is critical to the future of the Warriors in Santa Cruz, said Weyermann, who eventually wants to construct a permanent 5,000-seat are-

na.

"It's less about repayment of the loan and more about the validation of the business model," he said. "The direct answer, is outside events are extremely important."

City Manager Martín Bernal said Santa Cruz must still evaluate a noise study measuring the impact of games on Beach Hill and other neighborhoods before asking the City Council to approve amplified concerts or other non-sporting events.

Beyond that, Bernal said the city will participate in studying the feasibility of a permanent facility, which will involve gauging the interest of UC Santa Cruz and other potential users.

"There is an interest in exploring that," he said.

Weyermann said he has his sights set on building near the Santa Cruz Beach Boardwalk, a vision he said was key to garnering support from the Golden State Warriors to relocate the D-League team here.

"It is our intent to be able to accomplish what the San Jose Giants have," Weyermann said of the San Francisco Giants' minor-league team. "They have been there for 67 years. There is no reason we can't do the same thing here."

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