Meeting Date: 12/6/11

AGENDA REPORT

Agenda Item # 6B.1/4B.1 SA

Santa Clara
All-America City
2001

City of Santa Clara, California

DATE: December 6, 2011

TO: City Council for Information

FROM: Executive Assistant to the Mayor and City Council

SUBJECT: Correspondence Received Regarding the Proposed San Francisco 49ers Stadium

Attached are emails received in the Mayor and Council Offices from Saturday, December 3 – Tuesday, December 6, 2011 regarding item 6-B on the December 6, 2011 agenda regarding the proposed San Francisco 49ers Stadium.

We have received 17 messages opposed to this proposal and one informational package on Stadium Financing.

Regards,

Kimberly Green
Executive Assistant
Mayor & City Council

Attachments: Communications

cc: City Manager
City Clerk

POST MEETING MATERIAL

S. Hrg. 106–484

STADIUM FINANCING AND FRANCHISE RELOCATION ACT OF 1999

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

S. 952

A BILL TO EXPAND AN ANTITRUST EXEMPTION APPLICABLE TO PROFESSIONAL SPORTS LEAGUES AND TO REQUIRE, AS A CONDITION OF SUCH AN EXEMPTION, PARTICIPATION BY PROFESSIONAL FOOTBALL AND MAJOR LEAGUE BASEBALL SPORTS LEAGUES IN THE FINANCING OF CERTAIN STADIUM CONSTRUCTION ACTIVITIES, AND FOR OTHER PURPOSES

WASHINGTON, DC; WASHINGTON, DC; PHILADELPHIA, PA

JUNE 15, JUNE 22, AND SEPTEMBER 13, 1999

Serial No. J–106–32

Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE

63–000 CC WASHINGTON : 2000

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-060598-9

from James Rowen

Senator SPECTER. Professor Rosentraub, for the fans that is totally insufficient to get a new team.

Mr. ROSENTRAUB. Senator, I agree with you, and I think Andy and I have both written about different ways to handle it in terms of a set of issues about how you deal with a monopoly. But let me point out, Senator, that if the NFL and Major League Baseball knew that if a team moved that they had to, in effect, expand immediately, you would get pressure not to allow the movements to occur.

We have seen this happen, in fact, when we dealt with the situation of the New England Patriots where the loss to the media partners and to the NFL were sufficient to encourage them to seek a solution to the Boston problem, together with the excellent political leadership provided. If, in fact, Major League Baseball and the NFL knew that if the Phillies and the Eagles left Philadelphia that within 24 months both would have to expand, that would create a very powerful incentive for the leagues to help explore the solutions.

So where I agree with you, Senator, that, in effect, the fans don't receive the kind of protection that you and I would like to afford them, what I would say is that S. 952 could create a set of incentives that would require the leagues' participation. And based on what we saw in New England, I think your legislation and your discussions had an impact. I know that the Speaker's work had a great impact, but I also know, Senator, that the fear of losing a team's presence in a very large media market was something that the media partners were not willing to accept and that creates the incentive for a solution. If you required expansion, then, in fact, you would have an incentive.

And the last point I will make, adding on to some things Andy said, is in 1966 Commissioner Rozelle came before this committee and not only did he promise to expand, he also guaranteed that there would be no movement of teams from the smaller markets and from their existing stadiums. Within 15 years, that commitment to the Senate Judiciary was left in shambles. So it is critical that the bill specify rules for expansion and what is expected in return for the monopoly status that this committee has been generous in extending to professional sports.

Senator SPECTER. Well, thank you very much for those ideas and for those suggestions, Professor Rosentraub.

[The prepared statement of Mr. Rosentraub follows:]

PREPARED STATEMENT OF MARK S. ROSENTRAUB

INTRODUCTION

Thank you for the opportunity to address the Committee on Senate Bill 952, the Stadium Financing and Relocation Act of 1999.

Across the past several years there has been an unprecedented level of activity in the building of new facilities for professional sports teams. The changing economics of the sports business has driven this construction boom. While television revenue is still crucial, team owners have learned that they can earn substantial amounts of money from in-stadium or arena sources including luxury seating and the sale of food, beverages, advertising, and souvenirs. Ballparks and arenas built in the 1970s did not have luxury suites and club seats; nor did they have the concourses needed for a large number of quick sales and a variety of food and souvenir outlets. The provision of luxury seating also attracts a caste of fans that are highly

desired by firms that seek to identify themselves in the minds of business leaders and consumers.

The modern ballpark is much like today's airports and the Internet. They are filled with glitzy shops, first class seating, exclusive clubs and seating areas, and the opportunity to capitalize on the disposable wealth of a captive population. Advertising adorns all available space, and as technology is coupled with facility design, advertising appears on personal video screens along with menus and the latest statistics and replays.

The building of these new facilities should be greeted with uniform joy. After all, projects of this nature provide short-term construction jobs, other limited service sector employment opportunities, and fans generally enjoy the new facilities while eagerly spending far more money at the ballgame then they did years ago. Amidst all this good news why are some people joyless when plans for new facilities are usually announced? It is because team owners want more than a new stadium or ballpark. They generally want someone else to pay for their new facilities.

In the vast majority of instances when a plan is announced for a new facility state and local taxes rise. State and local governments are expected to enter into public/private partnerships with teams. These partnerships are somewhat peculiar. Governments provide part and sometimes all of the funds for the new facilities, but the teams keep the overwhelming majority of the revenues collected at the facility. Why do governments agree to these deals? The sports leagues are permitted to control the supply of teams and their locations. There are always one or two cities without teams, and these areas are used to insure that adequate subsidies are provided. If a city fails to provide the required subsidy a team just moves to a more pliant area.

Many have argued that this is not a matter with which the federal government or any government ought to concern itself. After all, any community is free to decide to assist in the financing of a new stadium or ballpark or let a team move to another community that is willing to offer what is demanded. State and local govemments make decisions of this nature every day in the provision of abatements, the establishment of tax increment financing districts, and the provision of other incentives to influence the locational decisions of firms and households. Why do professional sports—and in the case of Senate bill 952, the National Football League (NFL) and Major League Baseball (MLB) require special treatment or federal legislation?

THE SPECIAL STATUS OF PROFESSIONAL SPORTS

Sports are separated from other businesses by at least two characteristics. First, sports require organized competition and competitors to be successful. Ford, Microsoft, or American Airlines can operate without the existence of other carmakers, software firms, or airlines. Baseball and football teams, however, must have competitors to be financially successful as fans are attracted to games between teams where the outcome is uncertain and both teams are following the same rules and procedures to build a winning franchise. Sports entrepreneurs did experiment with "barnstorming" teams that went from city to city playing local athletes. This framework was not as successful or profitable as organized leagues of "conjoint competitors" seeking a championship. Teams do compete with each other for players (economic competition) and on the field for championships (athletic competition). Yet, every team owner knows the profitability of any single franchise depends on the success in staging competitive games with unsure outcomes. The success of any sports league comes from a form of self-regulation or conjoint competition to insure competitive balance. However, self-regulation can under certain circumstances create a powerful imbalance in the relationship when leagues control a desired resource.

Second, while all corporations that produce goods and services are important and valuable, there is a social dimension to sports that elevates it to a different position. Sports are, and have been for almost 4,000 years, an organizing element of society upon which people place extreme value. The Greeks, Romans, and Mayans among ancient societies used sports to define critical religious, political, and social aspect of their societies. The importance placed on sports was no less critical in the time of the Ottoman Republic and the reign of the Sultans then it is today for the celebration of American holidays and events. Patriotism and civic virtues are tied to athletic events today as they have been for thousands of years. The Olympics are frequently used to establish political objectives, and teams across the US are critical elements in the establishment of a national and international identity. Finally, leaders in virtually every city believe that hosting a baseball or football team is a necessary prerequisite for establishing themselves mean the same thing to the people of Jacksonville or Charlotte when they received a NFL franchise. The extreme steps taken by Connecticut and Hartford, as well as St. Louis and Nashville, are representative of the importance our society places on sports. The subsidies teams receive are the most recent examples of the importance people believe everyone places on sports. Without a team a city is not seen as being "major league" and "serious" or "real" players in the American economy. Without a team communities do not believe they are "real players" in American society.

In this environment the power of the supply of teams is not market-driven but controlled by small groups who use their ability to establish the number of teams to secure subsidies. And, unlike an automobile plant or airline maintenance facility, if a community loses in the subsidy race to get a NFL or MLB team, there are no other suppliers of these goods and services with whom the community can negotiate.

How Much Are State and Local Governments Paying for Ballparks and Stadia?

It is estimated that $7 billion has been spent by state and local governments since the mid-1980s to build facilities for teams in the four major sports leagues. The financing tools used by state and local governments to support this investment have led to increased taxes. New sales and property taxes have been used as well as special taxes on hotel stays and the rental of cars. Table 1 details the subsidies received by each team.

Table 1.—A Selected Overview of Public Subsidies for the Facilities Used by Professional Sports Teams

League/Team	Situation	Resolution
Major League Baseball:		
Arizona Diamondbacks	New Stadium Part of Expansion Bid	$238 Million Subsidy from County (sales tax)
Baltimore Orioles	Demanded New Stadium	Camden Yards, $200+ Million Subsidy, 1992
Chicago White Sox	Threatened to Move to Florida	New Stadium, 1991, 100% Public Subsidy, $125+ million
Cincinnati Reds	Threatened to Move	New Stadium Approved, 1996; $250 million subsidy
Cleveland Indians	Threatened to Move Out of Region	New Stadium, 1994 Public Subsidy In Excess of $150 Million
Colorado Rockies	New Stadium Part of Expansion Bid	$215 Million Subsidy (sales tax)
Detroit Tigers	Threatened Move to Suburbs	New Stadium Approved, 1997; public subsidy $240 Million
Houston Astros	Threatened to Leave the Region	New Stadium Approved, 1997; $180 Million public subsidy
Milwaukee Brewers	Threatened to Leave the Region	New Stadium Approved, 1997; $232 Million in subsidy
Seattle Mariners	Demanded New Stadium	$360 Million Public Subsidy For New Stadium
Texas Rangers	Threatened to Leave Arlington	New Stadium, 1994 Public Cost $135 Million
Toronto Blue Jays	New Stadium Opened In 1989	Public Cost In Excess of $262 Million (Canadian)
National Basketball Association:		
Atlanta Hawks	Demanded New Arena	$62 Million In Infrastructure From Public Sector
Charlotte Hornets	New Arena for Expansion Bid, 1988	100 Percent Public Financing ($52 Million)
Cleveland Cavaliers	New Arena To Bring Team Downtown	Public Subsidy In Excess of $100 Million
Dallas Mavericks	Threatened to Move to Arlington, Texas	Public Subsidy of $125 Million Approved, 1998
Indiana Pacers	New Arena Approved in 1996	$107 Million Public Subsidy
Miami Heat	New Arena Approved in 1996	Public Pays $6.5 million per year and $34.7 million for land
Orlando Magic	New Arena For Expansion Bid in 1989	Publicly Financed $98 Million Arena
Phoenix Suns	New Arena in 1992	Public Subsidy Exceeds 50 Percent of $90 Million Costs
Sacramento Kings	Remodeled Arena in 1997/98	Public Loan of $70 Million
Seattle Supersonics	Remodeled Arena 1995	Arena Revenues For Public Sector's $110 Million Investment
National Football League:		
Baltimore Colts	Moved to Indianapolis	Received Excellent Lease in 1984; revised 1998
Baltimore Ravens	Received New Stadium To Relocate	Public Subsidy In Excess of $200 Million
Buffalo Bills	Threatened To Move	Public Subsidy, $180 Million for Renovations; Operating Subsidy
Cleveland Browns	New Stadium for 1999 Season	[illegible]

Table 1.—A Selected Overview of Public Subsidies for the Facilities Used by Professional Sports Teams—Continued

League/Team	Situation	Resolution
Cincinnati Bengals	Threatened a Move	New Stadium Approved, public subsidy; $400 Million subsidy
Denver Broncos	Threatened a Move	New Stadium Approved, 1998; public subsidy of $260 Million
Detroit Lions	New Stadium Approved in 1996	$240 Million in public subsidies
Houston Oilers	Moved to Nashville	New Stadium in 1999; $292 Million Package to Move
Indianapolis Colts	Moved from Baltimore in 1984	New Lease With Expanded Subsidies in 1998
Jacksonville Jaguars	Renovated Stadium for Expansion Bid	$121 Million public subsidy
Los Angeles Raiders	Moved to Oakland	New Stadium Lease, Remodeled Stadium; $100 Million subsidy
Los Angeles Rams	Moved to St. Louis	New Stadium in St. Louis; $280 Million+ public subsidy
Miami Dolphins	New Stadium in 1987	Privately Financed
Minnesota Vikings	Want New Stadium	Unresolved
New England Patriots	Threatened to move to Hartford, Connecticut.	Connecticut offered a subsidy of more than $350 million; team accepted new infrastructure from Massachusetts and assistance from the NFL to remain in Foxboro, Massachusetts
San Diego Chargers	Renovated Stadium, 1997	$60 Million public subsidy plus ticket sale guarantee from city
San Francisco 49ers	New Stadium Approved 1997	$100 Million subsidy
Seattle Seahawks	Threatened a Move	New Stadium Approved, 1997, $325 Million Public Subsidy
Tampa Bay Buccaneers	Threatened a Move	New Stadium 1998, $300 Million+ Subsidy

While it is undeniable that there is a level of intangible benefits secured by communities from the presence of a team, these benefits do not translate into any form of economic gain. Across more than two decades a number of researchers from our most acclaimed universities and from the federal agencies have studied the economic development effects of professional sports. There is no evidence that a team's presence generates economic development for a region. Sports facilities largely reshuffle existing spending for recreation among activities in a region. In other words, in the absence of a team, the money spent by people will continue to be expended for other recreational pursuits. To be sure teams do attract a number of visitors to a community to attend games. In addition, the presence of a team does encourage people to spend their discretionary income on local events as opposed to games or activities in other regions. The combination of economic development from both of these sources has been found to be quite small.

LEVELING THE FIELD

The Congress, through past actions has provided the NFL with protection from market forces that has increased the value of each team, the profits earned by team owners, and the salaries earned by players. Congress approved the merger of the NFL with its rival AFL and commitments made by the NFL and its owners to secure that approval have not been honored. When the Congress permitted the NFL to merge with a competitive league, the NFL gave assurances that teams would remain in their existing locations and new franchises would be created. The NFL did create one franchise in the aftermath of the merger, but additional expansions would not occur for several decades. Today, Los Angeles and Houston, still compete for a sole NFL expansion franchise. In addition, while the league committed to keep teams in existing markets, less than 15 years after the merger franchise movement became commonplace. The Sports Broadcast Act of 1961 (Public Law 87–331, 15 U.S.C. 1292) also had the effect of increasing the value of the NFL. Protecting the interests of cities and abating the ability of individual owners to stage unfair competitions for franchises whose value the Congress has protected and supported in exchange for unmet assurances regarding franchise location is not only appropriate, but serves to level the bargaining field between cities and teams.

MLB also has received protection from market forces through its limited exemption from anti-trust legislation and the reluctance of the Congress to [illegible]

Towards these ends, then, Senate Bill 952 is both warranted and takes important strides to correcting the imbalances between communities and teams created as a result of past laws. However, there are some additions or changes that I would like to suggest that the committee consider.

First, it is appropriate that revenues from the broadcast of games be used to establish a pool for the financing of facilities. However, the legislation must make it clear the entity responsible for the repayment of any facility financing loans generated by this important pool of resources. As written, the proposed legislation does discuss the availability of revenue for financing a new stadium or the rehabilitation of an existing facility, but it is unclear on the issue of repayment. Is the intention of Senate Bill 952 to establish a revolving loan fund? Or is the intent to establish a source of funds to provide matching grants to build facilities? There are ways to make both systems work to reach the goals that seem to be the objective of Senate Bill 952, but clarification is required to be sure the intent is clear and the repayment method specified.

Second, it is also imperative that the source of funds for repayment of any load be specified. A failure to identify the source of funds could lead to larger tax burdens for local communities.

Third, it may be more efficient to simply specify that the leagues are responsible for 50 percent of all stadium construction costs rather than specifying the specific source of the funds to be used. Given that the proportion of team income from media varies by sport, leaving the issue of revenue sources to the leagues may be more equitable and far more practical.

Fourth, Senate Bill 952 still leaves open the issues of defining the total cost of a stadium project and the share of these total costs that should be shared between a team and the local community. The next section of my testimony touches on each of these matters.

MATCHING GRANTS OR A REVOLVING LOAN FUND?—METHODS FOR PROTECTING TAXPAYERS

Matching Grants. If a league was responsible for financing 50 percent of the cost of a facility in exchange for a commitment of participation by a local government, then these funds could be considered a grant with any requirements for repayment to the fund left to the leagues and their members. If this were the intent of Senate Bill 952 then I would recommend that the Committee consider more specific language to clarify its intent. A matching grant would, in effect, require the league to develop procedures for sharing the cost of the grant.

Revolving Loan Fund. The same objectives relative to insuring that a league use its revenues to fund half the cost of a facility can still be achieved by treating the funds in the pool as a source of loans if the methods of repayment are carefully specified. If any repayments of these funds are to be made Senate Bill 952 should require that the money used to repay a loan must be generated at the facility. Specifically excluded from repayment programs should be broad-based or general sales or property taxes. In addition taxes on the short-term rental of vehicles, stays in hotels, or citywide or countywide food and beverage taxes or taxes on the consumption the tobacco and alcohol products should also be deemed inappropriate. I would also ask that repayment from gaming revenues (e.g., lotteries or betting pools) also be prohibited to insure that income generated only from stadium or ballpark-related activities are used for repayment. This would insure that the repayment to a loan fund would be the responsibility of a team or the league and would not be shifted to taxpayers. In the case of utilizing gaming revenues, a reliance on this unpredictable revenue stream would constrain its use for other infrastructure projects. In addition, if gaming revenues declined a state or local government might be required to substitute other funds from their general revenues.

The NFL has already indicated a willingness to consider such an option and to use its own revenues to insure repayment. To help finance a new stadium for the New England Patriots the NFL loaned the team half of the money for the new facility. Repayment is to be made from revenues the Patriots would have had to share with visiting teams (luxury seating income). As a result no tax revenues are being used to fund this half of the facility's costs. The NFL has also agreed that in smaller markets a financing plan of this nature will be used to support 34 percent of the cost of a new stadium. The cap on financing new stadia in large markets is 50 percent to dissuade owners from relocating to smaller areas.

The NFL's actions have been prompted by the movement of teams to smaller market areas that have offered large subsidies. The owners that accept these subsidies increased their own profits, but the failure to have teams in th...

and want home teams in America's largest television markets. Senate Bill 952 would insure that the NFL's commitment to financing new facilities continues beyond the current wave of construction. Given the changing economics of sports, it would be wise to insure that there is an on-going and continual requirement for league participation in financing new construction and the rehabilitation of existing structures.

Broadening the Base to Include MLB and Protect Small Market Teams in MLB. The Judiciary Committee might also wish to consider the stipulation that 50 percent of the cost of facility financing (construction or rehabilitation) is the responsibility of the league with repayment required from the leagues' existing revenue sources. Removing the requirement that media funds are used would simply mean that the leagues themselves must develop plans irrespective of the source of revenues they identify. The key elements of any proposed legislation must be that (1) the league provides the funds and (2) repayment must be from facility-related revenues and not from any form of taxation related to activities that occur outside of the facility (or beyond a one mile radius). This would preclude the possibility of shifting the leagues' cost of facility construction to state or local tax bases or reducing the level of gaming revenues available to state and local governments.

A requirement of this nature could then be extended to MLB. Specifying television revenue works to the disadvantage of MLB teams located in smaller television markets. Income from the national media contract for MLB is a far smaller portion of total team revenues then the national media contract is for teams in the NFL. In MLB the difference in revenues earned by teams is partially related to the contracts some teams have negotiated for the broadcast of their games in local markets. Some teams earn in excess of $45 million while others earn less than $5 million. In addition, media-related corporations own some teams and it is difficult to accurately account for their income from the broadcast of games. As such, a simple solution could be to require the NFL and MLB to establish a funding pool for facility construction or rehabilitation that insures that league revenues are used to support at least 50 percent of the cost of all construction. Repayment of any loans received from this fund will be from facility-related income. Revenues from broad-based taxes, taxes on hotel usage or vehicle rentals, and gaming revenues would be exempt from any repayment plan.

ONE OTHER ISSUE

In developing Senate Bill 952 there is at least one other complex issue that I would suggest that the Judiciary Committee consider. This issue involves both the total cost of constructing a ballpark or stadium and the source of local government funds to support the 50 percent investment required by Senate Bill 952. These issues are related and that interrelationship can help forge a solution to a complex issue.

First, as relates to total project cost the required infrastructure that is needed for a stadium or ballpark as well as any environmental remediation or protection can substantially raise the total cost of a facility. A possible interpretation of Senate Bill 952 is that these expenses are not part of the construction costs and this could expose local communities to the very real possibility that they pay more than 50 percent of the cost of a project. Virtually every stadium and ballpark project requires the investment of millions of dollars in new infrastructure or the expenditure of funds to meet environmental issues. A failure to include infrastructure and environmental costs in estimating the expenses associated with a new facility will increase the proportion the public sector pays.

Second, if a local government would elect to finance their share of construction costs for a new stadium or ballpark by administering a ticket tax or some other user fee, a new round in the subsidy war could actually be instigated by Senate Bill 952. For example, if a city agrees to the terms specified in Senate Bill 952, but opts to implement a ticket tax to fund their portion of the construction cost of a stadium, a team owner could elect to move his team. Ticket taxes (or any sort of stadium or ballpark user fee) reduce the income earned by teams. Hence to increase their income an owner might well be attracted to a community that guaranteed to use a broad-based tax or tax on unrelated activities (e.g., vehicle rentals, hotels, etc.) instead of a ticket tax or other tax on stadium operations. A city in a large market that believes its area affords a team owner an exceptional opportunity to earn profits and that elects to fund its portion of the investment with a ticket tax or rental charge could lose the team to another area willing to provide general tax support. In Massachusetts for example, the state will ...

VOTE		DISPOSITION
For	29	Adopted
Against	2	
Abstain	0	

Senator SPECTER. Our next witness is Professor Benjamin Klein, Professor of Economics at UCLA, a position he has held since 1968, and president of Economics Analysis LLC, an economics consulting firm located in Los Angeles. He has had extensive consulting and litigation experience, made numerous presentations to various governmental agencies, is widely published on stadium financing, and has been a consultant to the U.S. Federal Trade Commission and the Antitrust Division of the Department of Justice.

Welcome, Professor Klein, and the floor is yours.

STATEMENT OF BENJAMIN KLEIN

Mr. KLEIN. Thank you, Senator and members of the committee, for this opportunity to address you. I have covered in my submitted written testimony a number of reasons why S. 952 is defective from an economic point of view, but I would like to make here just three points.

First, I want to correct the mistaken impression that stadium projects should be looked at primarily as jobs-creating programs. This is much too narrow a perspective. One must take into account what economist call the public good consumption benefits of these projects. In particular, citizens of a community get benefits from a team even if they don't attend the games, as Senator Feinstein was mentioning.

They listen to the games on radio. They talk to their friends about the team. They read about the team in the newspaper. They identify with the success or failure of the team. And these benefits that consumers receive without paying directly for the product is what economists refer to as public goods, and economists generally recognize that it is legitimate for local governments to support the provision of such public goods. It is analytically similar to deciding to have park land or an opera house or waterfront development. These are quality-of-life type public goods, and the expenditures that localities make on these goods should not be judged solely on their job-creation benefits.

Second, this proposed legislation is not market-driven and, in fact, it creates significant economic distortions. In particular, more stadiums will be built and these stadiums will not be economic; that is, they will not be in the league's and the community's joint interest to build.

Now, the basic economics here is relatively simple. From the individual team's point of view, this legislation would lower the cost of stadiums 50 percent, paid for by the other team owners, so that every individual team will find it in its own narrow interest to get the city to ask for the funds for the largest and most elaborate stadium renovation or construction, even in cases where city and team benefits together don't exceed the costs. And there is no mechanism in the legislation for the league to allocate projects in terms of

overall priorities; for example, an important project to keep a team in an existing relatively large media market.

Third, and finally, it is not clear that local communities will be made better off by the proposed legislation. In my written testimony, I go through a number of cases where basically from an economist's point of view, what is likely to happen is that the league contribution is just going to offset or substitute for the private contribution and not augment the total contribution.

And I guess the basic economics—I see I still have the green light—the basic economics is that the city is willing to pay a certain amount for the stadium project, and they don't really care where the rest of the money is coming from. And that willingness to pay will remain the same and the team will just get the money from the league, and it is not clear in most cases that there will be any decrease in the public contribution because of this legislation.

In conclusion, S. 952 would provide few benefits to local taxpayers, while creating significant economic distortions.

Thank you.

Senator SPECTER. Thank you very much, Mr. Klein.

[The prepared statement of Mr. Klein follows:]

PREPARED STATEMENT OF PROFESSOR BENJAMIN KLEIN *

Thank you for the opportunity to address the Committee on Senate Bill 952, the Stadium Financing and Franchise Relocation Act of 1999.

I would like to begin by noting that sports teams provide substantial benefits to citizens of local communities, including the ability of local residents to follow and enjoy a home team. To an economist it is important to recognize that these valuable benefits also are enjoyed by individuals who do not attend the teams' games. Local citizens identify with the success of the team, follow the team on television and radio, read about the team in the newspapers, and talk with their friends about the success or failure of the team. Indeed, there are few activities that appeal to such a wide cross section of demographic and socio-economic groups as do professional sports. Most analysts of stadium projects today agree that professional sports teams can confer significant economic value on a community in terms of such consumption benefits.[1]

The type of consumption benefits that many people in the local community and surrounding region receive from the presence of a professional sports team are frequently termed "public good" benefits by economists. When private providers of a product can only charge consumers directly for a portion of the total benefits the consumers receive from the product, it is widely recognized in the economics literature that it may well make economic sense for citizens, via their government, to contribute to the provision of the product. Hence, there is a strong economic rationale for local public support of sports teams. Efficient local subsidization does not require that the activity provide economic development benefits, as would roads or bridges. In this regard, stadium contributions from the public sector are analogous to public contributions toward other consumption goods, such as parks, golf courses, swimming pools, zoos, concert halls, and museums.

Many critics claim that stadium projects are poor public investments because they do not create many jobs per dollar of expenditure. However, while sports stadiums do provide economic benefits to local communities in the form of increased local em-

---

* Benjamin Klein is a Professor of Economics at UCLA and President of Economic Analysis LLC, an economic consulting firm. He has written a wide range of articles in the areas of antitrust economics and industrial organization and recently has published research on stadium financing. He has served as a consultant to various government agencies, including the Antitrust Division of the U.S. Department of Justice, the Federal Reserve Board of Governors, the New Zealand Treasury and the U.S. Federal Trade Commission Bureau of Competition and Bureau of Consumer Protection, and to numerous business firms, including several sports leagues.

1 For example, Roger Noll and Andrew Zimbalist discuss these consumption benefits as a classic "externality" arising from a major league sports event. See Roger G. Noll and Andrew Zimbalist, "Economic Impact of Sports Teams and Facilities," in "Sports, Jobs & Taxes: The Real Connection," in *Sports, Jobs, & Taxes: The Economic Impact of Sports Teams and Stadiums* at 58.

ployment, taxes, regional development and the potential to re-invigorate a downtown or other deteriorated area, they are not primarily development or jobs programs and should not be judged solely on that basis. The primary economic purpose of sports teams is to provide consumption benefits to the community.

There is an extensive political process by which local communities make decisions about which activities provide the greatest net benefits to their citizens. Within this political process citizens and their elected representatives decide how to allocate public funds among many alternative uses, such as parks, museums and golf courses. In fact, new stadium proposals that involve significant public funding today typically face substantial scrutiny and often must pass a voter referendum. There is no reason to believe that this political process is less effective in evaluating stadium projects than other public investments.[2]

Many of the largest and most visible of the recent stadium projects have been associated with actual or proposed relocations of teams. One part of S. 952 would reduce the ability of teams to unilaterally relocate in order to extract large stadium contributions. The proposed legislation would give the league the ability to prevent such team relocations that were not in the league's interest. This feature of the legislation is economically desirable. Economic analysis implies that the incentive for an individual team to relocate is much greater for the team than for the league as a whole. From the team's perspective, the economics of the relocation decision involves a relatively straightforward comparison of the expected income from operating in one location versus another. If the new location is offering a new stadium with substantially more lucrative revenue opportunities, such as luxury boxes and club seats, naming rights, pouring rights, and so forth, it will frequently be in the team's interest to move.[3]

In contrast, even though such moves may raise the moving team's income, they are often not in the league's interest. The effect of a team relocation on league income depends on a variety of other factors that the team generally will not take into account. For example, team relocations frequently anger many fans in the original city, thereby damaging the public image of the league and reducing the total demand for the sport. Some relocations may also disrupt the leagues' optimal geographic coverage for broadcasting and other purposes. For example, while the relocation of the Los Angeles Rams to St. Louis made financial sense for the team because of the attractive financial package offered by St. Louis, the NFL as a whole was left without a team (and with many disgruntled fans) in the nation's second largest media market.

From an economic perspective, sports leagues attempt to internalize these adverse effects of team relocations to a far greater extent than individual team owners do. Consequently, many recent team relocations would not have occurred if sports leagues had the unambiguous legal authority provided under S. 952 to prevent relocations by individual teams that are contrary to league interest. For example, the NFL engaged in costly and protracted litigation to prevent the Raiders move from Oakland to Los Angeles. After the Raiders decision, the NFL was largely helpless to prevent the Colts move from Baltimore to Indianapolis, the Rams move from Los Angeles to St. Louis, and the Browns move from Cleveland to Baltimore.[4]

The proposed legislation recognizes the divergence between team and league interests and would implement a constructive change by giving the leagues an antitrust exemption for preventing franchise relocations that are contrary to the league's interest. This legislation would have a substantial positive effect in reducing relocations and would mitigate some of the perceived problems with the current stadium financing situation.

The legislation also would take the productive step of expanding the leagues' antitrust exemption for negotiating national broadcast contracts to include cable and

---

[2] This is particularly true after the Tax Reform Act of 1986, which has ensured that issuance of federally tax exempt bonds is only available for projects that have significant value to many of the residents of a local community by requiring that repayment of such bonds be funded at least 90 percent by general as opposed to stadium specific revenue sources. Therefore, the Tax Reform Act of 1986 has generated a substantial increase in the frequency with which stadium proposals must be tested by voter referenda and has resulted in significant increases in private funding and decreases in public contributions of sport facility construction. In fact, several recent stadiums are now being financed primarily with private funds, such as those in Carolina, Washington and Philadelphia.

[3] The fact that many of these revenue streams are not shared among teams, as are gate receipts and television revenues, increases the attractiveness of such deals to an individual team.

[4] In his testimony before this Committee last week, Professor Rosentraub argued that the NFL "reneged" on an agreement with Congress to prevent team relocations. He ignores the fact that the courts effectively eliminated the league's ability to control team relocations after the Raiders decision.

paying the other 50 percent), the city would still be willing to do so after. All that would happen is that the league would replace the team as the source of the private contribution. But the city would not care where the team obtains its funds. Of course, as noted above, the team would not be indifferent to whether it or the league pays the private contribution and would always seek league financing for the largest and most elaborate stadium, regardless of economic efficiency.

Even for stadium projects where the public contribution would have been greater than 50 percent in the absence of the legislation, say 60 percent of the project, and therefore the league's 50 percent contribution would more than replace what would have been the team's 40 percent contribution in the absence of S. 952, it is not clear that the local contribution to the project would be reduced by the proposed legislation. This is because individual teams would seek alternative ways to get state and local governments to continue to make the same dollar contributions they were willing to provide in the absence of the legislation, but in a different form. Since the communities' underlying benefits from having the team have not been reduced by the proposed legislation, there would always be strong economic forces leading teams and cities to "undo" any reductions on public contributions to stadiums by providing the benefits to teams in other ways. For example, teams and local governments could respond to the reduction in the public's up front contribution to stadium costs by reducing or eliminating the team's rent, by allowing the team to retain a larger portion of stadium related revenues, or by increasing the size and cost of the stadium project and infrastructure investments, such as, parking facilities or road improvements. Hence, even in those cases where it appears that the proposed legislation will provide significant cost savings to taxpayers, the magnitude of these benefits may very well be non-existent.

The only stadium projects for which S. 952 would have the effect of significantly reducing the public contribution would be previously negotiated projects under construction. This is because the retroactivity provisions in the proposed legislation would effectively re-write many of these agreements after the fact, without permitting any market offsets. But such retroactivity alters the financial terms agreed to by the parties after extended periods of negotiation, including in many cases direct voter approval and other extensive political processes.

S. 952 would also undermine the relationship between the leagues and their players. The NFL currently operates under a Collective Bargaining Agreement with the NFL Players Association under which approximately 63 percent of the league's "Defined Gross Revenues" (which includes network television revenues) are shared with the players. This agreement was reached after years of intense bargaining and litigation and has been credited with reducing labor conflicts between the league and its players. The proposed legislation inappropriately inserts the federal government into this collective bargaining relationship and allows state and local governments to implement large wealth transfers from the league as a whole, and from the players, to individual teams.[5]

S. 952 also lacks any mechanism by which monies from the proposed trust fund would be allocated across different stadium projects. Some process would be required to evaluate each proposal and determine funding priorities among the many competing projects. Obviously, such a process could lead to expanded federal intrusion into the industry and additional inefficiencies. In contrast to this expanded governmental role, the NFL has recently adopted a new resolution that provides substantial league-wide contributions to stadium projects, while avoiding the adverse incentive effects and other inefficiencies of the inflexible government mandate in the proposed legislation. Under the NFL's new "G–3" plan, the league has the ability to evaluate all proposed projects from the perspective of the league as a whole (taking into account the potential differences between team and league interests discussed above) and can withhold funding for inefficient projects.[6]

Yet another distortion of S. 952 is that it would put at risk the league's ability to negotiate national broadcast contracts. Since national broadcasting represents a very large source of shared revenue (particularly in the NFL where it exceeds gate receipts for many teams), the loss of these revenues would greatly exacerbate reve-

---

[5] In his testimony before this Committee, Professor Zimbalist agreed that this is an inappropriate role for the federal government.

[6] The G–3 plan builds on and extends existing cooperative efforts between the league and the players to assist individual teams to finance new stadium facilities. The league has contributed hundreds of millions of dollars to date under these plans and, based on current commitments, this amount will grow by an additional hundred million dollars each year.

from elected officials, why don't we let these rich players, who are getting so much money on these multimillion dollar contracts, why aren't they paying for some of the stadium construction?

Well, in fact, in Philadelphia they will be, because the increase in NFL salaries, as you know, the cap, the spending cap in the NFL is going to double in the next 3 or 4 years. That increase, the incremental wage tax that the players will be paying from those increasingly inflated salaries is going to pay for the new stadium, so I would love to have had a plan like Senator Specter's in place.

It would have meant that we could have probably kept some more of the increment as opposed to putting it into the stadium construction itself, but the good news is, not $1 of capital or operating cost will be affected by the leases that I believe we are going to sign. Not $1 will be diverted from the capital operating budgets of the city of Philadelphia.

And Senator, I always hear, well, why don't we use this money for something else. Well, in our case—the State money is a different question, but in our case the moneys we are using would not exist were we not to have a stadium. We would not have a surcharge without a new stadium, we would not have a rental car tax without a new stadium, we would not have tax increments without a new stadium, and so it is not like we are taking revenues that would potentially exist for other causes and diverting them to building stadiums for sports teams.

We are basically using what the new stadiums will kick off to fund the stadiums on the city share. On the State side, I understand the argument, shouldn't those State dollars be used for something else. Obviously, people have to understand the distinction between capital and operating dollars.

They could not be used to fund, for example, what I believe is a significant deficit in moneys that the city of Philadelphia gets from the State for schools, because they would be one-shot infusions, which would not help over the long run on the operating budget.

Could they have been used for school construction? Yes. They could have been used as a one-shot ability to help us rehabilitate some of our schools. But on the city side we have been able to fashion it in a way that, again, it is basically the revenues that the new stadiums kick off, the surcharge tax incremental revenues, etc., and the deferred or transferred revenue that is used to maintain the current stadium, to pay for the stadium.

Having said that, it would still be great to have Senator Specter's bill. I only raise two caveats to Senator Specter's bill. One is, there are no guarantees that every city could tap into the trust fund, because, as the bill correctly says, it is trust funds as available, and so let us assume four cities decide they want to build new stadiums.

Let us assume those four cities use up the trust funds. We are the fifth city. Philadelphia or Pittsburgh is the fifth city to come along. What happens to us? We have to wait until a new contract is signed for TV revenues. It may not be workable.

We have a system in sports where even when there is a salary cap, as there is in the NFL, the Dallas Cowboys produce $50 million a year more in stadium revenue than the Philadelphia Eagles

Kimberly Green

From: steven.liebenow@att.net
Sent: Tuesday, December 06, 2011 3:09 PM
To: Mayor and Council
Subject: City of Santa Clara Council- Visionaries of what?

All,

As a 30 year tax paying resident of Santa Clara, I am ashamed to say so, when it comes to talking to people about the idea of moving the 49'ers to Santa Clara. When asked about the deal, I cannot provide any information that I would call truthful, as the truth seems to be hidden from view and no one in the council seems to want to tell the people what we are really in for, in the long term, IF, none of the plans for financing work out! What are the long term risks? Everyone seems to be planning for success, but even then I don't see it being a gold mine in any manner for our fine city. These days, you must also face the realities that none of your ideas may bear fruit, and must plan for drought!

Back at the turn of the last century, our city took a very huge step forward when they voted to create electrical power project that we all benefit so much from today. They also took a large risk, but a risk that was likely to be minimal as the city grew. Thankfully these city fathers were correct, as their vision came to be. I cannot see what the vision plan of the current city council is? What is the benefit of hosting another city's' team for 20-30 years? At the end of this period of time, the stadium will still be in debt and the entire project will still be a net loss on the balance sheet from what I can figure now. Nothing but expenses for our city.

While easier to expect a population to grow and require more power, I just cannot see justification for taking on such a burden for a sports stadium that offers so little in return!

At a time when our city budget has problems, millions over budget, I cannot imagine such a hair brained idea as to want to take on not only some $114M or so dollars of additional burden along with the totally unknown hidden costs that are being kept from Santa Clarans under the guise that they are "undetermined". The other $330M of money that is supposed to come from the Stadium Authority is unbelievable in terms of it's sources. The true burden of the parties responsible for this $330M figure should be well communicated in the likelihood that none of the proposed plans to raise this money succeed. Who pays if the Stadium Authority fails? This is not clear to me at all.

I just can't see what part of this deal is good for Santa Clara. The risk here is that at the end of the day, we will be "stuck" with the expenses that the 49'ers do not want to take on. Parking costs & security costs to name the biggies. What happens to the Stadium Authority if they cannot raise any (significant) monies? Does the whole project default? If so, to whom?

Santa Clara doesn't get any of the NFL profits related to the 49'ers, San Francisco apparently still gets that. I'm sure that the City of SF will be glad to be rid of the problems at the games and the traffic jams around Candlestick Park. IF we are able to fill the stadium roster on the off season with such whimsical ideas as truck pulls and music events, we only get 50% of that revenue! With the number of these types of stadium events being such that you could count them on one hand....perhaps two if you combine all the current stadiums in the Bay Area....it is laughable that we'd even consider this as income! If you have other concrete sources of off season income, now would be the time to inform the residents, because the people I talk to just aren't seeing it either! We're not idiots yet the Stadium Authorities must think we are!

With Shoreline just a hop skip jump up the freeway in Mountain View, why on earth would anyone consider playing music in a stadium any more? That practice pretty much died with

Bill Graham.

Truck pulls.....really? When was the last.....? Grand stands look pretty empty on the events I've managed to find on TV reruns..... now if we could get a NASCAR track on the grounds somewhere, you may be able to make some serious cash off season!

I would bet that selling parking spots for weekend swap meets would garner more income than truck pulls...and that is still chicken feed compared to what the City of Santa Clara is giving up to the 49'ers.

Where is your business plan and business sense??? It is notably absent from communications to the tax payers, the very people that pay your salaries! It truly is beginning to feel like most of you have fresh 49'ers tattoos somewhere on your bodies in addition to their representatives in your back pockets! I think you all owe the people of this fine city an open and honest appraisal of what it is EXACTLY that you are looking to get out of this deal, because many are not seeing it! The rest have consumed the same kool-aid that the stadium authority members got into...and it has clouded their business sense! With a budget overrun of some $14M or so, I think the track record has been established.....the City of Santa Clara doesn't know how to run its' affairs.

If I walked into a bank to try and refinance my little <$500K house, I would be put through more scrutiny than you the council has allowed the residents of Santa Clara in this deal.

"How much money do you have to put down?" "Somewhere around 4%."

"What is your current cash situation?" "We're broke. Negative cash flow...."

"Where is your income coming from" " We get some from the game proceeds, some is naming rights and seat license sales, but the rest is from things that we haven't figured out yet...."

"In the event you cannot sell the naming and seat licenses, what happens then?" ....no answer..... "Anyone?" ....still no answer....

"What are you going to use the stadium for in the off season?" "Well, we have lots of things." "What are these things?" "Many different great things." "Do you have any signed contracts of commitment showing guaranteed income from these great things?" "No, but when we do, they will be published."

"Do you have a business plan showing your projected revenues and expenses providing none of these off season events occur?" "We do, but we can't share it with anyone."

With reports of stadium naming rights going unsold for past SuperBowl champions, and large numbers of unsold seat licenses years after they were sold as the next best thing to finance a stadium with..... how can you really think that this is a great idea for the City? If it didn't work for other stadiums, why is it going to work here? If the 49'ers want a new stadium so badly, they should be paying for it themselves. We can rent them the dirt, but at a rate that is profitable to the City! This is not a "Field of Dreams" where we scratch the dirt flat, plant a little grass and put up some wooden bleachers! We're talking a BILLION dollars here! Show us the residents how we are going to make back our investment without the rosy glasses please! Keep the smoke and mirrors aside. This is not the time for that.

I know that there will be residual income from hotel rooms and foods. But with only 10-12 home games a year, that leaves 40-42 weekends a year that there is no income coming from the stadium. A big empty hole in the ground so to speak, into which this City will be shoveling lots and lots of money.

Let's talk jobs. New jobs? How many? The hotels and restaurants only have to gear up for 10-12 weekends, so they won't be hiring any full time help. Some OT for the part timers parking cars, cleaning rooms, and waiting on tables. I'm

pretty sure that most of the grounds keepers and other such employees of the organization will have new jobs here. Maybe add a handful of local help..but I doubt many.
Since the construction companies in the (aided by the help of Sacramento) running for the construction jobs are all owned by 49'er type owners etc, we shouldn't see a whole lot of full time jobs there, and even if there are positions, they end once the stadium is finished. Short term blip on the radar. Nothing permanent. Certainly not the longer term jobs that we have become so accustomed to in the electronics industry. Food services and ticket sales will probably be handled by the same companies already providing such services at existing stadiums....again more of the same part timers...not full time Santa Clara residents.... We will certainly have a cooperative police force, as every game has potential for lots of over time. Even San Jose and Mountain View's forces will undoubtedly benefit from this too. However, the City budget loses money on every game on this aspect!

Let's not forget that someone will need to negotiate with the small companies in the area to try and find parking for thousands of people to park their cars. What happens if these small businesses refuse due to security risks and liability issues? Could happen! I wouldn't want to rent out my parking lot to a bunch of beer drinking fans disillusioned by a bad game or a bad season...so they decide to urinate all over the plant life, toss their garbage about, and perhaps even decide to do some more destructive damage to the structures. Think it won't happen? Maybe not.......but it could! People aren't supposed to get beat up at sporting events....but they do.....

So, perhaps you can see my skepticism here. Lots of "undetermined" income, many undetermined expenses....and no (full) disclosure in simple English as to who is paying what when encountered. Yes sure, these issues get piled onto the "stadium authority" which is the same bunch of overwhelmed officials that can't manage a simple city budget already. Harsh? Perhaps. But when you threaten the hard earned money that I make, with such horrible business actions, you the Council deserves to hear how I feel! I'm out in left field not knowing what is going on...and that is not a productive relationship to have with anyone. If our budget problems were/are caused by Police and Fire unions already running over the Council (and I'm not sure that this is the real case...but suspect that it has much to do with it) then can you imagine the problems that will be inflicted by the 49ers and their legal team when it comes to the determination of who pays for what once things are underway? We'll be in the courts for years battling over definition of terms.....related to the agreement that is written so wide open you could drive mining trucks through it! Pre-planned bypass strategies.... Yes we are told that the 49'ers will pay any over runs......but do I believe it? Nope, not for a second. We'll be paying for paint for the walls, repairs to the plumbing fixtures, new seats, blacktop, light bulbs.....you name it. And we get essentially 50% of nothing in the end....above a pittance in rent and ticket sales for 10-12 regular season games.

So, please, take some responsible actions here and come out with the REAL plan for the City of Santa Clara. Provide an open dialog so that we the people understand what we are in for...... don't keep pulling the wool over our eyes...only to find out the real truth decades into the future! This deal needs to be as good in failure as it is in success. Keep in mind the recent disaster in our financial markets related to subprime mortgages. MANY failed to heed the warnings of the economists...but legislation was passed to allow these risky practices....some heeded the warnings and are still in business. Others discarded the warnings and are now mere names on empty paper in landfills and old billboards. In the mean time the entire countries' real estate has taken a hit at the expense of the few that gained from the deceptive practices. Don't let the 49'ers run over you, the City Council, because it sure seems like you are getting out maneuvered and steam roller-ed at every turn!!! Not the case? Well then have open meetings and tell me how well you are doing for me and back it up with hard figures....not some "build it and they will come" attitude. Tell that to the people that financed the Raiders' return to Oakland, see how they react!

You would be well served as a council to face this project in a real and non-deceptive manner. If the business plan isn't holding water, then don't sail! I don't think any one would fault the Council for pitching this deal to the side because it is less than optimum, or that we as a city aren't in a financial position to take it on any longer. But, you need to either face it and call it what it is, OR, come out and tell us, the City of Santa Clara residents, what the real deal is, and quit hiding behind the tails of the 49'ers spokespersons who have absolutely no interest what-so-ever in the needs of the City of Santa Clara. Their actions have already shown this....and nary anyone from the City Council spoke up and said "foul"! When it comes time for the vote to increase taxes or sell bonds to pay for this stadium, in the future, I will be voting no.....tear it down and recycle the steel..... next tenant please!

Thank-you for your time.

Steve Liebenow
Santa Clara
408-727-8678 eves and weekends.

Kimberly Green

From: Rhonda Starnes [ilove2qlt@yahoo.com]
Sent: Tuesday, December 06, 2011 3:05 PM
To: Mayor and Council
Subject: 49er stadium

Please, please do NOT allow our city to take out this huge loan for the stadium!!
Our city already has budget cuts. The schools need money, our library is closed when I go there due to budget cuts. The classroom size has increased!!

Is football more important than educating our children?? They are our future.

If you don't agree with education, then maybe consider the state our city is in. Mervyn's mall sits empty, there is vacancies all up and down El Camino. There have been talks about a "downtown" area. Improvements like these are far more important than building a stadium.

Thank-you,
Rhonda Starnes

Sent from my iPhone

Kimberly Green

From: Victor Valencia [vavalencia@gmail.com]

Sent: Tuesday, December 06, 2011 3:03 PM

To: Mayor and Council

Subject: Loan increase for 49er's Stadium

Dear Council members and Mayor Matthews,

As a 12-year resident of Santa Clara I strongly oppose the $850 million loan to be obtained by the Stadium Authority for construction of the 49er's stadium. The measure J vote was for $330 million and an increase of $520 million is unconscionable considering that our public libraries are reducing their hours and city employees are experiencing furloughs. I do not believe that the stadium will generate enough income for Santa Clara to pay off that huge loan and we will end up dipping into the general fund in order to make the payments.

I am also incredibly concerned about the possibility of the Oakland Raiders sharing this facility. This was also not included in measure J and, quite frankly, I don't want tax dollars spent to support the type of behavior exhibited by Raiders fans. This will cost Santa Clara even more money when the police coverage has to be increased.

I urge you to uphold your duty to ALL of the Santa Clara citizens and not just the sports fans. This stadium will ruin us and our city.
Please stop this insanity.

Victor Valencia
2105 Denise Dr
Santa Clara, CA 95050

Kimberly Green

From: Cindy Church [cindo_c@yahoo.com]
Sent: Tuesday, December 06, 2011 2:19 PM
To: Mayor and Council
Subject: Please do not borrow $850 million to fund the stadium

Dear Council members and Mayor Matthews,

I'm urging you, as a Santa Clara resident and property owner, please do not vote to borrow $850 million to fund the 49ers' stadium. I'm opposed to using public funds to support a private, multimillion-dollar operation, especially when the city is facing its own economic crises. I voted No on Measure J, and I continue to oppose the 49ers' stadium. Our taxpayer dollars can be better spent to:

- Improve the Franklin Mall area (Have you seen how crowded the mall is on Saturdays during the Farmer's Market?)
- Modify the curb appeal of businesses and infrastructure along El Camino
- Give back to the schools
- Keep the library open longer hours
- Stop the mandated city employee furloughs
- Use the money to encourage small business development and growth in Santa Clara

I have many concerns about building a stadium in Santa Clara, especially when there are rumors of the stadium being used by the Oakland Raiders in addition to the 49ers. After the August 21 incident at Candlestick Park, when two people were shot and one was beaten, I do not want my tax dollars relegated to support this type of behavior in my city.

I urge you to please reconsider your support of the 49ers' stadium and vote NO to borrowing funds.

Thank You,
Cindy Church

Kimberly Green

From: Karen Shamban [karenss55@yahoo.com]
Sent: Tuesday, December 06, 2011 2:04 PM
To: Mayor and Council
Cc: Karen Shamban
Subject: Stadium debt

Mayor Matthews and Santa Clara City Council Members:

As a 15-year resident of Santa Clara and a taxpayer, I am extremely distressed to read about the financing "deal" that the city and stadium authority have agreed to with the San Francisco 49ers and investment banks. In no way does the current debt risk and commitment resemble what citizens were asked to vote on when the stadium initiative was proposed. How we've gotten from a $42 million commitment to $850 million is inconceivable and requires explanation from you -- our city government. And how can you expect a small city like Santa Clara to take on the largest loan to a public agency for an NFL stadium -- loans bigger than those being shouldered by much larger cities than ours? As voters we've been misled by you and as taxpayers we're extremely concerned that more money will have to come out of our pockets to pay off debts we've never agreed to.

Now that there is full knowledge of the financial package needed to support this stadium initiative, the right thing for the city to do is to have another popular vote in the very near future to see whether we taxpayers would agree to the stadium initiative given what we know now. I know a vote would cost money, but the amount spent on that to determine what the citizens of Santa Clara truly want now that we have full information is preferable to our city leaders taking us down a path not of our choosing and endangering the solvency of our city.

Please do the right thing for the citizens of the city we elected you to govern.

Thank you for your consideration - I look forward to hearing your action plan.

Karen Shamban
2332 Villa Place
408-988-8335

Kimberly Green

From: Ken Thomas [krt95050@pacbell.net]
Sent: Tuesday, December 06, 2011 1:59 PM
To: Mayor and Council; letters@mercurynews.com; scweekly@ix.netcom.com
Subject: Stadium costs

I see in the news that the costs for the new stadium are far beyond what was disclosed during the election. This does not surprise me given the amount of money that the 49ers spent promoting Measure J *and* to past campaigns of Patty Mahan, Jamie Matthews, and Pat Kolstand. That was a good business investment for the 49ers as that allows them to avoid the $850 million loan that is about to hobble our city's future. It's just a matter of time before another statement from that same election, Matthews giving an "iron clad guarantee" about no new city taxes being used, becomes yet another false election claim just like George Bush and his famous "Read my lips, no new taxes".

It saddens me that the citizens of Santa Clara have been so blatantly misled and will have decades of dept to pay off as a result.

Ken Thomas

Kimberly Green

From: Alan Eft [alaneft@gmail.com]

Sent: Tuesday, December 06, 2011 1:41 PM

To: Mayor and Council

Subject: Reject Stadium Funding

The funding of this stadium project has just gotten out of control. This is not the debt that we anticipated when Measure J was approved by a narrow majority of Santa Clara residents. $880 Million is a huge debt to take on for 25-40 years, not to mention the Millions of City dollars that are going to be wasted [and provide no benefit except] to pay the interest on these loans.

This is just too much money to spend for the minimal financial benefit the City can get out of this, while other City services are going to suffer and go under funded.

I know the statement is being made that no General Funds will be spent, but it is still City money that is being diverted to benefit the 49ers.

It seems to me that some City Council members are so anxious to get the 49ers into Santa Clara that they don't care about the consequences and can only think with grandiose optimism that everything is going to be ok.

Alan Eft
2305 Falling Water Ct
95054

Kimberly Green

From: Elaine Moore [blueeyed.baby@att.net]

Sent: Tuesday, December 06, 2011 1:38 PM

To: Mayor and Council

Subject: 49'ers stadium

A BIG FAT NO we do not want the SF 49'ers here we want our town to stay the way it is and NOT get into $850 million$ debt ..

Ken and Elaine Moore

Kimberly Green

From: Paul Buchanan [dbuch981@msn.com]
Sent: Tuesday, December 06, 2011 1:31 PM
To: Mayor and Council; Manager
Subject: Today's Enthusiasm is Tomorrows Sorrow ~~~

Don't let today's enthusiasm become tomorrows sorrow !

Though both the 49er's & the Raider's teams should really consider Golden Gate Fields, which is available and a lot more sensible, it seems our city council is intent to entangle us into a long increased taxes to pay for just a little entertainment . . .

SF Chronicle FRONT Page Today !

49ERS STADIUM

Lee has only slim hope that team will remain

By Heather Knight

CHRONICLE STAFF WRITER

San Francisco Mayor Ed Lee on Monday acknowledged that there's very little time left on the clock to persuade the 49ers to stay in the city — and that Santa Clara is all but assured a win in the battle to claim the team after it announced last week it has secured $850 million to finance a new stadium.

Lee is scheduled to meet Thursday at City Hall with 49ers owner Jed York, but said persuading him to switch gears would be "a very steep uphill climb." And it doesn't sound as though it's an endeavor Lee will undertake.

"I've still got a good relationship with Mr. York. We're still talking about whether it's 110 percent done yet, but it is getting very close," Lee said.

"It's a business decision that's being made here. If someone's got hundreds of millions of dollars lying around, we haven't seen it." "Jed York has a lot of respect for Mayor Ed Lee and his vision for San Francisco," said 49ers spokesman Steve Weakland. "They do have a meeting scheduled to talk about several things. With respect to our stadium project, however, the 49ers are committed to building a stadium in Santa Clara."

Santa Clara city officials last week announced that three banks — Goldman Sachs, Bank of America/Merrill Lynch and U.S. Bank — have pledged a total of

---

Mayor Ed Lee

**"I've still got a good relationship with (49ers owner Jed) York. We're still talking about whether it's 110 percent done yet, but it is getting very close."**

Liz Hafalia / The Chronicle

$850 million to pay for a new stadium, now projected to cost $1.02 billion. The city would pay back the banks' loan over 25 years through ticket sales, rent from the football team and naming rights.

The rest of the money is expected to come from the National Football League, a hotel tax and redevelopment funds, if available. The city plans to open the stadium in 2015 if not before. Several public meetings to review the stadium project before Santa Clara officials are set for this week and next, and final approval is expected in the spring.

Raiders come into play

Lee said the city's only hope to keep the 49ers, which have played in San Francisco for 65 years, is if the NFL doesn't approve the Santa Clara plan. The league has been promoting stadiums shared by two teams, and Lee believes the Oakland Raiders would be more likely to share a San Francisco stadium with the 49ers than a Santa Clara one.

"That's the only shot we have," Lee said.

But not all San Francisco officials are resigned to a loss. Planning commissioner Mike Antonini, a 49ers season ticket holder for decades, has put a major architectural firm known for designing stadiums around the country in touch with Lee's staff.

The firm, which declined to be identified, hopes to be hired by San Francisco to flesh out a plan for a stadium in Hunters Point. It envisions an all-weather stadium with a retractable roof that seats roughly 70,000 fans and showcases the neighborhood's stunning views of the city skyline. The idea would be to enable the city to bring in money in the offseason through events including concerts, conventions and the Final Four college basketball tournament. The architectural firm has ties to an investment company that believes it could pony up $500 million to $600 million.

"I think it's important that the public know there's another option out there," Antonini said, adding Santa Clara is "not a done deal" and that the Hunters Point plan would make more sense for the team's fan base, which mostly lives closer to the city than to Santa Clara.

Open to change

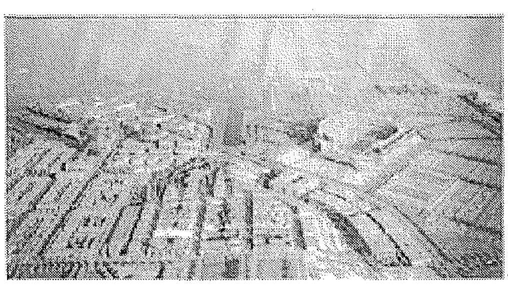
Lee's staff did not comment on Antonini's vision. The mayor is, though, touting to York an improved plan for the Hunters Point stadium that would include a better interchange off Highway 101 to shave 15 minutes off the travel time. Otherwise, Lee said, he's got to focus on making San Francisco as economically strong in general as it can be.

"If something were to happen to shake this particular Santa Clara decision, we'll be open and we'll be there," Lee said.

Besides, he added, the team is still playing in San Francisco for now — and could enjoy a very successful postseason after making it to the playoffs for the first time since 2002.

"We're headed toward the Super Bowl, I think, so it's still very exciting for us," Lee said.

E-mail Heather Knight at hknight@sfchronicle.com.

SF proposed stadium at Hunter's Point

Kimberly Green

From: Marc . [sfcamaro69@hotmail.com]

Sent: Tuesday, December 06, 2011 10:43 AM

To: Mayor and Council; letters@mercurynews.com; scweekly@ix.netcom.com

Subject: 49ers stadium

It is not right that a few city council members and the mayor are allowed to hide the true costs and not be held accountable. The 49ers need Santa Clara far more then Santa Clara needs the 49ers. Why are the 49ers allowed to borrow money from Bank of America and Goldman Sachs and lend it to Santa Clara passing the interest plus more to Santa Clara to pay? Why is Sadco allowed to run and profit from the parking during NFL games? Santa Clara should be dictating the terms. The 49ers should be happy to get a $500 million dollar stadium and Santa Clara should make the majority of the profits. Santa Clara has the leverage and should be using it.

Kimberly Green

From: Sarah Marschall-Scott [sarah@marschallmarketing.com]

Sent: Tuesday, December 06, 2011 10:18 AM

To: Mayor and Council

Subject: SA loan

I'm just a simple Santa Clara voter and this "49er deal with the SA" does just not add up and it sure isn't what we thought we voted for. Council Vote no on it. Please this can have the brakes put on it even at this point. A huge liability it seems to me for our city.

sincerely, Sarah

Kimberly Green

From: Nancy Lang [nancy@4lang.net]
Sent: Monday, December 05, 2011 11:57 PM
To: Mayor and Council
Cc: William [Bill] Bailey
Subject: 49er Stadium DDA

Good morning Mayor and City Council members,

What you are about to do is outrageous. The City of Santa Clara will be in a sea of debt forever. Does anyone that has the City's best interest in mind, wholeheartedly, and with no reservations actually approve of this DDA? Or, has it been written by the 49ers, with its interest in mind?

The 49ers have dictated the path of this project from the very beginning.

In November 2006, the San Francisco 49ers announced plans to construct a new football stadium in Sant:

The City issued "Guiding Principles for 49ers Negotiations" – most of them have been ignored.

Then there was the gut and amend SB43.

In August 2009 a Charter Review Committee was established. After careful review and consideration of all the information and materials presented, the Charter Review Committee made the following recommendation: The recommendations were virtually word for word of what the 49ers asked the Charter Review Committee to endorse.

Lisa Lang, vice president of communications for the 49ers made the statement: "The more we learned about the legal dynamics about the (California Environmental Quality Act) process, the more we realized a city ballot measure could be subject to delays to the project if an EIR challenge was successful."

Then the 49ers moved on to Measure J.

Who is watching out for the City's best interests?

Sincerely,
Nancy Lang

Kimberly Green

From: Nick Psaros [bglbaily@yahoo.com]
Sent: Monday, December 05, 2011 9:07 PM
To: Mayor and Council
Subject: 49ers Stadium Financing

Honorable Mayor and Santa Clara City Council Members,

I am a 22 year resident of Santa Clara and am very alarmed at 49ers Stadium Disposition and Development agreement. When we voted on Measure J, we were assured of the fiscal responsibility that our city would take in regards to the stadium. At the time we were told that only $114,000,000 of city redevelopment funds would be used to finance the stadium. The 49ers would be responsible for raising the additional funds to build the stadium, 88% of the total cost. This was an "iron clad" deal where all the risk would fall upon the 49ers, no risk to our city.

Now we are learning that the Stadium Authority (which is made up of our City Council members) is responsible for $850,000,000, in loans, while the 49ers will only have to raise $150,000,000. This does not seem to support the spirit of Measure J that we voted for. I feel that the City of Santa Clara will be taking on all the financial risk of this project, while the 49ers gain all the benefits of the project with minimal risk.

Please be responsible and do not support this agreement that would put our city in great financial risk.

-Nick Psaros

Kimberly Green

From: Colleen A. Morris [tgcm@comcast.net]

Sent: Monday, December 05, 2011 8:09 PM

To: Mayor and Council

Subject: Stadium Deal

The Santa Clara City Council's latest deal to bring the 49er's stadium to town at any cost is representative of all that is bad in American political leadership today...Arrogance. Closed meetings, no bid contracts, making enormous changes to what the people voted for. One thing the people of Santa Clara now know is that they have a city council that will do anything to get their way and that they cannot be trusted.

Tom Gabriellini

Kimberly Green

From: Brian Christensen [bschristensen@hotmail.com]

Sent: Sunday, December 04, 2011 3:57 PM

To: Mayor and Council; Manager

Subject: Redevelopment money for SCUSD trigered by Stadium

Dear Mayor and City Council,
Thank you for your service and for doing all that you do to make Santa Clara the great city it is. Regarding the $22M dollars that were estimated to go to the Santa Clara Unified School District as a result of the 49er Stadium project (Part of Measure J). I wanted to get an update on if the school district is still on track to recieve these funds in light of the state's efforts to end redevelopment agencies and the pending final language in the DDA. See the clipping below from the city's website.

Thanks again,
Brian Christensen
bschristensen@hotmail.com

"The Redevelopment Agency's authority to issue new bonds or incur new debt expired in 2004 pursuant to the terms of the Bayshore North Redevelopment Plan. Under California redevelopment law, the redevelopment plan may be amended to eliminate the debt incurrence time limit. Such an amendment triggers a requirement that the redevelopment agency pass through (that is, pay) a portion of the tax increment revenue, generated in the redevelopment area after the amendment, to the taxing agencies, including the school district. It should be noted that before the Redevelopment Agency could undertake any new project, a redevelopment plan amendment would be necessary to eliminate the debt incurrence limit, which would require the statutory pass-through payment.
If the Redevelopment Agency amends the redevelopment plan to eliminate the debt incurrence time limit, based on current tax increment projections, the City's Redevelopment Agency would collect $19 million more over its lifetime, the Santa Clara Unified School District would gain approximately $22 million, the County Office of Education would gain approximately $3 million, and Mission College would gain approximately $3 million. These figures are all Net Present Value (NPV)."

Kimberly Green

From: miltko [miltko@comcast.net]
Sent: Sunday, December 04, 2011 2:53 PM
To: Mayor and Council
Subject: 49er's stadium DDA

There are too many hidden large extras in the DDA that we Santa Clara citizens did not vote to agree with. I now oppose the stadium. Stop the project and be satisfied that the costs to date are cheap compared to the long term cost to Santa Clara. If the Council agrees to conform this document, you are all subject to impeachment and/or worse.

Milton Kostner
530 Meadow Ave
Santa Clara CA 9551
miltko@comcast.net

--

Kimberly Green

From: Howard Myers [1hmyers1@comcast.net]
Sent: Sunday, December 04, 2011 6:18 AM
To: Mayor and Council
Subject: 49er stadium, Legacy or albatross?

For you stadium supporters, you may see this as an opportunity to establish a living legacy, to bring a NFL team to our little town but this is now being seen as your personal albatross.

As we learn more about it we are seeing how you small town yokels are being made a fool of by the high paid attorneys and pitchmen. The problem is, we tax payers and our children will be paying for your education.

What does the future hold for our children when most of their city tax dollars are going to pay pensions for people that no longer work and subsidize a stadium for professional ball players?

Maybe when we have the last city clean up we can afford we can throw out dirty used politicians, but it will be too late.

Thanks for nothing.

Howard Myers
1398 Las Palmas Drive
SC