BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR

M E M O R A N D U M

TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

FROM: Charles Anderson
Commission Auditor

DATE: February 11, 2009

SUBJECT: Baseball Stadium Agreement Research

The Office of the Commission Auditor (OCA) is providing this report as additional information to assist the Board of County Commissioners in its deliberations regarding the proposed Marlins Baseball Stadium Agreements. OCA surveyed the stadium agreements of other municipalities which recently constructed baseball facilities. OCA also conducted a review of the prevailing academic studies regarding the economic impact of sports facilities on communities.

Since 1998, 12 baseball ballparks have been built in the United States and two more are under construction with an expected opening date of April 2009. The total cost for these projects is more than $7 billion, with more than $3 billion of that amount being funded by taxpayers. Only two baseball stadium projects were constructed without any public financing: AT&T Park in San Francisco, California, and New Busch Stadium in St. Louis, Missouri.

Moreover, municipalities have had varying success in negotiating the public/private agreements to construct and operate baseball stadiums.

Research shows that a well-structured stadium agreement could yield benefits for both the local government and team, thus justifying the investment of taxpayer dollars in the project.[1] OCA surveyed the baseball stadium agreements of the three most recently built, publicly-funded baseball stadiums to place Miami-Dade County's stadium agreement within the national rubric. *(See Chart 1)* The three stadiums which were surveyed include Great American Ballpark in Cincinnati, OH; PETCO Park in San Diego, CA; and Nationals Park in Washington, D.C. Information was requested but not available for New Yankee Stadium in New York, NY; Citi Field in Flushing, NY; and Citizens Bank Park in Philadelphia, PA.

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[1] Matthew J. Parlow, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," University of Miami Business Law Review, 2002.

All three stadium agreements surveyed included some form of revenue sharing provisions between the municipality and the team, and two municipalities will also receive revenue from a targeted tax on ticket sales. In every agreement, the team retains the stadium naming rights.

OCA also reviewed baseball stadium agreements from around the nation to compare Miami-Dade's agreement to other agreements which have been deemed justifiable public investments[2]:

- Maricopa County (Arizona), which hosts the Chase Field, receives 5% of the luxury suite revenue and $325,000 for the facility's naming rights. The team is required to pay $140 million in stadium maintenance over 30 years.
- The Maryland Stadium Authority, which financed Camden Yards for the Baltimore Orioles, receives revenue from various sources to cover its debt. The Orioles pay $6 million in rent annually, and the stadium authority receives $5 million in admission tax receipts, and 10% of revenues generated from luxury suite rentals, signage, and club seats.
- Cleveland's Gateway Project to build two sport facilities, received $194 million in private investment. The basketball team, the Cleveland Cavaliers, pays the city rent from 27.5% of luxury suite revenue, 48% club seat revenue, $0.75 per ticket between 1.85 million and 2.5 million tickets, and $1 per ticket in excess of 2.5 million tickets. The Indians team pays the city rent through revenue generated from ticket sales. The city receives $0.75 per ticket sold after 1.85 million paid admissions, $1 between 2.25 and 2.5 million, and $1.25 per ticket for attendance above 2.5 million.
- The Los Angeles Staples Center is perhaps a model for stadium agreements. Under the agreement, the city receives funds from an admissions fee, parking revenues, revenues directly and indirectly garnered from property taxes, sales taxes, business license taxes, utility taxes, and taxes attributable to arena-related business activities. These funds represent new revenue to the city and have an estimated value of $73.6 million over 25 years.

In contrast, the Marlins Stadium Agreements do not incorporate any revenue sharing component between the Team and the County. Pursuant to the proposed agreements, all forms of revenue, including stadium-generated revenue, will be retained by the Marlins.

<u>Economic Impact of Sports Facilities</u>

Interest in the economic impact of these capital projects is widespread, and the academic research regarding this topic has yielded diverse results. OCA conducted a review of

[2] Id.

published research regarding the economic impact of sports stadiums. *(See Chart 4)* OCA's review of these studies has found that proponents and detractors of stadium projects can point to an equal amount of studies and articles supporting their position while casting doubt on any opposing views. No one stadium project is identical: each project is built under varying market conditions and faces the unique challenges of its respective local economic environment.

Therefore, great difficulty ensues in answering the question of whether building a stadium will be good or bad for a local economy. Conclusions from prevailing academic studies are disparate and conflicting, and can be utilized to make the case for either position. However, the majority of academic studies point to a minimal economic impact. A better question may be whether local government financing of a sports facility is a justifiable public investment.

The studies which find that building stadiums has a positive economic impact on a local market generally agree on a few points: 1) Development dollars may be directed to the area surrounding the stadium; 2) sales tax revenues may increase in the area around a newly constructed stadium or ballpark; 3) retail job growth in the area around a stadium may experience a slight gain following construction; 4) wages at stadium-area hotels increase; and 5) a desirable neighborhood could increase ticket sales for the ballpark.

On the other hand, studies which find that stadium projects have a neutral or negative economic impact generally agree on the following: 1) rental rates in neighborhoods around a stadium increase once the stadium is built; 2) retail and service jobs may be lost, 3) bars and restaurants experience an average decrease in wages; 3) per capita income falls slightly as a consequence of building a stadium; 4) poor stadium planning leads to increased car and pedestrian traffic; 5) most funds to build stadiums or ballparks come from public sources; 6) government subsidies far exceed the financial benefit of a new stadium; and 7) any economic development which occurs around a new stadium comes from local dollars which are shifted from other local areas. Economists see this as the multiplier effect or substitution effect where dollars are used for gas, food and recreation activities in one county and taken away from other counties.

<u>Best Practices</u>
The studies also point to practices which some communities have employed to maximize a stadium's expected economic impact. *(See Chart 4)* Those practices include: 1) creating a neighborhood association to offer input in the stadium's development; 2) beginning neighborhood revitalization efforts in the area before the stadium is built; 3) creating a stadium entertainment district in the area around the stadium which has little competition with other entertainment areas; and 4) linking the stadium to transit hubs which will keep the stadium from being physically and functionally isolated.

For this review, OCA compiled the following comparative charts *(See Attachments)*:

- **Chart 1: Comparison of Stadium Agreements.** OCA reviewed the stadium agreements of the following three most recently built baseball stadiums: Great American Ballpark in Cincinnati, OH; PETCO Park in San Diego, CA; and Nationals Park in Washington, D.C. This chart compares details of these agreements to similar provisions in the proposed Marlins Stadium Agreements.
- **Chart 2: Stadium Cost Overruns 2003 – Present.** This chart compares the construction cost overruns incurred while building the Great American Ballpark in Cincinnati, OH; PETCO Park in San Diego, CA; and Nationals Park in Washington, D.C.
- **Chart 3: Baseball Stadiums Built from 1998 – Present.** OCA reviewed the information on the 12 most recently built stadiums and 2 stadiums which are currently under construction. Comparisons can be made across fields such as amount of public or private financing, total project cost and construction budget.
- **Chart 4: Economic Impact of Sports Stadiums.** This chart details OCA's review of academic studies concerning the economic impact of sports facilities. The arguments in favor or against the public financing of stadiums are classified as "pros" and "cons."

Chart 1

Comparison of Stadium Agreements				
Issue	**Great American Ballpark** *(Cincinnati, OH)*	**PETCO Park** *(San Diego, CA)*	**Nationals Park** *(Washington D. C.)*	**Miami-Dade County**
Parties to the Agreement	The Cincinnati Reds (Team) and Hamilton County (County)	City of San Diego (City); the Redevelopment Agency of the City of San Diego; the Centre City Development Corporation (CCDC); and Padres L.P. (Padres)	District of Columbia Government (the "District Government), the District of Columbia Sports and Entertainment Commission (the "Commission") and Baseball Expos, LP (the "Team").	**Construction:** Miami-Dade County City of Miami Stadium Developers, LLC **Operation:** Miami-Dade County Marlins Stadium Operators, LLC **Non-Relocation:** Miami-Dade County City of Miami Florida Marlins, LP
Funding (Public or Private)	Cost: $310 million Private: $30 million from the Team in the form of three $10 million pre-completion payments made by the Team to the County. Public: Capped at $280 million from a ½ percent sales tax increase approved by the voters in 1996. The revenue from the sales tax was divided in the following manner: 30% went towards property tax	The Padres paid $153 million, 33.5% of the total cost. The other 66.5%, or $303.8 million, came from public funds: $225 million from bonds, $21 million from the San Diego Unified Port District, and $57.8 million from the City's redevelopment agency.	Cost • $693 million (final projection) • $62 million (cost overrun, i.e., more than initially budgeted) • Includes RFK (interim home) Stadium renovation, Ballpark Hard Costs, Ballpark Soft Costs, Ancillary Costs, Parking, Contingency and Financing. Private	Cost: $515 million Private: $155 million City: $13 million County Share: $347 million, comprising the following sources: • Professional Sports Franchise Facility Tax: $149 million • Tourism Development Tax: $88 million • Convention

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	rollback and 70% towards the riverfront redevelopment fund, which included the ballpark stadium. The County sold bonds to finance the construction and repaid the bonds with the sales tax revenue. <u>Background</u> In 1996, the County voters passed a referendum for a ½ percent sales tax increase to finance the construction of two new sport facilities: (1) The Paul Brown Football Stadium for the Cincinnati Bengals, and (2) The Great American Ballpark (Ballpark) for the Cincinnati Reds Baseball Team. The referendum did not specify the site locations for the stadiums. At the time, both teams shared occupancy of Riverfront Stadium/Cinergy Field. The construction cost for both		Major League Baseball and the Team = $20 million <u>Public</u> The District Government = $456 million issued in bonds. Additional costs were made up from excess bond revenues. <u>Funding Mechanism</u> District Government taxable and tax-exempt revenue bonds; Bond revenue generated from: stadium sales tax (on baseball related events, exhibitions, but not food and beverages sold at the ballpark); business fee; parking tax; utility tax; and additional 4.25% gross receipts tax on ticket and merchandise sales. Rent is also pledged for bond debt service.	Development Tax $88 million • General Obligation Bond $50 million • County's Portion of Public Infrastructure: $12 million • County's Portion of LEED Certification: $1.75 million • County's 35 yr total of Capital Reserve Fund: $26.25 million

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	sport facilities was estimated to be $545 million. In November 1998, another public referendum determined the new Ballpark's site as part of a larger redevelopment project known as the Central Riverfront Development. This site required the partial demolition and reconstruction of the Riverfront Stadium/Cinergy Field.			
Who is funding public infrastructure around stadium	The Great American Ballpark is part of an ongoing larger redevelopment project that includes the construction of the Paul Brown Football Stadium (opened 2000) for the Cincinnati Bengals, and the Central Riverfront Development. The City of Cincinnati (City) and the County are partnered in the Central Riverfront Project known as the Banks. Currently, as part of the larger redevelopment project, the County is responsible for $23 million in funding for the shared parking garage,	The Memorandum of Understanding (MOU) called for a two-phase plan for construction of a new ballpark as part of redevelopment of southeastern San Diego: Phase I included a $270 million downtown ballpark as part of a $411 million plan to develop twenty-six blocks of the downtown with shops, restaurants, and hotels. <u>City Funding:</u> The City was responsible for raising $225 million through a bond sale,	The Commission is responsible for the design, construction and installation of the infrastructure.	Miami-Dade County and the City of Miami will split the infrastructure costs equally. Estimated Cost: $24 million

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	infrastructure and roadwork surrounding the stadium.	with other public funds coming from a $50 million contribution from the Center City Development Corporation and a $21 million contribution from the San Diego Port Authority. Padres Funding: were responsible for the remaining 28% of the costs - $115 million – and any cost overruns for the ballpark construction part of the project. Private Funding: the MOU also stated that the Padres would take on the role of "master developers" and arrange roughly $300 million in private investments for development of the area around the ballpark.		
Construction Overruns? Who pays?	The County's contribution is capped at $280 million. Any cost overruns beyond the $280 million are the responsibility of the team.	The Padres are solely responsible for any and all design and construction costs for the Ballpark exceeding the Ball Park Estimate and amounts necessary to satisfy such costs are deposited into and paid	Any excess of the total Project Cost over the Initial Project Budget are borne by the Commission, except changes requested by the Team after the specification have been approved.	Construction overruns will be paid by the Team except for governmentally caused overruns.

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		from the Design and Construction Fund. • Except for change orders that cause the ballpark estimate to exceed $267 million, will be subject to the City's approval.		
Stadium Owner	Hamilton County	The City and the Padres have ownership of the stadium. The Padres have a 30% divided minority interest, and the City has a 70% divided majority interest. The Padres' ownership interest in the Ballpark transferred automatically to the City, without further consideration, and free and clear of all encumbrances, upon the expiration of the Padres' occupancy agreement for the Ballpark.	The District Government	Miami-Dade County
Rent, Revenue Sharing, etc?	<u>Team</u> The Team received revenues accrued from operation of the stadium on Team use days. This included revenue from the following: • Parking from the 3,500	Padres pay rent in the sum of $500,000 for each Padres Fiscal Year. These lease term is for 30 years. Net Incremental Revenue is shared by the parties in a 70% -	<u>Rent Term</u> The lease term begins every March and continue for 30 consecutive years with 5 consecutive two-year renewal options	<u>Rent</u> Team will pay annual rent to Miami-Dade County in the amount of $2,300,000. • 2% increase per year for 35 years • Payments made in

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	County owned parking spaces minus the County's actual operating costs; • Tickets; • Private suite; • Club seating; • Seat license; • Broadcast right; and • Concessions and novelty. In addition, the Team receives all revenue from the following: • Advertising conducted or permitted by the Team; • Operation of the Ball Park clubs, Hall of Fame, gift shops, club lounges and restaurants within the Ballpark; and • Sale of naming rights. The Team is responsible for performing routine maintenance. <u>County</u> Starting in 2003, the Team pays to the County an annual base rent for 35 years in accordance	to 30% or 30% -to- 70%, the City is protected against bearing a Net Incremental Loss from Small Events and Significant Events. All concession commissions payable in connection with concessions at Padres' Games and Events to be paid to Padres. All concession commissions payable in connection with concessions at City Events to be paid to the City on a net basis, after payment of all Incremental Ball Park Expenses for such events. <u>Revenue Sharing</u> Net revenue from the operation of the Public Parking Facilities (gross revenues less all fees and operating expenses incurred in compliance with the parking operator's agreement) are shared, with the City retaining such revenues from City Events and the Padres retaining such revenue from	<u>Rent</u> Every March 1st through February 28th = • Year 1: \$3,500,000 • Year 2: \$3,750,000 • Year 3: \$4,000,000 • Year 4: \$4,500,000 • Year 5: \$ 5,000,000 • Year 6: \$5,500,000 • Years 7+: \$10,000 less than 102% of prior year's rent <u>Other Lease Expenses</u> Team bears all costs associated with maintenance and repairs, utilities, security within the stadium, supplies, and snow removal. <u>Revenue Sharing</u> Team receives: all stadium revenues DC Government receives: Stadium sales tax Gross receipt tax Parking tax Utility tax	semi-annual installments (4/30; 9/30) <u>Government Benefits</u> County and City can will have unlimited use of the stadium during non-baseball months for amateur, public service, other non-profit events, and four events each (City and County) during regular baseball season. County and City can use a single "community suite" for public or charity use. Each party can use the suite for 40 games. Food and beverages will be provided by the Team when the suite is used by youth charities. <u>Team</u> Maintenance and repairs will be the responsibility of the team.

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	with the following schedule: • $2.5 million annually for the first 9 years; and • $1 annually for the final 26 years. The County has imposed a $0.25 per ticket surtax for tickets sold by the Team. The County receives all revenues earned from the holding of events on County use days and bears all operating and other expenses associated with the use of the Stadium on such days. Additionally, the County is responsible for capital repairs. Each year the County deposits $1 million into the Capital Reserve Account. Revenue Sharing The Team and the County equally divide net revenues received from other events. Net revenue is calculated by	Padres' Games and Events. Advertising The Padres have exclusive rights to sell advertising within all parts of the Ball Park Project, including outside the Ballpark and on the exterior structure of the Ballpark and/or its systems. All advertising is sold by the Padres. All revenue from the sale of advertising and sponsorships within the Ballpark are retained by the Padres, except for permissible temporary advertising and sponsorships in connection with City events. Net Incremental Revenue is shared by the parties in a 70% -to 30% or 30% -to- 70%, the City is protected against bearing a Net Incremental Loss from Small Events and Significant Events. All concession commissions payable in connection with	Business fee Government Benefits The Commission uses the stadium, excluding private suites, for 12 event days per lease year, and no more than 6 of the events should be held during baseball season, and none of the events shall be held within 5 days preceding a scheduled baseball home game The Commission shall use, at no cost, 2 private suites, parking, 25 box seats on the infield Upon sale of the Team's franchise or sale of controlling interest within the first 5 years after the commencement of the RFK License, the Team requires the seller to pay the Commission 15% of the excess over the seller's total investment in the interest	Team will retain signage revenue, all stadium generated revenues, and naming rights. Team responsible for all insurance coverage including commercial general liability, property, workers compensation, umbrella, and automobile coverage. The County agrees not to impose any targeted tax on admission tickets. Capital Reserve Fund City, County and Team will contribute annually to a Capital Reserve Fund for repair and replacement of major capital equipment of the Stadium premises. • Team: $750,000/yr • County: $750,000/yr • City: $250,000/yr

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	taking the gross revenues received from the sales of tickets, rental fees, and parking revenues minus all costs and expenses incurred by the County or the Team in connection with such event. <u>Current Situation</u> As of 2003, Hamilton County has experienced three years of lower than expected sales tax receipts. Hamilton County projected an annual $5 million dollar financing plan deficit starting in 2006. The deficit is expected to peak at $9 million and last through 2026.	concessions at Padres' Games and Events : Padres All concession commissions payable in connection with concessions at City Events: City Net revenue from the operation of the Public Parking Facilities (gross revenues less all fees and operating expenses incurred in compliance with the parking operator's agreement) are shared from City Events and the Padres retaining such revenue from Padres' Games and Events. The Padres and the private sector arranged about $600 million of private investment[1]. The MOU does not commit the Padres to any funding amount; however, the MOU mentions under Agency Investment, that both the city and the Padres work together to obtain	being sold or 15 % of the excess over the Team's acquisition price for the franchise.	If the amount in the Capital Reserve Fund is not enough to cover the cost of repairs, the Team will fund the deficient amount for the first 10 years. For years 11-35, the County, City, and Team will together determine the funding responsibilities should the Capital Reserve Fund not be able to cover the cost of repairs.

[1] Source: Rother: *Promises of Padres are a mixed bag*. San Diego Union Tribune. April 5, 2004.

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		general assistance from public and quasi-public sources.		
Naming Rights	The Team received the naming rights and the County retained the right to approve any name to be used to identify the Stadium. Prior to the construction of the new stadium, the County had naming rights to the previous Team stadium, Riverfront Stadium/Cinergy Field Stadium. Great American Insurance brought the naming rights for $45 million to be paid over a 30 year period (from 2003 to 2033).	The Team retained naming rights. In January 2003, the San Diego Padres agreed to a 22-year, $60 million naming rights deal with San Diego-based Petco.	The Team retained naming rights.	The Team will retain naming rights.
Non-Relocation Agreement	The Team is not allowed to relocate or make a formal application to the Major League of Baseball (MLB) for approval to transfer, move or relocate without written consent by the Sate and the County.	During the period after Opening Date and for the remainder of the Term, the Padres shall not relocate the Team (and will not permit the Team to be relocated) to a location other than the City of San Diego, California.	The Team is required to maintain its franchise at the District Government Baseball Stadium for the term of the lease.	Team is required to change name to Miami Marlins. Team agrees to lease stadium for 35 years. <u>Payment Upon Sale of Team</u> If team sells more than

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				50% of the controlling interest in franchise, the County and City will receive a percentage equity payment. If the team is sold between 1 – 7 years of the stadium being constructed the City and County would receive between 18% - 5%.
Land Acquisition	No cost. The County owned the land.	The City, Redevelopment Agency or CCDC was responsible for all Land Acquisition Costs; however, the following had to occur first: • Sufficient funding has occurred by the City, Redevelopment Agency or CCDC to meet the land acquisition costs. • The Padres have provided the security for the Padres/Private investment of $115 million towards the ballpark. • The City receives sufficient assurance from the Padres	The District Government acquired 19 acres for the ballpark to be constructed. The District had to purchase 13.83 acres made up of 63 privately-owned parcels of land, the remaining 5 acres consist of District owned streets and rights-of-way.	The City of Miami will convey the land to the County.

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		regarding Phase 1 (a hotel, parking facilities accommodates hotel patrons, office complexes, retail development and the 1,000 Convention Center Expansion hotel).		

Chart 2

Major League Baseball Stadium Cost Overruns 2003 – Present			
Stadiums	**Great American Ballpark** *(Cincinnati, OH)*	**PETCO Park** *(San Diego, CA)*	**Nationals Park** *(Washington D. C.)*
Construction Company	Hunt Construction Group, Inc. (Indianapolis)	San Diego Ballpark Builders (a joint venture of Clark Construction Group Inc., Nielsen Dillingham Builders Inc. and Douglas E. Barnhart Inc.)	Hunt Construction Group in a joint venture Clark Construction and Smoot Construction
Architect	HOK Sport (Kansas City)[1]; and GBBN Architects (Cincinnati)	HOK Sport, Antoine Predock (design), Spurlock Poirier (landscape) and ROMA (urban planning).	HOK Sport (Kansas City) and Devrouax & Purnell Architects-Planners (Washington)
Construction Overruns	Great American Ballpark is part of an ongoing larger redevelopment project that includes the construction of the Paul Brown Football Stadium (opened 2000) for the Cincinnati Bengals, and the Central Riverfront Development. Technically, the Great American Ballpark did not go over budget. It cost $310 million with $280 from Hamilton County and $30 million from the Team in the form of three $10 million pre-completion payments made by the Team to the	The final cost of the stadium facilities, according to most estimates, was $456.8 million. The Padres chipped in $153 million, 33.5% of the total cost. The other 66.5% - $303.8 million – came from public funds: $225 million from bonds, $21 million from the San Diego Unified Port District, and **$57.8 million from the City's redevelopment agency.** The San Diego Center City Development Corporation ultimately **contributed $7.8 million more than the $50 million originally**	The original budget for the entire project was $630,800,000. The final cost was estimated to be $693 million. No construction overruns occurred. However, cost overruns did occur in acquiring the property and environment cleanup work was greater than expected. These overrun cost were covered by the District of Columbia.

[1] HOK Sport was founded in 1955, the firm plans and designs buildings, communities, cities and regions worldwide. Through its collaborative network of 26 regional offices, the firm serves diverse clients within the corporate, commercial, public and institutional markets. Global client includes 24 Major League Baseball franchises, 30 NFL franchises, 80 professional and civic arena clients, 40 soccer and rugby teams and 120 colleges and universities.

Chart 2

Major League Baseball Stadium Cost Overruns 2003 – Present			
Stadiums	**Great American Ballpark** *(Cincinnati, OH)*	**PETCO Park** *(San Diego, CA)*	**Nationals Park** *(Washington D. C.)*
	County. The County capped its cost at $280 million. The revenues from a ½ percent sales tax increase approved by the voters in 1996 funded the ballpark. The revenue from the sales tax was divided in the following manner: 30% went towards property tax rollback and 70% towards the riverfront which included the Great American Ballpark and the Paul Brown Stadium. The funding source, the ½ percent sales tax increase was to cover both the construction of the ballpark and football stadium; therefore, both projects are inherently connected. The Paul Brown Stadium was budgeted for $287 million (did not include the cost for land and roadwork) with a 1% contingency. The Paul Brown Stadium went over budget by $51 million, plus Hamilton County spent another $1 million in legal	provided for in the non-binding memorandum of Understanding (MOU). The details of this additional $7.8 million are unclear, despite the fact that the MOU stated that the Padres would be liable for cost overruns. **The Padres did, however, provide $38 million of the $45.8 million overruns.** [2]	

[2] *www.law.berkeley.edu/faculty/sugarmans*

Chart 2

Major League Baseball Stadium Cost Overruns 2003 – Present			
Stadiums	**Great American Ballpark** *(Cincinnati, OH)*	**PETCO Park** *(San Diego, CA)*	**Nationals Park** *(Washington D. C.)*
	fees trying to recoup some funds. In addition, the land was originally budgeted for $40 million. It cost $70 million.		
Overrun Safeguard Provisions	The budget for the Great American Ball Park was capped at $280 million, payable by Hamilton County. Any cost over the $280 million was covered by the Cincinnati Reds.[3] In addition, the Great American Ballpark was built after the Paul Brown Stadium; therefore, the County had learnt from that example and placed the $280 million cap.	The Padres and Padres Construction, L.P. were be solely responsible for any and all design and construction costs for the Ballpark exceeding the Ballpark Estimate and amounts necessary to satisfy such excess are deposited into and paid from the Design and Construction Fund.	The Construction Administration Agreement provides that any excess of the total Project Cost over the initial Project Budget are borne by the District of Columbia Sports and Entertainment Commission, except changes that were requested by the team after the specifications have been approved.

[3] http://www.hamiltoncountyohio.gov/GABP/doc/FAQ.htm

Chart 3

BASEBALL STADIUM CONSTRUCTION 1998 – Present						
Stadium	**Year Open**	**Ownership**	**Construction Budget (million)**	**Total Project Cost (million)**	**Public Financing (million)**	**Private Financing (million)**
Chase Field *f/k/a* Bank One Ballpark *(Phoenix, AZ)*	1998	Maricopa County Stadium District	$319 – $349	**$414** includes: • Construction cost - $354 • Soft cost* - $60	$238 from ¼ cent sales tax in Maricopa County (capped at $238 million).	$111 from the team's owner.
Safeco Field *(Seattle, WA)*	1999	Washington – King County Stadium Authority	$285	**$517.6** ($232.6 over budget) includes: • Construction cost - $428.6 • Soft cost* - $89	$340 from ½ cent King County food tax, rental car tax and state lottery proceeds.	$75 from the team's owner. As of April 2005, cost overruns of over $100 were not settled.
AT&T Park formerly SBC Park/ PacBell Park *(San Francisco, CA)*	2000	China Basin Ballpark Corp., a subsidiary of the Giants	$255	**$357** as of August '07. Cost includes: • No land cost because the land is leased. • Construction cost - $255 • Soft cost* - $64	NONE.	$170 loan from Chase Manhattan Bank, $70 from the sale of charter seat licenses, $102 from the sale of naming rights, sponsorships and other sources, and $15 from tax increment financing by the city's CRA**.
Comerica Park *(Detroit, MI)*	2000	Detroit – Wayne County Stadium Authority	$285	**$436** includes: • Land & infrastructure cost - $55 • Construction cost - $300 • Soft cost* - $21 • Other cost - $60	$135 from 2% rental car tax, 1% hotel tax, and money from Indian Casino revenue.	$246 from team's owner.

Chart 3

BASEBALL STADIUM CONSTRUCTION 1998 – Present						
Stadium	**Year Open**	**Ownership**	**Construction Budget (million)**	**Total Project Cost (million)**	**Public Financing (million)**	**Private Financing (million)**
Minute Maid Park *(Houston, TX)*	2000	Harris County – Houston Sports Authority	$250	**$310** includes: • No land cost because the land is leased from the city. • Construction cost - $248 • Soft cost* - $62	$180 from 2% hotel tax and 5% rental car tax.	$52 from team's owner and $33 from a no interest loan.
PNC Park *(Pittsburgh, PA)*	2001	City of Pittsburgh Sports & Exhibition Authority	$237	**$262** includes: • Land cost - $25 • Construction cost - $216 • Soft cost* - $21	$216 from a voter approved bond issue.	None
Miller Park *(Milwaukee, WI)*	2001	SE Wisconsin Professional Baseball District (64%), and Milwaukee Brewers (36%)	$250 ($322 revised budget)	**$498.5** includes: • Construction cost - $312 (GMP***) • Soft cost *- $82 • Mitsubishi pending claim - $87 • Bond insurance - $6.5 • Crane accident - $11	$310 ($160 from a five county 1/10 cent sales tax).	$90 from team's owner, $21 from foundations, $15 from Economic Development Corp., and $14 from Milwaukee business community.
Great American Ballpark *(Cincinnati, OH)*	2003	City of Cincinnati and Hamilton County	$297	**$325** as of April 2006. Cost includes: • Land cost - $10 • Construction - $280 • Soft cost - $30	$280 from ½ penny increase in Hamilton County sales tax.	As of April 2006, $45 primarily from a naming rights deal with Great American Insurance Company.

Chart 3

BASEBALL STADIUM CONSTRUCTION 1998 – Present						
Stadium	**Year Open**	**Ownership**	**Construction Budget (million)**	**Total Project Cost (million)**	**Public Financing (million)**	**Private Financing (million)**
Citizens Bank Park *(Philadelphia, PA)*	2004	City of Philadelphia	$346	**$597** includes: • Land cost - $85 • Construction cost - $350 (GMP***) • Soft cost - $40 • Infrastructure - $45 • Environmental = $17 • Site work and demolition - $60	$174 from 2% rental car tax.	$172 (of which $125 loan from Fleet Boston).
PETCO Park *(San Diego, CA)*	2004	City of San Diego (70%), San Diego Padres (30%)	$266	**$456.8** includes: • Land cost - $171.8 million (including infrastructure) • Construction cost - $266 • Luxury items not originally planned for in the design - $19 (from municipal bonds)	$225 from municipal bonds to be paid back with hotel tax revenues; $57.8 from project-generated redevelopment funds and $21 from the San Diego Unified Port District (Only $206 of the $225 from municipal bonds were used).	$153 private sector contribution.

Chart 3

BASEBALL STADIUM CONSTRUCTION 1998 – Present						
Stadium	**Year Open**	**Ownership**	**Construction Budget (million)**	**Total Project Cost (million)**	**Public Financing (million)**	**Private Financing (million)**
New Busch Stadium *a/k/a* Busch Stadium III *f/k/a* Cardinals Ballpark *(St. Louis, Missouri)*	2006	St. Louis Cardinals	$285	**$387.5** includes: • Cardinals contributed the land • Construction cost - $285(GMP***) • Soft cost - $50 • $52.5 (assumed to be for infrastructure)	NONE.	$200.5 in private bonds which the Cardinals are required to repay; $90.1 in cash and bank loans obtained from the team's owner; a $45 long term loan from St. Louis County; $9.2 in construction fund interest; $30.4 in state tax credits; and $12.3 from Missouri D.O.T.
Nationals Park *(Washington D. C.)*	2008	D.C. Sports Commission	$300.7	**$610.8** as of April 2008. Cost includes: • Land cost - $65 • Construction cost - $300.7 • Other cost - $69.5	The City may sell up to $610.8 in bonds to finance the stadium. Revenue to pay the debt: $11 – $14 per year from in-stadium taxes on tickets, concessions and merchandise; $21-$24 per year from a new tax on businesses with gross receipts of $3 or more; $5.5 per year in rent payments from the baseball team's owner.	The Washington Nationals are responsible for any cost overruns. Naming rights belong to the team and were not earmarked for stadium construction costs.

Chart 3

BASEBALL STADIUM CONSTRUCTION 1998 – Present						
Stadium	**Year Open**	**Ownership**	**Construction Budget (million)**	**Total Project Cost (million)**	**Public Financing (million)**	**Private Financing (million)**
Citi Field *(Flushing, NY)*	April 2009	New York Mets	$444.4	**$600** includes: • Infrastructure cost	$89.7 in capital funds from the city and $74.7 in rent credits from the state.	$440 from the team; however, as of November 2006, the Mets have said they expect to spend close to $550.
New Yankee Stadium *(New York, NY)*	April 2009	New York Yankees		**$1300**	$220 from New York City (of which $75 for parking facilities), parkland along the waterfront $135 and other work related to the stadium.	$1100 from the Yankees.

Sources: ballparks.com by Munsey and Suppes; County Manager's Memo dated March 1, 2005.
***Soft Cost – Construction industry term for expense item that is not considered direct construction cost. Examples include architectural, engineering, financing, legal fees, and/or other pre- and post-construction expenses.**
****Community Redevelopment Agency**
*****Guaranteed Maximum Price**

Chart 4

Economic Impact of Sports Stadiums on Cities (Review of Academic Studies)

Neighborhood Economic impacts of the Proposed San Jose Stadium. Bay Area Economics, November 2006.
Pros
Jacob's Field in Cleveland, OH was completed in 1994. The stadium was a $175 million project which included a $467 million development initiative that also included a basketball arena, office buildings and improved pedestrian connections to nearby train station, mall and other activity centers. **A Historic Gateway Neighborhood Association (Gateway) was established to foster and direct neighborhood revitalization efforts.** Several projects have made the area Cleveland's premier entertainment district. For example, there are seven residential projects, five new hotels, and retail and restaurants.
Coors Field in Denver, CO was completed in 1995. Of the $215 million that it cost to build the stadium, $162 million was funded by a six county Denver Metropolitan area ballot initiative. Sales tax revenues also increased. Revitalization efforts began several years before the stadiums completion. By the time the stadium opened in 1994, there were 270 residential units. By FY 2000, there were 1,374 units with 410 more planned or under construction.
Retail job growth and taxable sales would also gain as a result of the stadium development.
For neighborhood revitalization to occur, a stadium must be a part of a larger effort and strategy.
If implemented well, a stadium district can help uplift an entire Downtown. This includes improvements in infrastructure and neighborhood services.
A desirable neighborhood can increase stadium ticket sales.
Cons
In the case of Jacob's Field in Cleveland, OH, some local department stores have not returned since the construction of the ballpark. Development costs have risen in the area, and newer restaurants and stores have relocated to the Gateway area from other areas in Cleveland redirecting business from other neighborhoods.
Rents and commercial rates have risen impacting over 20 art galleries.
Several factors may impact the surrounding neighborhood if the planning/designing of a stadium does not consider the following: • Pedestrian infrastructure and neighborhood connection; • zoning and community watchdogs; and • economic reshuffling at the expense of other neighborhoods.
A ballpark increases traffic and pedestrian activity in a neighborhood. Transportation access should consider public transportation as well as cars.
Physical and functional isolation prevents a stadium from spurring economic development.
A stadium-based entertainment district may suffer from competition. If an entertainment district

Chart 4

already exists, there may not be enough tourism and local entertainment demand to sustain a second entertainment district.
Sport teams often actively fight entertainment-oriented projects near their facilities because under the perception that these projects compete with sales inside their stadiums.
Economic development in a stadium district can come at the expense of other neighborhoods. Development has only been redirected from other neighborhoods rather than creating a net economic gain.

Stadiums, Professional Sports, Economic Development: Assessing the Reality. Baade, R.A., Heartland Policy Study, 1994.
Pros
N/A
Cons
A study of 32 metropolitan areas with a change in the number of franchises, 30 showed no significant change in per capita personal income growth, one showed a positive change and one a negative change. In the 30 metro areas where there was a change in the number of stadiums, 27 areas showed no change in per capita personal income growth and three showed a negative change.
Pro sports stadiums fail to provide a positive direct return on the money invested in them.
The use of public subsidies to sports teams, stadiums and arena construction are not supported by this study and this study suggests that the use of public funding is, "is not a sound economic investment." Professional sports do not appear to create a flow of public funds generated by new economic growth.

Touchdowns and Fumbles: Urban Investments in NFL Franchises. Ostrosky, T. and Turco, D., The Cyber Journal of Sport Marketing, 1997.
Pros
Supporters state that people will spend their money near the stadium or arena and this will boost the economy and this will shift dollars towards urban areas that have a stagnant economic base.
Stadium investment ventures/enterprises generate millions of dollars in development to areas where urban blight has been allowed to fester for years.
Cons
Opponents state that spending by local sports fans does not represent an increase in spending on leisure activities, but is merely a diversion of leisure dollars from other activities

Sports, Jobs and Taxes: Are Stadiums Worth the Cost. Zimbalist, A. and Noil, R.G., The Brookings Institution, 1997.
Pros
Building a stadium is good for the local economy only if a stadium is the most productive way to make capital investments and use its workers.
Cons
Sports teams and facilities are not a source of local economic growth and employment subsidies far exceed the financial benefit of a new stadium to a team. An imbalance of power exists in negotiations between professional sports and the host cities to subsidize the franchise or stadiums.
Industry experts estimate that $7 billion will be spent on new facilities before 2006 and most of the $7 billion will come from public sources from tax exempt bonds.

Chart 4

Annual federal tax loss exceeding $1 million from ten facilities built in the 1970 and 1980's resulting from tax exempt bonds to help finance sports facilities.
The most successful new baseball stadium; Oriole Park at Camden Yards still costs Maryland residents $14 million per year.
A stadium can spur economic growth if sports is a significant export industry – that is, if it attracts outsiders to buy the local project and if it results in the sale of certain rights (broadcasting, product licensing) to national firms. However, in reality, sports have little effect on regional net exports.
Most spending inside a stadium is a substitute for other local recreational spending, such as movies and restaurants. Similarly, most tax collections inside a stadium are substitutes: as other entertainment businesses decline, tax collections from them fall.
Most stadium employees work part time at very low wages and earn a small fraction of team revenues.

Professional Sports Facilities, Franchises and Urban Economic Development, 1999.
Pros
The study found an average increase in wages in the hotels and other lodgings sector ($10 per worker year).
Cons
Examines 37 cities that had at least one big league football, baseball, or basketball franchise between 1969 and 1996 found that per capita income fell by $10 and $73 as a consequence of building a new stadium. Statistically significant negative impact on retail and services of the local economy, including average net loss of 1,924 jobs The study found an average reduction in wages in bars and restaurants ($162 per worker years).

Baseball and the American City: An Examination of Public Financing and Stadium Construction In American Professional Sports. Reich, B., Urban Studies 3546, April 30, 2001.
Pros
N/A
Cons
Sports stadiums have consistently found that there is no statistically significant economic benefit to building a stadium.

Caught Stealing: Debunking the Economic Case for D.C. Baseball. Coates, D. and Humphreys, B., Cato Institute Briefing Papers, 2004.
Pros
The presence of pro sports teams tended to raise wages in hotels and other lodgings sector by about $10 per year.
Cons
However, studies show that the presence of pro sports teams tended to reduce wages of workers in eating and drinking establishments by about $162 year.
The average effect on employment in the services sectors of the local economy was a net loss of 1,924 jobs as a result of the presence of a professional sports team.

Chart 4

Economic Analysis of Staples Center on L.A. Baade, A., 2004.
Pros
N/A
Cons
Conclusions of study reflect that the five-county Los Angles Consolidated Metropolitan Statistical Area (CMSA) did not experience any increase in economic activity from the Staples Center to be statistically significant.
The analysis indicated that the Staples Center provided some stimulus for the economy of the City of Los Angeles; however the measured impact was small. Furthermore, the activities hosted by the Staples Center have increased taxable sales for the City of Los Angeles by an average of $35.56 million per year.
Baade policy paper concludes the following: 1. Staples Center did not use local resources as extensively enough to realize significant gains in economic activity; 2. Imbalance of power exists in negotiations between professional sports and the host cities relating to sharing financial obligations in building new facilities; 3. A unified urban policy is necessary to take into consideration negotiations, objective appraisals of benefits and costs of economic development projects relating to professional sports; 4. Expand local value added taxation to ensure a greater local receipt of the value of economic activity at the place and time it originates; 5. Strategically manage the construction of sports facilities to insure optimal allocation of resources for sports venues; 6. Strategic management of stadium resources for data collection and performance monitoring; and 7. Secure agreements from developers to assume incremental costs incurred in operating facilities to include security, transportation and sanitation.

The Economic Impact of Sports Stadiums: Recasting The Analysis In Context. Santo, Charles. 2005.
Pros
The recast study concluded that the variables can have a more direct impact during times of recession or times of economic prosperity.
Cons
Recasting landmark reference for critics of stadium subsidies which used regression analysis and a combination of time-series and cross-section data to detect whether sports team or sports facilities impact statistics that represent the strength of the local economy (Baade and Dye 1990).
The recast study concludes that stadiums built during the recent construction boom have been built with a different context than stadiums of the past and that context matters. Results of controlling for population, time, trend, sport teams and stadiums are positively related to income in some metropolitan areas and negatively for others. Anaheim, Phoenix, Seattle, and Tampa are cities that experienced significant and positive impacts with the baseball stadium variable. Baltimore and Chicago are cities that experienced significant but negative economic impact with the baseball stadium variable. Results also show that new baseball stadiums have a significant positive impact on area income while the presence of a baseball team has a significant negative impact.

Chart 4

The Impact of Stadium Announcements on Residential Property Values: Evidence From a Natural Experiment In Dallas-Fort Worth. Dehring. C.A., Depken C.A., Ward, M.R., International Association of Sports Economists. September 2006.
Pros
N/A
Cons
This article assesses the increase and decrease of residential property values in the Dallas- Fort Worth metropolitan area following the announcement of a possible new stadium in the city of Dallas and Arlington, Texas. The writers conclude that the average property value, closer to the proposed stadium site, declined approximately 1.5% relative to the surrounding area before stadium construction commenced. Potential negative variables cited included diminished view, traffic congestion, noise, loss of privacy, and crime.

Stadiums and arenas: Economic Development or Economic Redistribution. Dennis Coates, Contemporary Economic Policy, October 1, 2007.
Pros
N/A
Cons
The evidence that exists for positive effects on local economies tends to be focused on small geographic areas. Rather than being evidence of development effects, these results indicate redistribution form one area to another within a region.
Studies showing that stadiums and arenas are successful in anchoring downtown development are often accurately interpreted as evidence that redistribution has occurred.

Stadium and Subsidies. Moylan, A., 2007.
Pros
N/A
Cons
Stadiums completed from 1990 to 1992, the average costs was $240.6 million. Stadiums built from 2002 to 2004, the average was $383.64 million (60% increase within a ten year period);
Average taxpayer cost per stadium over time from 1996 to 2004 increased more than 41 percent.

A Closer Look at Stadium Subsidies. Coates, D., The American, April 29, 2008
Pros
N/A
Cons
Variations in the distribution of the consumption and public-good benefits. Not all citizens in a community benefit equally from the presence of professional sports franchises in their city. The tax revenues used for the subsidies are often generated from lotteries and sales taxes whose burden falls disproportionately on the poor, while the consumption benefits go mostly to relatively wealthy sports fans, the net benefits are distributed regressively.
Good policy means using the money where the net benefit is greatest, not simply where the net benefit is positive.

Chart 4

Budget Briefing, Appropriations Subcommittee Education and Economic Development (January 28, 2008), Frederick W. Puddester - Maryland Stadium Authority Chairman
Pros
N/A
Cons
In response to recommendation proposed by Maryland's Legislative Services Department, the chairman of the Maryland Stadium Authority briefed the Maryland legislature's Appropriation subcommittee on post-construction variables experienced years after the construction of certain Maryland stadiums. The report notes that after several consecutive lucrative fiscal years following the construction of the baseball stadium, the Authority began experiencing a period of moderate revenue growth and increasing expenses which include increases in maintenance costs, implementation of a five-year capital repair plan for the baseball stadium, and the impact of implementing large service contracts that are subject to the new State Living Wage law.

Miller Park: Economic Promises Got It Built. Has It Paid? Journal Interactive, April 4, 2008.
Pros
N/A
Cons
The Milwaukee Brewers opened their new stadium in 2001. The article reveals that dollars are being rearranged/reshuffled from outside the five-county area of Milwaukee, Waukesha, Ozaukee, Washington and Racine counties. Economists see this as the multiplier effect or substitution effect where dollars are used for gas, food and recreation activities in one county and taken away from other counties.

Sports Stadiums and Economic Development: A Summary of the Economics Literature. Bradbury, J.C., Sabernomics.com, May 6, 2008.
Pros
N/A
Cons
There is little evidence of large increases in income or employment associated with the introduction of professional sports or the construction of new stadiums.

The Impact of A Professional Sports Franchise On County Employment And Wages. John Jasina (Claflin University School of Business) and Kurt Rotthoff (Seton Hall University Stillman School of Business), May 2008.
Pros
This article focuses on the effect of professional sports stadiums on employment and wages within the immediate geographic region of a county instead of the larger Metropolitan Statistical Area. The authors find mixed results as to whether there is a negative versus positive impact on county employment and levels income.

Chart 4

The authors do note that the impact of sports stadiums on the particular county in which they play will be different from their effect on the metropolitan area as a whole. Fans may come from the areas surrounding the county to spend time and money near the stadium, in the team's home jurisdiction. These expenditures reflect disposable income that will not be spent in other parts of the metropolitan area.
Cons
N/A