# THE ECONOMIC AND FISCAL IMPACTS OF A NEW A'S STADIUM IN OAKLAND AT ALTERNATIVE LOCATIONS

**A Report to**

**Let's Go Oakland Committee**

**From**

**GRUEN GRUEN + ASSOCIATES**
*Urban Economists, Market Strategists and Land Use/Public Policy Analysts*

**APPLYING KNOWLEDGE**
**CREATING RESULTS**
**ADDING VALUE**

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## EXECUTIVE SUMMARY

Gruen Gruen + Associates ("GG+A") is pleased to present its findings on the economic and fiscal impacts related to a new baseball stadium in the City of Oakland. Let's Go Oakland!, a non-profit organization, commissioned GG+A to complete this study and assist the City of Oakland's efforts to retain the A's. The findings highlighted in this executive summary relate to the local economies of the City of Oakland ("City") and Alameda County ("County"). The quantifiable effects are measured in terms of:

- Economic Impacts, which are characterized in terms of net direct spending, total output, income and jobs; and

- Fiscal Impacts, which measure the increase in tax revenues, including property taxes, sales taxes (on both retail goods and construction materials), parking taxes, utility user taxes and business taxes.

GG+A measures these impacts in three (3) ways:

(1) One Time Impacts: Those generated by the construction of the ballpark, which will last approximately three (3) years;

(2) Impacts from Ongoing Operations:[1] Those generated by ballpark operations once the stadium is in use; and

(3) Impacts if A's Leave Oakland: The negative impacts the A's left the City and County, which is equivalent to losing the financial benefits currently generated by baseball operations at the Coliseum.

### Conclusion

Based upon GG+A's findings, a new stadium in the Jack London Square ("JLS" )Area would (a) preserve the existing economic and fiscal benefits generated by current baseball operations at the Coliseum; and (b) create new net benefits to the City and County. There would be a one-time stimulus to the local economies related to the construction of a $500 million stadium over three years, in terms of new construction jobs and associated spending.

The on-going impacts related to ballpark operations would be significant to the City, especially as a result of added jobs, spectator spending, parking tax revenues and additional property tax revenues from the improved area. See the following summary tables:

[1] Note: GG+A measures the on-going impacts not only on an annual stabilized basis, but also to capture the effects over thirty (30) years by employing the net present value method.

## CITY OF OAKLAND

| I. | ONE-TIME CONSTRUCTION STIMULUS | | |
|---|---|---|---|
| **A.** | **Economic Impacts** | Annual | NPV (3yr) |
| | 1. Net Direct Spending | $164.0M | $446.6M |
| | 2. Total Output | $263.6M | $717.8M |
| | 3. Income | $105.0M | $285.9M |
| | 4. Jobs | 1,661 | n/a |
| | | | |
| **B.** | **Fiscal Impacts** | Annual | NPV (3yr) |
| | 1. Sales Tax | $0.7M | $1.8M |
| | | | |
| **II.** | **ON-GOING BALLPARK OPERATIONS** | | |
| **A.** | **Economic Impacts** | Annual | NPV (30yr) |
| | 1. Net Direct Spending | $56.0M | $0.9B |
| | 2. Total Output | $87.7M | $1.3B |
| | 3. Income | $34.5M | $0.5B |
| | 4. Jobs | 1,047 | n/a |
| | | | |
| **B.** | **Fiscal Impacts** | Annual | NPV (30yr) |
| | 1. Property Tax Revenues | | |
| | (a) City General Fund | $5.3M | $58.6M |
| | (b) RDA – Affordable Housing | $4.7M | $69.3M |
| | (c) RDA – Non-Housing Programs | $7.1M | $104.8M |
| | 2. Sales Tax Revenues | $0.3M | $4.6M |
| | 3. Utility User Tax | $0.04M | $0.6M |
| | 4. Business License Tax | $1.0M | $15.4M |
| | 5. Parking Tax | $1.4M | $20.4M |

## ALAMEDA COUNTY

| I. | ONE-TIME CONSTRUCTION STIMULUS | | |
|---|---|---|---|
| **A.** | **Economic Impacts** | Annual | NPV (3yr) |
| | 1. Direct Spending (Net) | $164.0M | $446.6M |
| | 2. Total Output | $280.0M | $762.5M |
| | 3. Personal Earnings/Income | $109.0M | $296.8M |
| | 4. Jobs | 1,746 | n/a |
| | | | |
| **B.** | **Fiscal Impacts** | Annual | NPV (3yr) |
| | 1. Sales Tax | $35K | $96K |
| | | | |
| **II.** | **ON-GOING BALLPARK OPERATIONS** | | |
| **A.** | **Economic Impacts** | Annual | NPV (30yr) |
| | 1. Net Direct Spending | $60.9M | $0.9B |
| | 2. Total Output | $99.0M | $1.5B |
| | 3. Income | $37.0M | $0.6B |
| | 4. Jobs | 1,135 | n/a |
| | | | |
| **B.** | **Fiscal Impacts** | Annual | NPV (30yr) |
| | 1. Sales Tax Revenues | $17K | $261K |
| | 2. Property Tax Revenues | $2.6M | $29.5M |

## Key Assumptions

The key assumptions of the study include acquisition of a 15-acre site within the Jack London Square Area ("JLS Area") and construction of a baseball-only stadium with 36,000 seats. The total estimated cost of $500 million includes infrastructure improvements and vertical stadium construction.[2] The cost assumption is important because it drives the estimates for the one-time stimulus, such as jobs, net direct spending and tax revenues. The location and size of the stadium are also relevant as they relate to the on-going impacts, including fan attendance figures, spending within and outside the ballpark and increased property values.[3]

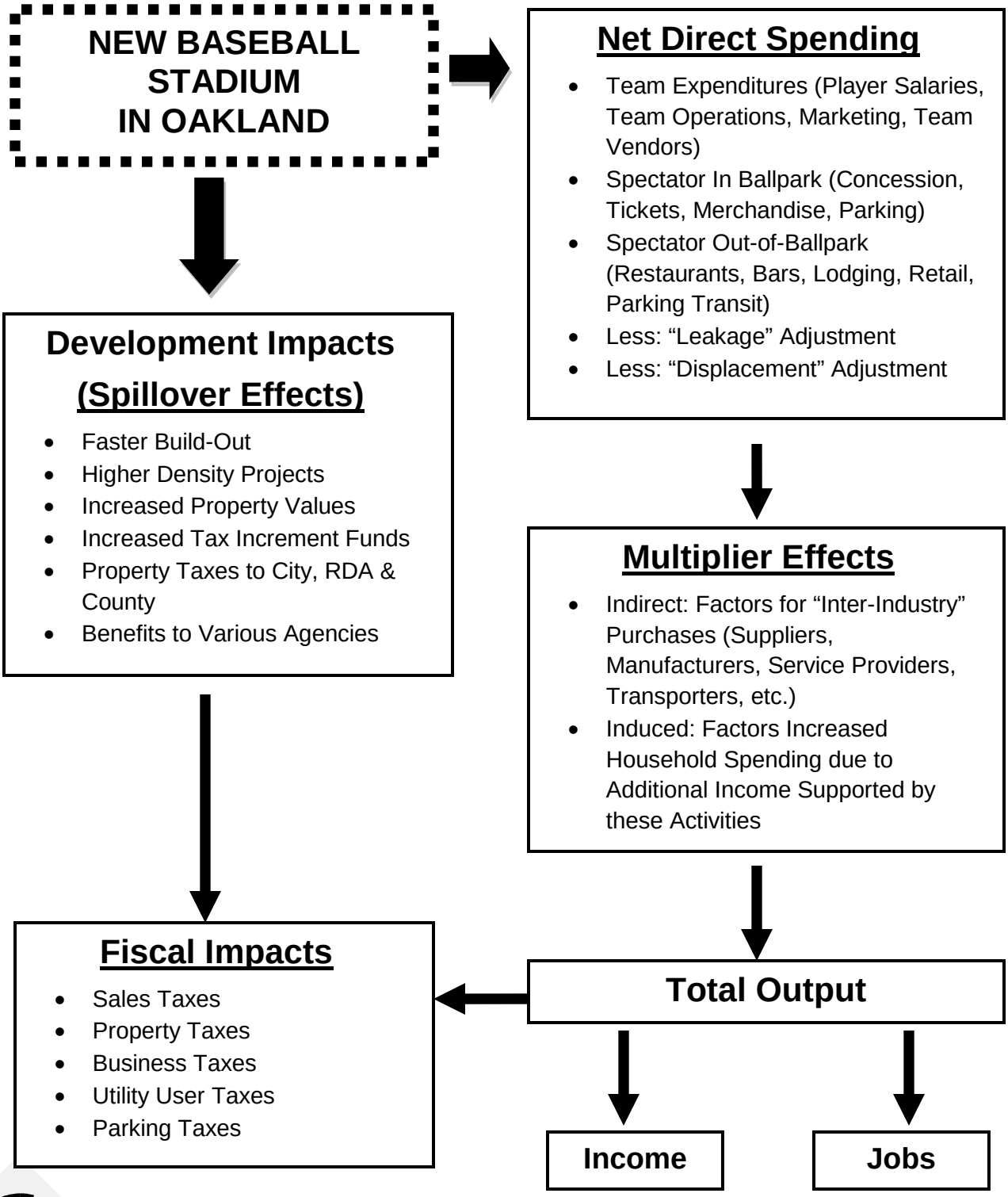
The economic impacts are derived from IMPLAN, an input-output economic modeling program. IMPLAN calculates the economic impacts resulting from gross direct spending, which is comprised of spending from the team itself and its spectators (both within and outside the stadium). From these gross figures, there are adjustments made to compute the net direct spending by accounting for (a) "leakage" that does not benefit the local economies because these activities are outside the geographic area; and (b) displacement effect (or substitution) which does not create net new economic and fiscal impacts because they would have occurred without a new stadium.[4] Multiplier effects are then applied to the adjusted direct spending figure in order to reflect the indirect and induced effects. The model ultimately results in the quantifiable economic impacts from net direct spending shown in the following flowchart, including:

- Total Output;
- Income; and
- Jobs

GG+A also estimates a "spillover development effect" based upon the assumption that a stadium would act as a catalyst for faster and more intense development in the immediate area. Over a 30-year period, GG+A estimates that property values would grow to a difference of $4.7 billion with a new stadium, as compared to the property values in the surrounding area if the stadium did not get built. Given that all three sites are within or adjacent to one or more redevelopment area (RDA), this increase in property values generates more tax increment funds that remain locally available to reinvest in the surrounding community. These increased values will financially benefit not only the general funds of the County, City and the redevelopment agencies, but also generate additional monies earmarked for schools and other pass-through agencies.

[2] GG+A did not consider the cost of land acquisition because there are no substantial economic impacts from such activities. There may be a transfer conveyance tax, but given the public entities involved, the amounts may be abated.
[3] GG+A did not estimate any impacts related to non-baseball events such as concerts and other sporting events; however, there is the potential to host such events on a regional basis which would increase the financial benefits.
[4] An example of a leakage would be a tourist baseball fan who stays at a San Francisco hotel; this would not create a net new benefit to the City or County. Also, if the team purchases food (for example) from outside the geographic area, then this does not benefit the local economies in terms of manufacturing dollars, jobs, and income. An example of the displacement effect would be someone going to the baseball game instead of the movies. There is no net gain to the local economy in terms of additional fiscal and economic impacts.

# ECONOMIC & FISCAL IMPACTS FLOWCHART



## MORE DETAILED FINDINGS

### Construction Period Impacts

**Economic Benefits**: Construction of the ballpark will take approximately three years once the City grants entitlements for the stadium project. The construction-related economic benefits are based upon the purchase of materials, supplies, labor and professional services. Based upon these gross figures, GG+A makes adjustments for spending that does not impact the local economy, applies the multiplier effects, and then arrives at the net new impacts to the City and County. The following table shows the results to the local economies:

**City of Oakland**

| **Economic Impacts** | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Net Direct Spending | $164.0M | $492.0M | $446.6M |
| 2. Total Output | $263.6M | $790.8M | $717.8M |
| 3. Income | $105.0M | $315.0M | $285.9M |
| 4. Jobs | 1,661 | n/a | n/a |

**Alameda County**

| **Economic Impacts** | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Net Direct Spending | $164.0M | $492.0M | $446.6M |
| 2. Total Output | $280.0M | $840.0M | $762.5M |
| 3. Income | $109.0M | $327.0M | $296.8M |
| 4. Jobs | 1,746 | n/a | n/a |

**Fiscal Benefits**: The City would receive sales tax on the purchase of "tangible" construction materials and fixtures. The 1% local sales tax rate is imposed on the purchase of these goods and the City would receive a majority of these taxes.[5] See following summary:

**City of Oakland**

| **Fiscal Impacts** | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Sales Tax | $0.7M | $2.1M | $1.8M |

The County would also receive sales tax on the purchase of "tangible" construction materials and fixtures, but their share would be less, as shown in the following table:[6]

[5] The county would also receive (a) transfer conveyance taxes with respect to the purchase and sale of the stadium site and (b) any applicable construction taxes. These figures were not estimated.

**Alameda County**

| Fiscal Impacts | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Sales Tax | $35K | $106K | $96K |

**Ongoing Impacts from Ballpark Operations**

**Economic Benefits**: GG+A estimated the larger economic impacts of ongoing ballpark operations once the stadium is complete. This includes (a) team expenditures such as payroll, benefits, operations, marketing, ticketing and other administrative costs; (b) ballpark expenses such as concessions, merchandise and parking; and (c) out-of-ballpark expenses such as lodging, restaurants, retail, transit, entertainment and other services.

The following tables show the resulting economic impacts on an annual basis, total 30-year and NPV (30 years) for the local economies:

**City of Oakland**

| Economic Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Net Direct Spending | $56.0M | $1.7B | $0.9B |
| 2. Total Output | $87.7M | $2.6B | $1.3B |
| 3. Income | $34.5M | $1.0B | $0.5B |
| 4. Jobs | 1,047 | n/a | n/a |

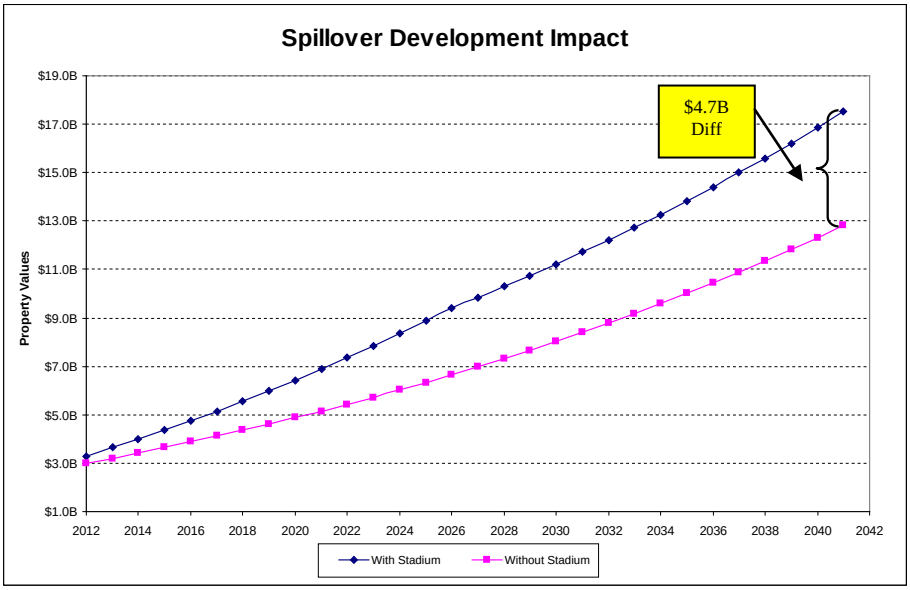
**Alameda County**

| Economic Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Net Direct Spending | $60.9M | $1.8B | $0.9B |
| 2. Total Output | $99.0M | $3.0B | $1.5B |
| 3. Income | $37.0M | $1.1B | $0.6B |
| 4. Jobs | 1,135 | n/a | n/a |

**Fiscal Benefits**: The primary fiscal benefit to the City, County and other agencies would be in the form of property tax revenues, which are a function of increased property values in the surrounding area. GG+A estimates that property values in the JLS Area would be, in the aggregate, **$4.7 billion** greater in 30 years "with a new stadium" vs. "without a stadium." The difference is attributable to a "spillover effect" whereby the stadium would act as a catalyst to development activity, similar to what occurred in San Francisco's Mission Bay neighborhood after the construction of AT&T Park. The result would be higher property values, higher density development and an accelerated pace of build-out. The chart below

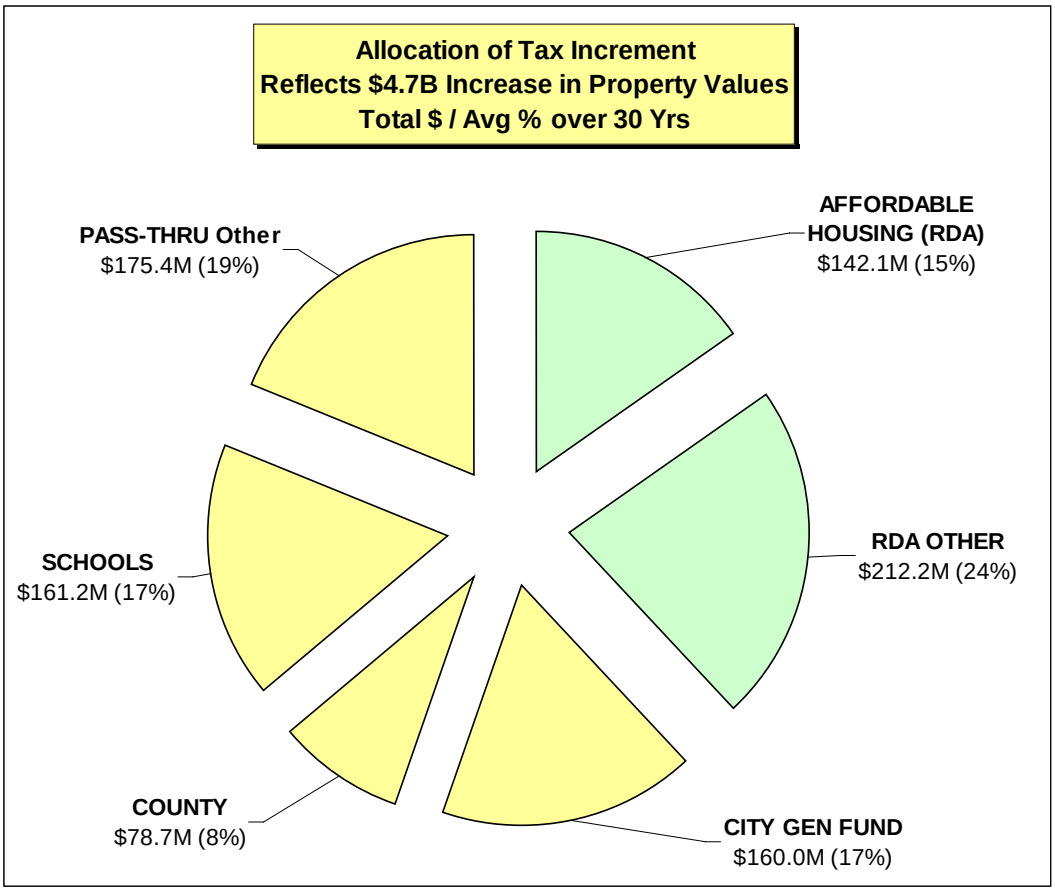
[6] The County would also receive (a) transfer conveyance taxes related to the sale of sites for a stadium; and (b) any applicable construction taxes. These figures were not estimated in this report.

shows the effects of a new stadium, as well as the compounding effect to property tax bases.




Over the 30-year period, GG+A approximates that this $4.7 billion difference in property values would generate an additional **$930 million** in property tax increment funds which will flow to the City, Redevelopment Agency, County and other government agencies.

The allocation of the tax increment is shown in the following pie chart, which reveals that the City of Oakland agencies would receive **$514 million** over 30 years; the County of Alameda General Fund would realize **$79 million**, Oakland schools would receive **$161 million**, and other pass-through agencies, such as ERAF (Educational Revenue Augmentation Fund), BART and AC Transit, would receive collectively **$175 million**.




## City of Oakland Fiscal Benefits

From the City's perspective, the $514 million increase from property tax revenues (over 30 years) benefits three funds (a) City General Fund ($160 million); (b) Redevelopment set-aside for affordable housing ($142 million); and (c) Redevelopment general purposes ($212 million).

In addition to the increased property taxes revenues, the City's General Fund will also benefit in the form of sales taxes, utility user taxes, business taxes and parking taxes from activities within the ballpark and surrounding neighborhood. The estimated 30-year fiscal benefit combined from all categories totals **$594 million.** The details are shown below.

**City of Oakland & Redevelopment Agency**

| Fiscal Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Property Tax Revenues | | | |
| (a) City General Fund | $5.3M | $160.0M | $58.6M |
| (b) RDA - Affordable Housing | $4.7M | $142.1M | $69.3M |
| (c) RDA - Non-housing | $7.1M | $212.2M | $104.8M |
| 2. Sales Tax Revenues | $0.3M | $9.0M | $4.6M |
| 3. Utility User Tax | $0.04M | $1.2M | $0.6M |
| 4. Business License Tax | $1.0M | $30.0M | $15.4M |
| 5. Parking Tax | $1.4M | $39.9M | $20.4M |
| **TOTALS** | **$19.8M** | **$594.4M** | **$273.7M** |

**Alameda County Fiscal Benefits**

Over the 30-years, the County would also receive a fiscal impact from the sales taxes collected ($510k) by the City during baseball operations and the economic activity surrounding the ballpark and from the collection of increased property tax revenue ($78.7M). The fiscal impacts to the County are summarized below.

**Alameda County**

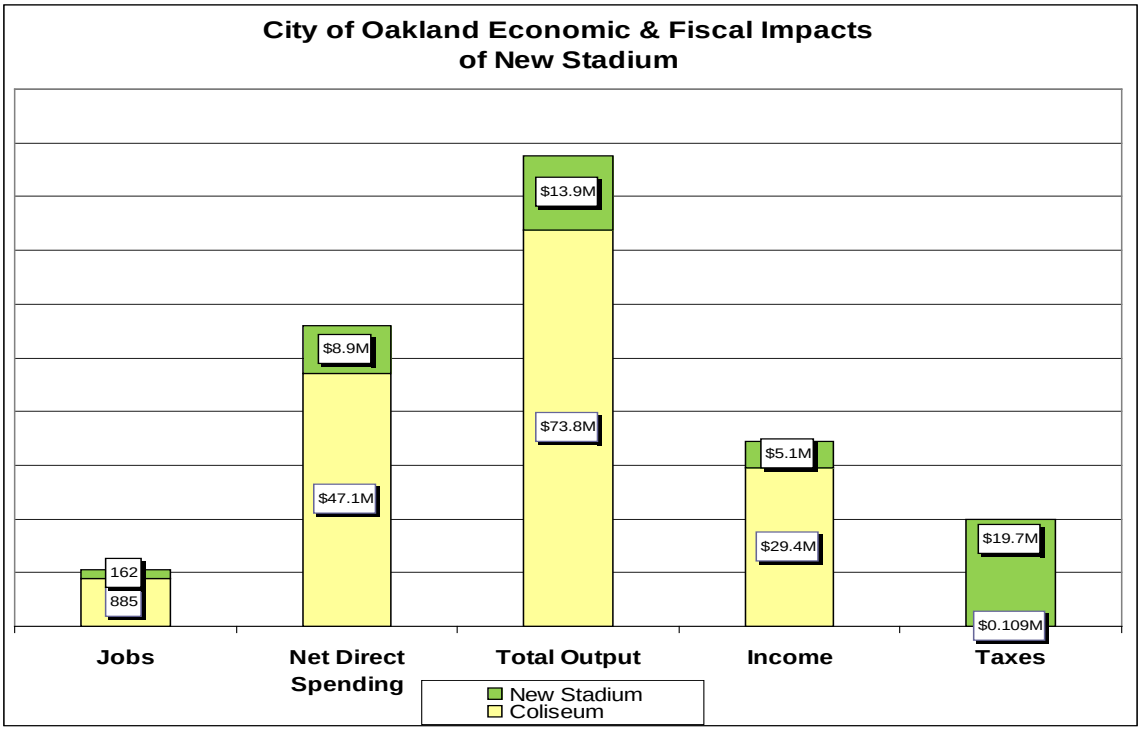
| Fiscal Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Sales Tax Revenues | $17K | $510K | $261K |
| 2. Property Tax Revenues | $2.6M | $78.7M | $29.5M |
| **TOTALS** | **$2.6M** | **$79.2M** | **$29.8M** |

**If the A's Leave City of Oakland / Alameda County**

Finally, GG+A studied the economic and fiscal impacts related to the current baseball operations at the Coliseum. This analysis shows not only the current financial benefits that the A's provide today, but also answers the question *"If the A's leave Oakland, what would the City and County lose fiscally and economically?"*

**City of Oakland**

The following bar graph shows that if the A's relocated out of the Oakland, then the City would immediately lose on an annual basis (a) 885 jobs; (b) $47.1 million in Net Direct Spending; (c) $73.8 million in Total Output; (d) $29.4 million in Income; and (e) Taxes of $100,000.



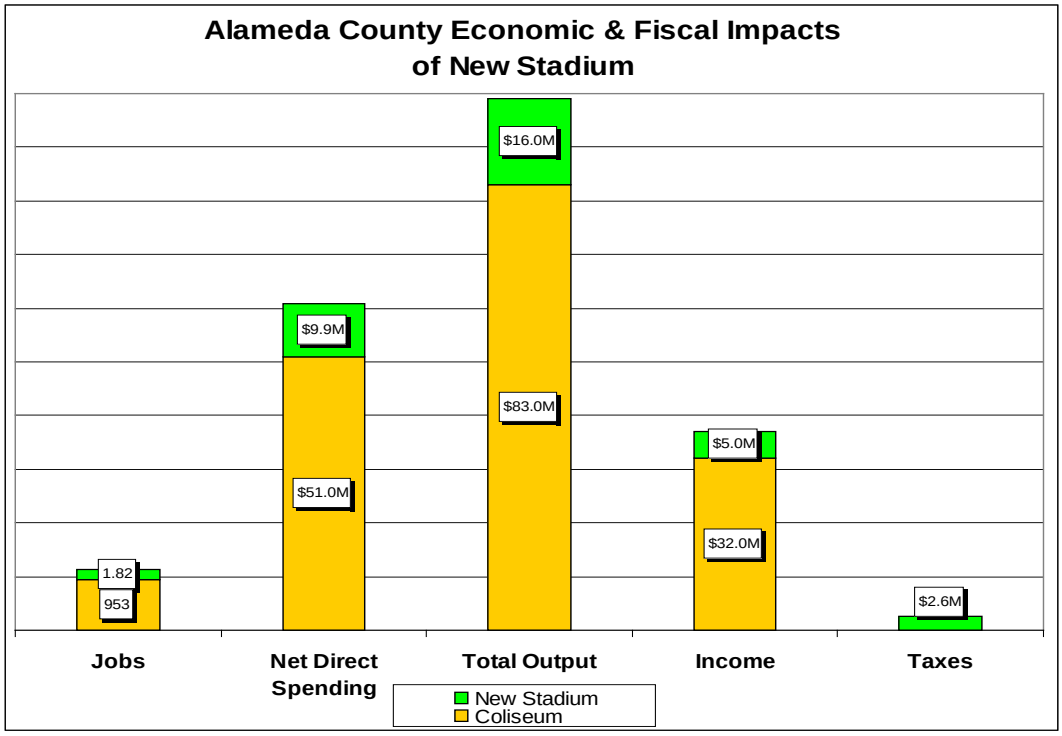

However, if the A's built a new stadium in Oakland, then the City and County would not only preserve the current benefits, but also capture additional economic and fiscal benefits. These twin impacts are captured in the chart above -- the lower portion of each bar reflects the "preservation" of the various benefits while the upper portion indicates the additive value of a new JLS Area ballpark. The following table shows these incremental positive effects as well:

| Description | Preserve Existing | Add New | Total New Stadium |
|---|---|---|---|
| 1. Jobs | 885 jobs | 162 jobs | 1,047 jobs |
| 2. Net Direct Spending | $47.1M | $8.9M | $56.0M |
| 3. Total Output | $73.8M | $13.9M | $87.7M |
| 4. Income | $29.4M | $5.1M | $34.5M |
| 5. Taxes | $0.83M | $19.7M | $19.8M |

**Alameda County**

For the County, similar analysis shows that the County would immediately lose on an annual basis: (a) 953 jobs; (b) $51.0 million in Net Direct Spending; (c) $83.0 million in Total Output; (d) $32.0 million in Income; and (e) $6,000 in taxes. However, if the A's built a new

stadium in Oakland, then the County would not only preserve the current benefits, but also capture additional economic and fiscal benefits.




The following table summarizes these incremental positive effects on the County as well.

| Description | Preserve Existing | Add New | Total New Stadium |
|---|---|---|---|
| 1. Jobs | 953 jobs | 182 jobs | 1,135 jobs |
| 2. Net Direct Spending | $51.0M | $9.9M | $60.9M |
| 3. Total Output | $83.0M | $16.0M | $99.0M |
| 4. Income | $32.0M | $5.0M | $37.0M |
| 5. Taxes | $6K | $2.6M | $2.6M |

Lastly, it should also be noted that if the A's leave Oakland, then the City and County would also never realize the benefits of the one-time stimulus of constructing a new baseball stadium (e.g. jobs, construction taxes, etc.).

# CHAPTER I

# BACKGROUND, METHODOLOGY & ASSUMPTIONS

## BACKGROUND

Let's Go Oakland! (LGO) commissioned Gruen Gruen + Associates ("GG+A") to study the fiscal and economic impacts of a new baseball-only stadium in the City of Oakland ("City"). This study would assist the City in determining the impacts of a new stadium on the local economy, measuring the cost-benefits of spending fiscal resources on such efforts and quantifying the one-time benefits of construction as well as the on-going impacts over the next 30+ years. The committee members of LGO sensed the urgency to conduct this study, given that they were aware that the A's and Major League Baseball (MLB) had seriously considered a site in southern Alameda County (Fremont) and, more recently, were considering a move to the City of San Jose.

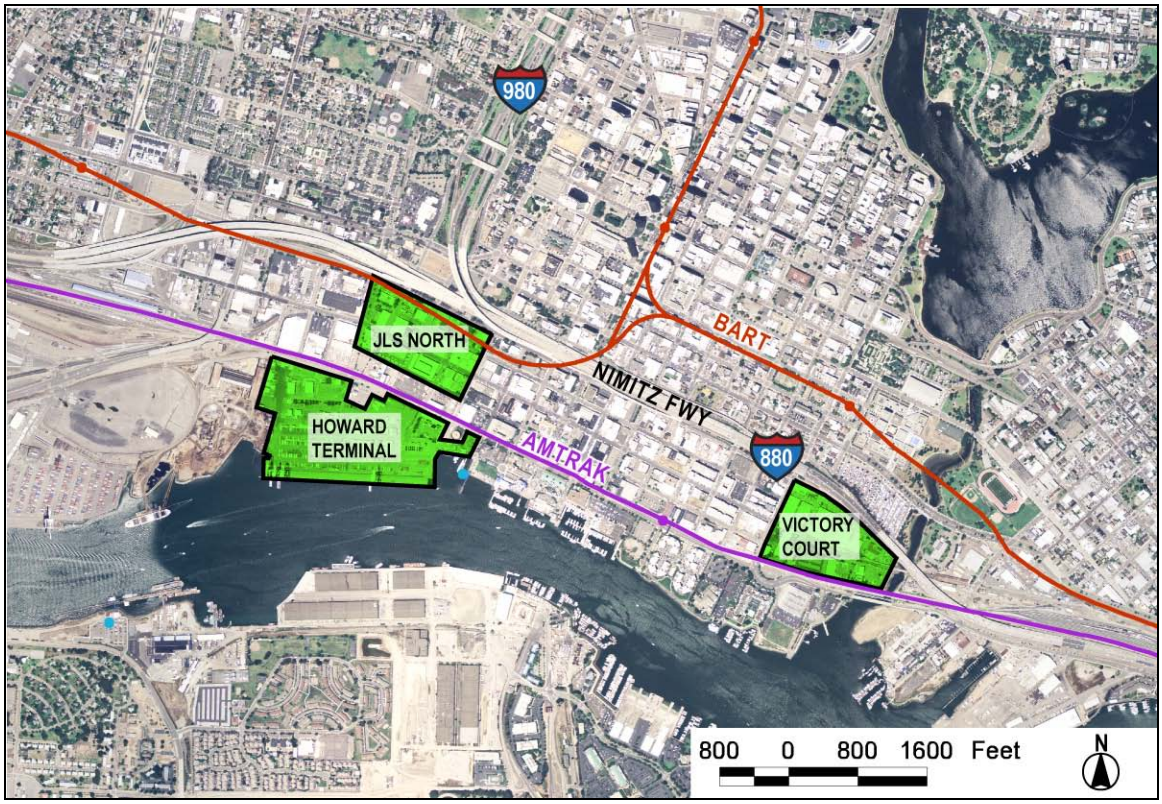
## ASSUMPTIONS

The general assumptions of the study include acquisition of a 15-acre site within the Jack London Square Area ("JLS Area") and construction of a baseball-only stadium with 36,000 seats.[7] The total estimated cost of $500M includes infrastructure improvements and vertical stadium construction.[8] The cost assumption is important because it drives the estimates for the one-time stimulus, such as jobs, direct spending and tax revenues. The location and size of the stadium are also important as they relate to the on-going impacts including fan attendance figures, spending within and outside the ballpark and increased property values.

LGO identified four sites for a new, 36,000-seat baseball stadium. One of the alternatives posed is on the site of the present Coliseum stadium, while the other three are on the Oakland waterfront area around Jack London Square. These three sites are shown below.

[7] For the Coliseum site, the assumptions would not include land acquisition and major infrastructure improvements.
[8] GG+A did not consider the cost of land acquisition because there is no substantial economic impacts from such activities. There may be a transfer conveyance tax but given the public entities involved, the amounts may be abated.

**Figure I-1**
**Proposed Waterfront Stadium Sites**




## METHODOLOGY

GG+A estimated the magnitude of the following:

- ❖ Economic Impacts comprised of net direct spending, total output, income and jobs; and

- ❖ Fiscal Impacts which measure the increase in tax revenues, including property taxes, sales taxes (on both retail goods and construction materials), parking taxes, utility user taxes and business taxes.

GG+A measures these impacts in two ways:

1. One Time Impacts: Those generated by the construction of the ballpark which will last approximately three (3) years;

2. Impacts from Ongoing Operations: Those generated by ballpark operations once

the stadium is in use.

GG+A also estimated a "spillover development effect" based upon the assumption that a stadium would act as a catalyst for faster and more intense development in the immediate area. As shown in Chapter VI, over a 30 year period, GG+A estimates that property values would grow to a difference of $4.7 billion with a new stadium as compared to the property values in the surrounding area if the stadium did not get built. Given that all three sites are within or adjacent to one or more redevelopment area (RDA), this increase in property values generates more tax increment funds that remain locally available to reinvest in the surrounding community. These increased values will financially benefit not only the General Funds of the City and County, but also generate additional monies earmarked for schools, affordable housing and other pass-through agencies (see Chapter VII).

## IMPACTS FROM ON-GOING OPERATIONS

**Economic Impacts:** The impacts from a new stadium are estimated from IMPLAN, an input-output economic modeling program. IMPLAN calculates the economic impacts resulting from direct spending, which is comprised of spending from the team itself and its spectators (both within and outside the stadium). These gross dollars include:

a. Team Expenditures such as player salaries, operating expenses, marketing and vendors;

b. Spectator In-Ballpark such as ticket sales, concessions, merchandise and parking;

c. Spectator Outside-Ballpark including restaurants, bars, lodging, retail, parking and transit

From these gross figures, there are adjustments made to account for (1) "leakage" that does not benefit the local economies because these activities are outside the geographic area; and (2) displacement effect (or substitution) which does not create net new economic and fiscal impacts because they would have occurred without a new stadium. An example of a leakage would be a tourist baseball fan who stays at a San Francisco hotel; this would not create a net new benefit to the City or County. Also, if the team purchases food from outside the geographic area, then this does not benefit the local economies in terms of manufacturing dollars, jobs, and income. An example of the displacement would be someone going to the baseball game instead of the movies. There is no net gain to the local economy in terms of additional fiscal and economic impacts. The formula for net direct spending follows:

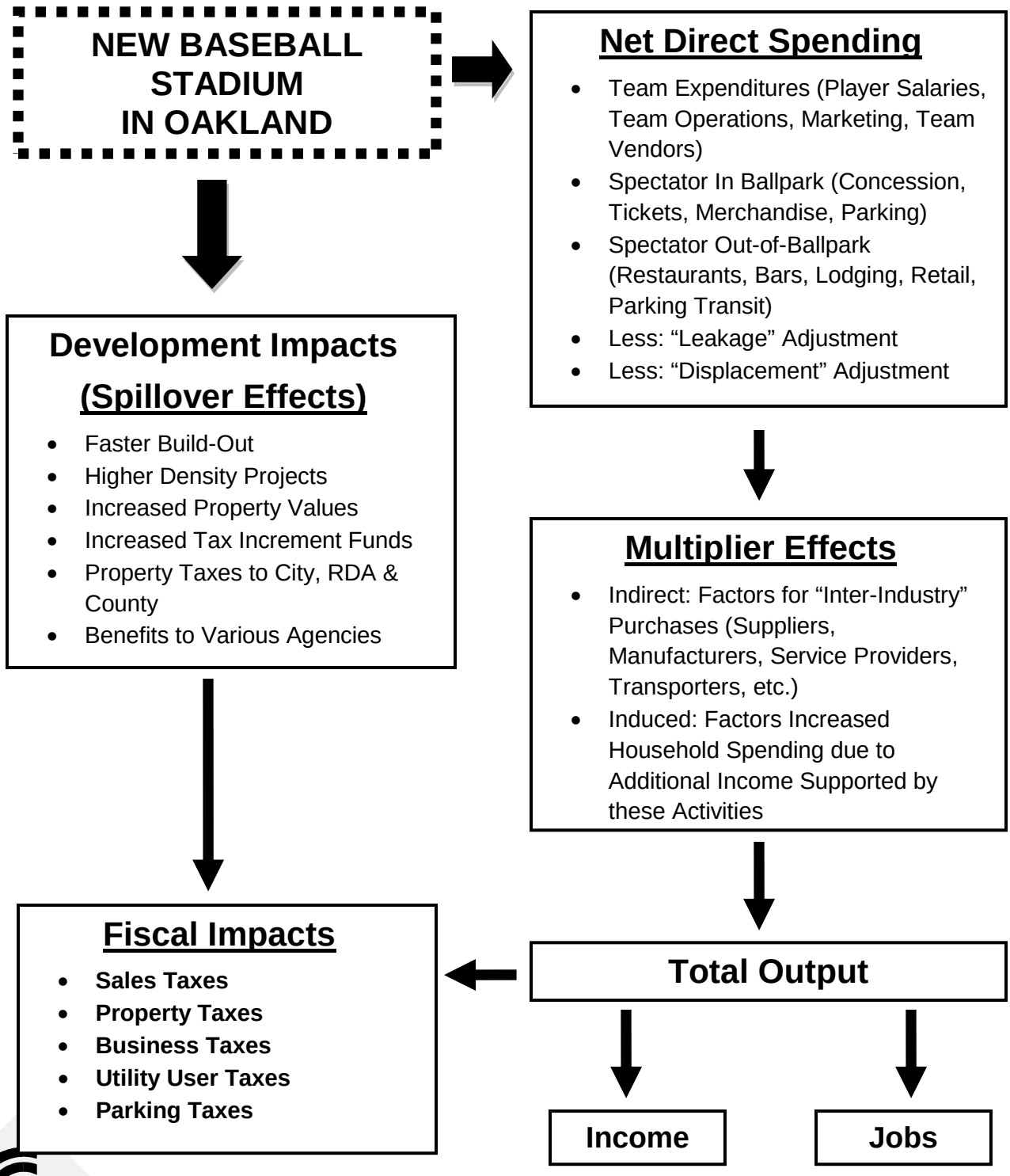
- Gross Direct Spending
- (-) Adjustment for Leakage
- (-) Adjustment for Displacement (or Substitution)
- (=) Net Direct Spending

Multiplier effects are then applied to the adjusted direct spending figure in order to reflect the indirect and induced effects. The indirect adjustment factors in the "inter-industry" purchases between suppliers, manufactures, service providers and transportation. The induced multiplier reflects the increase in household spending due to additional income/earnings supported by these activities.

The model ultimately results in quantifiable economic impacts, and their inter-relationship is shown in Figure I-2, Economic Impacts Flowchart:

**Figure 1.2**

## ECONOMIC & FISCAL IMPACTS FLOWCHART



The estimates of on-going operations were projected forward for 30 years, and the net present value of this projection calculated.

**Fiscal Impacts**: The primary fiscal benefit to the City and Alameda County would be in the form of property tax revenues (via tax increment funds) which are a function of increased property values in the surrounding area. As calculated in Chapter VI, GG+A estimates that property values in the JLS Area would be, in the aggregate, **$4.7 billion** greater in 30 years "with a new stadium" vs. "without a stadium."

The difference is attributable to a "spillover effect," whereby the stadium would act as a catalyst to development activity, similar to what occurred in San Francisco's Mission Bay neighborhood after the construction of AT&T Park. The result would be higher property values, higher density development and an accelerated pace of build-out. The City's General Fund would receive revenues from sales taxes, utility user taxes, business taxes and parking taxes from activities within the ballpark and surrounding neighborhood. The County would also benefit from a portion of the sales tax revenues collected by the City.

## ONE-TIME IMPACTS FROM CONSTRUCTION

Construction of the ballpark will take approximately three years once the City grants entitlements for the stadium project. The construction related economic benefits are based upon the purchase of materials, supplies, labor and professional services. From these gross figures, GG+A makes adjustments for spending that does not impact the local economy, applies the multiplier effects and then arrives at the positive impacts to the City and County detailed in Chapter IV.

The City would receive sales tax on the purchase of "tangible" construction materials and fixtures. The 1% local sales tax rate is imposed on the purchase of these goods and the City would receive a majority of these taxes.[9] The County would receive the balance.

## IF THE A'S LEAVE OAKLAND / ALAMEDA COUNTY

Finally, GG+A analyzed the current economic and fiscal impacts generated by baseball operations at the Coliseum. This analysis helps LGO, the City and County answer the question, *"If the A's leave Oakland, what would the City and County lose fiscally and economically?"* The results of this analysis are presented in Chapter II.

[9] The County would also receive (a) transfer conveyance taxes with respect to the purchase and sale of the stadium site and (b) any applicable construction taxes. These figures were not estimated.

# CHAPTER II

## CURRENT BASEBALL OPERATIONS AT COLISEUM

GG+A obtained information and analyzed the current baseball operations at the Coliseum. This baseline analysis not only shows the current financial benefit of the A's, but also provides information in regards to, if the A's left Oakland, then what is the immediate disappearance of jobs, net direct spending, income, total output and tax dollars. These estimates and how they were derived are discussed in more detail in the following pages, but the results are shown in Table II-1 below.

**TABLE II-1**
**Economic and Fiscal Impact of Baseball Operations at Coliseum**
**(Annual Averages)**

| | Annual Impact to the City of Oakland | Annual Impact to the County of Alameda |
|---|---|---|
| Net Direct Spending | $47,174,000 | $51,192,000 |
| Jobs[1] | 885 | 953 |
| Income[2] | $29,452,000 | $32,022,000 |
| Total Output[3] | $73,817,000 | $82,064,000 |
| Tax Revenues (Fiscal) | $826,000 | $5,700 |

[1] Full and part-time jobs.
[2] Employee compensation only. Does not include proprietor or corporate-type income.
[3] Total value of all goods and services produced.

Source: Gruen Gruen + Associates

## CURRENT STADIUM OCCUPANCY ARRANGEMENTS

Construction of the multi-purpose Coliseum stadium was started by the City and County Coliseum Joint Powers Authority (JPA) in 1962. The Oakland Raiders played their first game in the Coliseum on September 18, 1966. Moving from Kansas City after the 1967 season, the Oakland A's played their first game in the Coliseum on April 17, 1968 before 50,219 fans. Major changes in the Coliseum were made in 1995 when the Raiders moved back to Oakland.

Debt service payment for the facility by the JPA was $9,143,741 for the 2008-2009 year. The current principal on the debt is approximately $180 million. The baseball team pays an annual rent of $1,025,000 to the JPA for the eighty-one (81) games it plays in the stadium, and for the use of the adjoining land for parking. The A's also reimburse the JPA for the cost of cleaning the stadium, which in the 2008 playing season came to $1,185,893. The costs of converting the stadium from football to baseball games are substantial, and are borne by the JPA.

Thus, from an annual operating perspective, the rent paid to the JPA and the operating expenses borne by the Authority are pretty close to financial break-even. However, the costs of updating and maintaining the facility are paid by the Authority, and in the 2008-2009 fiscal year such costs came to slightly over $1.5 million. GG+A is not in a position to estimate how much, if at all, such capital improvement costs could be reduced if the A's team leaves the Coliseum

Because the rent paid by the A's is close to the amount required to convert the stadium from football to baseball, and the cash outflow for debt repayment and needed maintenance are "sunk costs;" the JPA would not suffer financial loss from the departure of the baseball team. But the JPA would hate to see the A's leave because the Authority realizes that Oakland's job and income base is expanded by the operations of the ball club in the city. Further, the taxes and fees paid to Oakland and Alameda County by the ball club, the many vendors and service organizations that serve the team, and the fans who attend games flow much needed revenues into the treasuries of the City and the County.

## KEY ASSUMPTIONS

GG+A reviewed recent attendance trends and considered the geographic distribution of the fans in order to gauge a base for estimating how much of the expenditures now made by fans attending games would be lost to the City and County if the team moves out of the Coliseum. GG+A also considered the geographic distribution of the residences of ticket buyers in order to make an assumption about the dollars that will be displaced to other local merchants, restaurateurs, event sponsors, etc. instead of being spent as part of an afternoon or evening at an A's game.

As described in Chapter I, it is generally recognized that even when a sports team or other activity leaves a local area, in this case the City and the County, not all the spending dollars that were induced by the activity leave the local area. The shift of dollars from one local activity to another is referred to as "displacement." If the A's move to another city outside Alameda County but some of the money that A's fans would have spent on baseball tickets and food in Oakland before, during or after the game is spent elsewhere in the City or County, such local shifts in expenditures are examples of displacement. This notion is also referred to as the substitution effect.

Expenditures made by visiting teams are not examined in this report. Most, if not all expenditures made by visiting teams are reportedly captured outside of Oakland and Alameda County. Visiting teams typically stay at San Francisco hotels when playing the A's.

## OAKLAND ATHLETICS ATTENDANCE TRENDS

Table II-2 presents attendance trends for the Oakland Athletics over the past five seasons.

The first and most commonly referenced measure of attendance is paid attendance, or the number of tickets sold. The measure of actual attendance (the number of fans who walk through the gates on game day) is referred to as turnstile attendance.

**TABLE II-2**
**Oakland Athletics Attendance Trends**

| | 2004 # | 2005 # | 2006 # | 2007 # | 2008 # | Average # |
|---|---|---|---|---|---|---|
| Paid | 2,201,516 | 2,109,118 | 1,976,625 | 1,921,834 | 1,665,256 | 1,974,869 |
| Turnstile | 1,761,213[1] | 1,768,759 | 1,605,332 | 1,502,471 | 1,243,454 | 1,576,246 |

[1] Turnstile attendance data unavailable for the 2004 season. This is an estimate based on the relationship between paid and turnstile attendance between 2005 and 2008.

Sources: ESPN.com; Joint Powers Authority; Gruen Gruen + Associates.

Over the past five seasons, paid attendance at A's home games has averaged approximately 1,975,000 per season. Ticket sales have been on a short but steady decline following the 2003 season when paid attendance reached just under 2,217,000. Average turnstile attendance for A's home games between 2004 and 2008 approximated 1,576,000, or 80 percent of paid attendance during this period.

**Geographical Distribution of Oakland A's Attendance**

Alameda and Contra Costa County residents comprise the majority of A's ticket sales. According to the Athletics franchise, ticket sales made in 2005 to fans residing outside of the Bay Area comprised less than 20 percent of paid attendance.[10] The origination of attendees is important because it reflects the extent to which the A's attract spending to the local economy that might have not otherwise occurred. Table II-3 summarizes the estimated geographic distribution of A's ticket sales in 2005.

[10] Data has not been provided by the A's for a more recent season. We rely upon ticket sale data reported in Economic Research Associates' report entitled "Analysis of the Economic and Fiscal Revenue Impacts of a Proposed Ballpark Village on the City of Fremont and the Economic Base of Alameda County," prepared on May 1, 2007. Ticket purchase data by geography is presented in Tables III-5 and III-6 on pages III-10 to III-11 of the report.

| TABLE II-3<br>Geographic Distribution of A's Ticket Sales: 2005 Season | | |
|---|---|---|
| | | Proportion of Tickets Sold[1]<br>% |
| Alameda County | | 27.3 |
| *Oakland* | *8.8* | |
| *Berkeley* | *3.6* | |
| *Livermore* | *2.3* | |
| *Fremont* | *2.3* | |
| *Other Alameda Co.* | *10.2* | |
| Contra Costa County | | 20.7 |
| San Francisco County | | 13.0 |
| Santa Clara County | | 10.5 |
| Other Bay Area Counties | | 9.9 |
| Other California | | 10.4 |
| Out of State | | 8.2 |
| TOTAL | | 100.0 |
| [1] Based on pre-purchased ticket sales only. Does not include tickets purchased at the gate. | | |
| Sources: Oakland Athletics; ERA, "Analysis of the Economic and Fiscal Revenue Impacts of a Proposed Ballpark Village on the City of Fremont and the Economic Base of Alameda County"; Gruen Gruen + Associates. | | |

In 2005, Alameda County residents are estimated to have comprised approximately 27 percent of ticket sales. City of Oakland residents represented approximately 8.8 percent of ticket sales. Contra Costa County also comprised a relatively large share of ticket sales at 20.7 percent. Ticket sales made to out-of-state residents and California residents living outside of the Bay Area comprised an estimated 19 percent of ticket sales in 2005. It should be noted, however, that the estimates presented above in Table II-3 do not include the sale of tickets purchased on the day of the game "at the gate."

**Displacement Estimate**

As mentioned earlier in this chapter, it is not reasonable to assume that all the dollars spent in the course of attending a baseball game will be lost to the City and County if the A's leave those jurisdictions. Some of those who would have bought tickets, food, parking and other game-associated expenditures will substitute other local goods or services. But given the home based distribution of ticket buyers and the availability of baseball in other Bay Area counties, such substitutions are not likely to make up for most of what would have been spent at the Coliseum. In the impact analysis summarized in the report, we have assumed that 30 percent of the game-related expenditures in Alameda County would be displaced,

and 10 percent of Oakland expenditures would be displaced. Therefore, we are estimating that 90 percent of game related expenditures in Oakland would be lost, while 70 percent of game related expenditures in Alameda County would be lost.

**Team Expenditures**

In any given year, the Athletics franchise itself represents a substantial source of spending. To begin the 2009 season, player salaries alone totaled more than $62 million. Typically, however, a large portion of team expenditures do not affect the local economy or tax base. Many of the expenditures associated with the operation of the A's immediately leave the local area to pay for vendors/service providers located out of the region or state, and to players (and their families) who often do not reside in the local area year-round and are likely to put a substantial portion of their salary into savings or non-local investments. Therefore, a large share of team expenditures is not considered in the economic and fiscal impact analysis.

Table II-4 presents the estimated expenditures made by the Athletics franchise and the proportion estimated to be spent locally within Oakland and Alameda County.

**TABLE II-4**
**Oakland A's Team Expenditures [1]**

| | Gross Spending $2009 | Within Oakland (% local) | Within Alameda Co. (% local) |
|---|---|---|---|
| Staff Payroll[2] | $12,476,000 | $12,476,000 (100%) | $12,476,000 (100%) |
| Team Payroll[3] | $62,310,000 | $623,000 (1%) | $1,246,000 (2%) |
| Vendors / Suppliers[4] | $90,745,000 | $17,182,000 (19%) | $20,214,000 (23%) |

[1] Figures are rounded. Presented in 2009 dollars.
[2] Based on 2005 staff payroll. Includes parking staff.
[3] We assume one percent of player salaries are expended locally within Oakland for retail goods, eating and drinking and other basic services. We assume two percent is expended locally within Alameda County. The remainder of player salaries is assumed to "leak" out of the region.
[4] Based on 2005 accounts payable. Includes game day staff retained through Staff Pro. The allocation of these expenditures is unknown. We rely upon trade accounts data provided by IMPLAN for the "spectator sports sector" to estimate how and where these dollars are likely spent.

Sources: Oakland Athletics; ERA, "Analysis of the Economic and Fiscal Revenue Impacts of a Proposed Ballpark Village on the City of Fremont and the Economic Base of Alameda County"; MIG, Inc.; Gruen Gruen + Associates.

The A's are estimated to employ approximately 500 people, with an annual payroll of approximately $12.5 million (including parking operations). Many of these jobs, however, are seasonal, part-time positions. Team payroll for players is reported to approximate $62 million for the current season. As described previously, we assume most of these dollars leak

out of the local economy. We assume that one percent of team payroll is expended locally within Oakland, and that two percent is expended within Alameda County.

Spending on vendors, suppliers and service providers accounts for the largest source of team expenditures. Spending that occurred in the 2005 season on vendors totaled just under $91 million (in 2009 dollars). However, a large share of these expenditures accrued to non-local entities. Approximately 23 percent of spending, or $20.2 million, accrued to "local" Alameda County vendors and service providers.[11] The remainder was spent out of the region or state. We estimate that most, or 85 percent, of County spending occurred within the City of Oakland. Actual expenditures made by the A's for janitorial services and utility payments were provided by the Joint Powers Authority. We estimate that over the past five seasons, these expenditures have averaged approximately $2.3 million. To estimate how the remaining vendor expenditures are made, we rely upon industry averages for the spectator sports sector.

**In-Stadium Expenditures**

According to data provided by the City of Oakland Revenue Audit Section and the State Board of Equalization, annual concession sales made during A's games have ranged from $4.2 to $5.4 million during the past four seasons. In current 2009 dollars, annual concession sales have averaged approximately $5,080,000. We estimate that the majority, or 85 percent, of concession sales are attributed to food and beverage, and the remainder represents retail merchandise purchases. The average per attendee expenditure at the game is $3.30. We rely upon industry averages reported by IMPLAN to estimate the portion of these revenues attributed non-local costs of goods and retail margins.

**Ticket Sales and Team Revenues**

Annual ticket receipts are estimated to have ranged from approximately $41 to $49 million over the past five seasons. According to Forbes' annual "Business of Baseball" report, total franchise revenues are estimated to have increased from $116 million in 2004 to $160 million this past year. In current dollars, the A's total revenues are estimated to have approximated $152 million over the past five years (including ticket receipts). Ticket sales and other revenue sources are not directly examined as a source of economic impact to the City and County, because much of this revenue is used to pay staff and player salaries and service providers (or becomes income to the team owner), the impacts of which are estimated more effectively through examination of payroll and expenditure characteristics of the franchise. Because, however, the City of Oakland receives business tax revenue on all gross revenues collected by the A's, Table II-5 presents estimated ticket and other revenues over the past five seasons.

[11] According to Economic Research Associates' analysis of the Athletics' accounts payable, as summarized on page III-7 of their report.

**TABLE II-5**
**Estimated Ticket Receipts for A's Games[1]**

| | 2004 | 2005 | 2006 | 2007 | 2008 | Average |
|---|---|---|---|---|---|---|
| Average Ticket Price | $18.70 | $19.70 | $23.80 | $24.90 | $29.60 | $23.40 |
| Paid Attendance | 2,201,516 | 2,109,118 | 1,976,625 | 1,921,834 | 1,665,256 | 1,974,869 |
| Estimated Ticket Receipts | $41,213,765 | $41,471,906 | $47,127,135 | $47,941,996 | $49,263,943 | $45,404,000 |
| Estimated Ticket Revenues | $41,000,000 | $41,000,000 | $47,000,000 | $48,000,000 | $49,000,000 | $45,000,000 |
| Estimated Non-Ticket Revenues[2] | $90,000,000 | $108,000,000 | $110,000,000 | $113,000,000 | $113,000,000 | $107,000,000 |
| **Total Revenues** | **$132,000,000** | **$149,000,000** | **$158,000,000** | **$161,000,000** | **$162,000,000** | **$152,000,000** |

[1] Figures are rounded. Presented in current 2009 dollars.
[2] From other sources such merchandising, licensing, media and television, and league revenue sharing.

Sources: ESPN.com; Forbes, "Business of Baseball" report; Team Marketing Report, *Fan Cost Index*; Gruen Gruen + Associates.

We estimate that average annual ticket revenues have approximated $45 million over the past five seasons. Other non-ticket revenues are estimated to have averaged approximately $107 million over the past five seasons. Based on paid attendance and average ticket prices reported by Team Marketing Report, we estimate that average annual ticket revenues have approximated $45.4 million over the past five seasons.

**Off-Site Expenditures**

Spending by fans before and after A's games is largely a function of available shopping and dining alternatives in close proximity to the Coliseum. In addition, the supply of shopping and dining establishments available at alternative locations from which non-local fans originate also influences off-site spending before and after games. Identifying these expenditure patterns, however, is difficult without the results of a fan intercept survey, which has not been prepared for this study or provided by the Oakland Athletics' franchise. Accordingly, we reviewed the results of surveys and studies conducted for other teams to estimate a reasonable level of off-site expenditures attributed to non-local fans attending A's games.

The review suggests that typical off-site expenditures vary significantly, ranging anywhere from roughly $10 to $40 per fan. However, the significance of available shopping and dining alternatives should be noted. For example, the City of Baltimore prepared a survey to examine the increase in out-of-stadium fan spending attributable to the opening of the new Camden Yards ballpark (as compared to the old Memorial Stadium). The survey indicated that in the course of just one year, per capita expenditures made out of the ballpark within

Downtown Baltimore before and after games increased from approximately $3.50 to $9.00 with the opening of Camden Yards (which included a substantially larger nearby base of shopping and dining amenities).[12] A more recent study of the New Busch Stadium (in St. Louis) estimates off-site expenditures of approximately $15 per fan, while fan intercept surveys cited by Convention, Sports, and Leisure's study of the A's potential move to San Jose suggest much higher off-site retail/dining expenditures, averaging $33 per capita made within the City.

Given the relatively isolated environment of the Coliseum and the very limited supply of nearby restaurants, bars and shopping alternatives, GG+A believes the expenditure estimates prepared in the case of other stadiums are significantly higher than would apply to off-site expenditures made by fans attending Oakland A's games. We conservatively assume an "off-site" per capita retail/restaurant expenditure of $5.[13]

## CURRENT ECONOMIC IMPACTS GENERATED BY THE A'S

### Oakland

As indicated previously, the A's directly employ nearly 500 staff members, not including players, on-the-field staff and those retained for game-day services. However, the impact of the baseball operations is larger than the direct jobs and income it supports. Given the characteristics of team and fan expenditures estimated to apply to the operations and activity of the A's franchise and their games played at the Coliseum, we present below in Table II-6 the on-going economic impacts of the A's on the local Oakland economy:

**TABLE II-6**
**Economic Impact of A's Playing at Coliseum on Oakland Economy[1]**

| | Jobs[2] | Income[3] | Total Output[4] |
|---|---|---|---|
| Net Direct (Spending) | 737 | 22,058,000 | 47,174,000 |
| Indirect / Induced | 148 | 7,394,000 | 26,643,000 |
| **Total** | **885** | **29,452,000** | **73,817,000** |
| Multiplier | 1.20 | 1.34 | 1.57 |

[1] Figures are rounded. Income and output presented in 2009 dollars.
[2] Includes both full and part-time jobs.
[3] Employee compensation only. Does not include proprietor or corporate-type income.
[4] Total value of all goods and services produced.

Sources: MIG, Inc.; Gruen Gruen + Associates.

In other words, the negative economic impacts associated with the A's leaving would total approximately 900 lost jobs (full and part time), $30 million less income, and approximately $75 million of lost economic activity.[14]

[12] In nominal 1992 dollars.
[13] Given the low proportion of fans originating from out-of-state (8 percent), we have not estimated potential lodging expenditures associated with visiting fans. It is also likely that many non-local fans may patronize hotels located outside of Oakland and Alameda County.
[14] To put these estimates into perspective, the local Oakland economy contained approximately 206,000 jobs with annual payroll of $11.9 billion in 2007 (according to Minnesota Implan Group).

The operations of the A's, and expenditures made by non-local fans, are estimated to support approximately 740 direct jobs within Oakland. While not all of these jobs are on the A's payroll, they are estimated to be a direct result of spending by the A's and their fans. An additional 150 jobs are estimated to be supported indirectly, for a total impact of approximately 885 jobs. This equates to an employment multiplier of 1.20 (or one indirect job for every five direct jobs). The employment multiplier is relatively low because many of the jobs directly associated with the A's operations are part-time or seasonal positions (such as parking and game-day staff).

Direct income, or employee compensation, associated with the current A's operation is estimated to approximate $22.1 million. Income indirectly supported equates to approximately $7.4 million, for a total income impact of just under $29.5 million. Accordingly, average wage and salary associated with all direct and indirect jobs equates to approximately $33,300 per job.

**Alameda County**

The economic impact of the A's operations on Alameda County is slightly larger than it is on the City. Table II-7 presents the economic impacts of the A's operations and fan spending on the County economy.

**TABLE II-7**
**Economic Impact of A's Playing in Coliseum on Alameda County Economy[1]**

| | Jobs[2] | Income[3] | Total Output[4] |
|---|---|---|---|
| Net Direct (Spending) | 771 | $23,704,000 | $51,192,000 |
| Indirect / Induced | 182 | $8,862,000 | $32,274,000 |
| **Total** | **953** | **$32,566,000** | **$83,466,000** |
| Multiplier | 1.24 | 1.38 | 1.63 |

[1] Figures are rounded. Income and output presented in 2009 dollars.
[2] Includes both full and part-time jobs.
[3] Employee compensation only. Does not include proprietor or corporate-type income.
[4] Total value of all goods and services produced.

Sources: MIG, Inc.; Gruen Gruen + Associates.

Total economic impacts are estimated to approximate 950 jobs, $32.6 million in income, and $83.5 of overall economic activity (output).

## FISCAL BENEFITS CURRENTLY GENERATED BY THE A'S

The following section identifies the sources and amount of local tax revenue supported by the A's playing in Oakland. The estimates are based on data provided and analyzed over the past four to five seasons, as described above. The primary sources of tax revenue directly generated by the A's operations include:

- Sales tax on tangible goods sold inside the Coliseum (food, beverages, merchandise);
- Business taxes collected on these same goods;
- Sales tax on expenditures made out-of-stadium (dining, retail);
- Business taxes collected on the A's gross receipts; and
- Utility users' tax paid on the consumption of electricity and gas during A's games.

The one percent local sales tax rate is imposed on the sale of goods inside the Coliseum. The City of Oakland is allocated the entire one percent, but five percent of the total one percent is remitted to Alameda County (thus, the City's effective sales tax rate is 0.95%). Business taxes on the sale of retail and food/beverage goods are imposed at a rate of $1.20 per $1,000 of gross receipts. Business taxes on franchise revenues and tickets are imposed at a rate of $4.50 per $1,000 of gross receipts. The City of Oakland also collects utility users' taxes of 7.5 percent on utility payments for gas and electricity consumed by the A's at the Coliseum.

Table II-8 summarizes the estimated annual City tax revenues that are currently supported by the A's playing in Oakland.

**TABLE II-8**
**Annual City Tax Revenues Generated by Oakland A's**

| Source | Annual Revenues $ |
|---|---|
| Sales Tax – Concessions | 43,430 |
| Sales Tax - Off-Site Sales | 65,410 |
| Business Tax – Concessions | 5,490 |
| Business Tax - Off-Site Sales | 8,260 |
| Business Tax – Ticket Revenues | 183,890 |
| Business Tax – Other Franchise Revenues | 480,920 |
| Utility Users Tax[2] | 38,950 |
| **Total** | **826,350** |

[1] Figures are rounded and presented in current 2009 dollars. Revenue estimates reflect a ten percent displacement attributable to local Oakland resident spending.
[2] According to the Joint Powers Authority, the A's have paid approximately $692,500 in annual utility expenses (on average) over the past five fiscal years. We assume 25 percent of these expenses are for sewer and water chargers which are not taxed by the City.

Source: City of Oakland; Joint Powers Authority; Gruen Gruen + Associates

Annual City tax revenues supported by the A's are estimated to total approximately $825,000. The majority, or 80 percent, of these revenues can be attributed to business taxes collected on ticket and other franchise revenues. GG+A estimates that sales tax revenue collected on the sale of retail goods both in- and out-of-stadium approximate $109,000. Business taxes collected on the sale of these same goods are estimated to total just under $14,000. We estimate that utility users' tax revenue collected by the City of Oakland on electric and gas consumption during A's games at the Coliseum approximately $39,000 per

year.

The County of Alameda, as described above, receives a five percent net remittance of sales tax collected by the City of Oakland. These annual revenues are estimated to total approximately $5,700.

## CONCLUSION

Based upon the above baseline analysis of the A's playing at the Coliseum, the City and County would feel the negative impacts of the A's leaving. There would be the immediate losses described above, but also the missed opportunity of capturing the incremental benefits of a new stadium, which are quantified in more detail in Chapters V and VII.

### City of Oakland and Redevelopment Agency

Figure II-1 shows that if the A's relocated out of the area, then the City of Oakland would immediately lose (a) 885 jobs; (b) $47.1M in Net Direct Spending; (c) $73.8M in Total Output; (d) $29.4M in Income; and (e) $100k in taxes. However, if the A's built a new stadium in Oakland, then the City and County would not only preserve the current benefits, but also capture additional economic and fiscal benefits. These twin impacts are captured in Figure II-1 - the lower portion of each bar reflects the "preservation" of the various benefits while the upper portion indicates the additive value of a new JLS Area ballpark. (See Chapters V & VII)

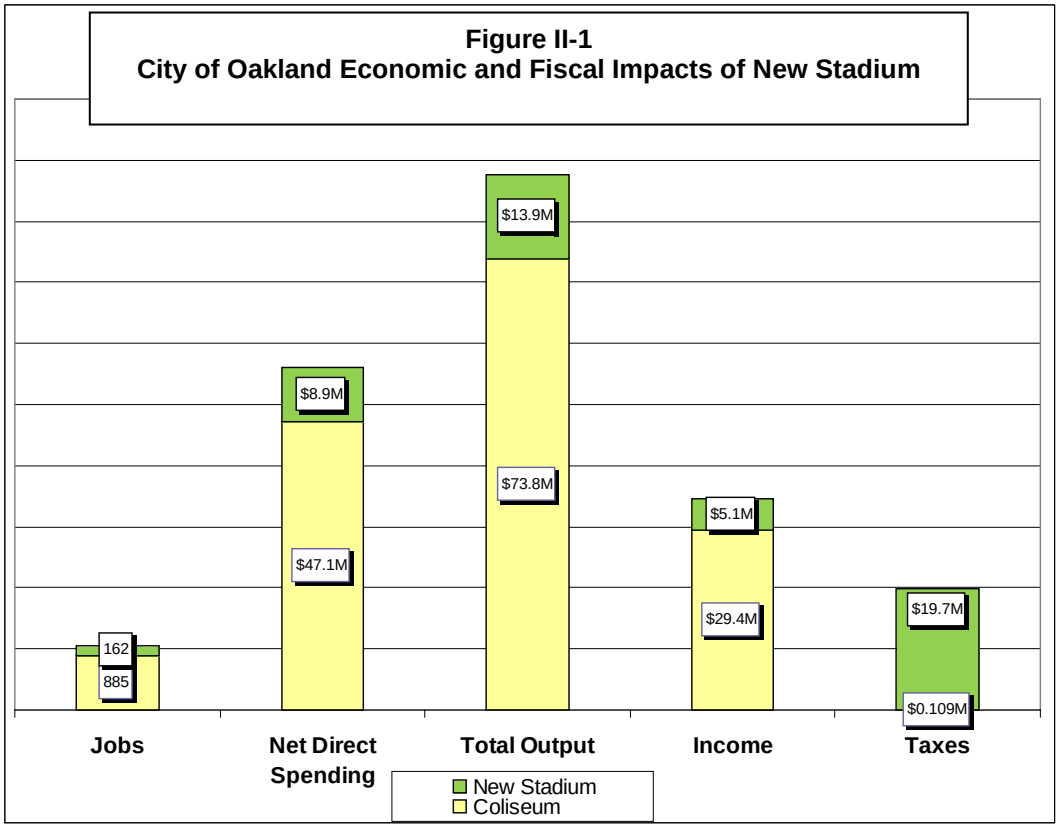



Table II-9 shows these incremental positive effects as well:

**Table II-9**
**City of Oakland Economic and Fiscal Impacts of New Stadium**

| Description | Preserve Existing | Add New | Total New Stadium |
|---|---|---|---|
| 1. Jobs | 885 jobs | 162 jobs | 1,047 jobs |
| 2. Net Direct Spending | $47.1M | $8.9M | $56.0M |
| 3. Total Output | $73.8M | $13.9M | $87.7M |
| 4. Income | $29.4M | $5.1M | $34.5M |
| 5. Taxes | $0.83M | $19.7M | $19.8M |

**Alameda County**

For the County, a similar analysis shows that it would immediately lose: (a) 953 jobs; (b) $51.0M in Direct Spending; (c) $83.0M in Total Output; and (d) $32.0M in Income Earnings. However, if the A's built a new stadium, then the County would not only preserve the current benefits, but also capture additional economic and fiscal benefits. See Figure II-2:

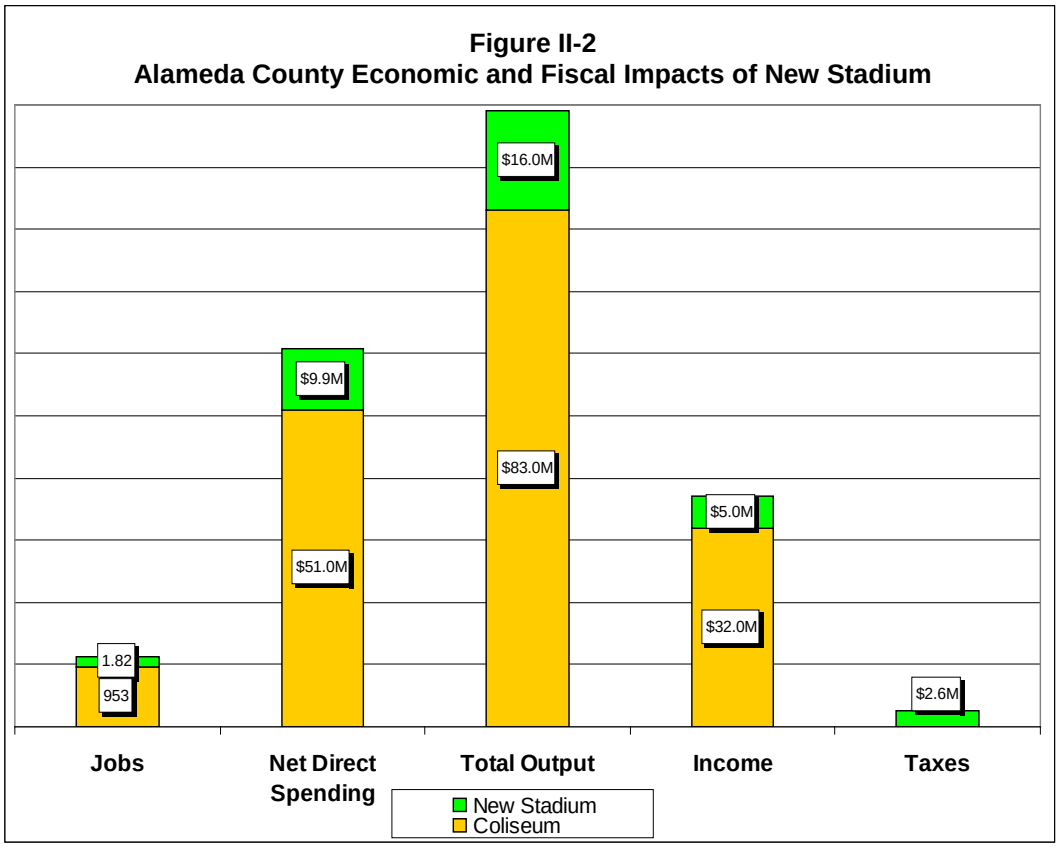



Table II-10 summarizes these incremental positive effects for the County as well.

**Table II-10**
**Alameda County Economic and Fiscal Impacts of New Stadium**

| Description | Preserve Existing | Add New | Total New Stadium |
|---|---|---|---|
| 1. Jobs | 953 jobs | 182 jobs | 1,135 jobs |
| 2. Net Direct Spending | $51.0M | $9.9M | $60.9M |
| 3. Total Output | $83.0M | $16.0M | $99.0M |
| 4. Income | $32.0M | $5.0M | $37.0M |
| 5. Taxes | $6K | $2.6M | $2.6M |

Lastly, it should also be noted that if the A's leave Oakland, then the City and County would never realize the benefits (quantified earlier) with respect to the one-time stimulus of constructing a new baseball stadium.

# CHAPTER III

# THE VISION FOR A NEW STADIUM IN OAKLAND

## LOCATION, ACCESS AND ASSESSED VALUE

### Alternative Stadium Sites

Let's Go Oakland! identified four sites for a 36,000-seat baseball only stadium in Oakland. Evaluating or ranking the feasibility, potential cost or desirability of each of the sites is beyond the scope of this study. However, in order to quantify the potential economic impact of a new baseball stadium at each site, it is necessary to identify those characteristics of the sites that are generally shared in common (and thus allow for the use of uniform assumptions) and those characteristics that may lead to differences in economic impact site by site. We begin with a brief physical summary of each site, followed by an explanation of how each of the sites' individual characteristics drove the use of similar or differing assumptions throughout the remainder of our economic analysis.

For each of the three sites in the Jack London Square area, we have also identified the boundaries of the surrounding area that represent an approximately five-eighths-mile walking distance to the stadium. The choice of a five-eighths-mile radius helps identify three factors – proximity of multiple transportation options that will influence how fans arrive at the stadium, available supply of parking that impacts tax revenue projections (detailed in Chapter VII), and the potential area that would see increased economic development activity as a result of the catalyst that a stadium can be to this kind of neighborhood. As discussed further in this chapter, and in specific detail in Chapter VI, one of the major benefits of a new stadium in the waterfront district is the development spillover effect that it would generate proximate to the stadium.

### Coliseum Site

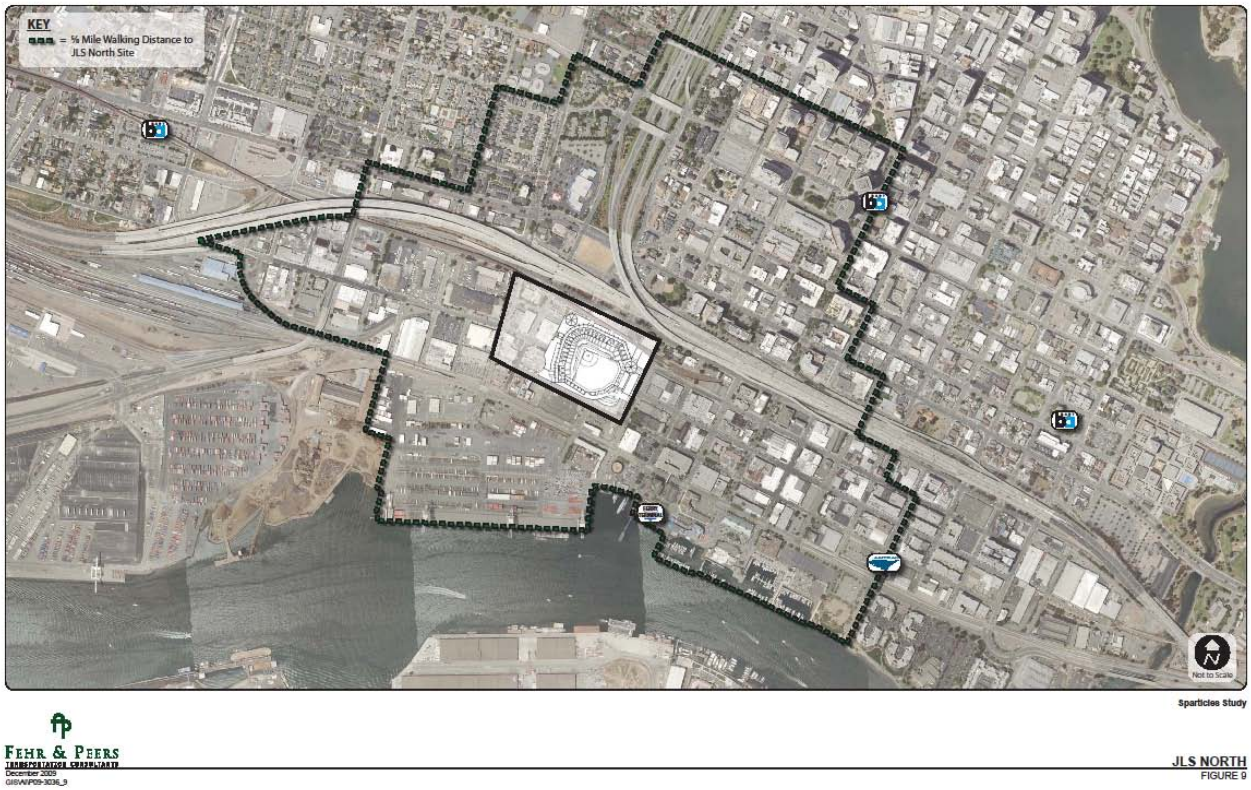
One site alternative would sit primarily on land under the control of the Coliseum Joint Powers Authority, adjacent to and likely south of the site of the existing stadium. Exact placement of a new stadium would be highly dependent on the future use/existence of the current stadium.

### JLS North

Just south of the freeway between the BART tracks to the north, Jefferson Street to the east, Second Street to the south and Market Street to the west, is the approximately 22.94-acre site that we refer to as JLS (Jack London Square) North. The site is shown on Figure III-1. The site contains parcels with an assessed valuation of $103,810,236 of secured property and

$14,908,581 of unsecured property, which covers furniture, fixtures and equipment permanently attached to the property. The development area around the site is delineated with a dashed line. Exclusive of the site itself, the development area contains 119 exempt parcels owned by utilities or public agencies, with unsecured property values of $215,020,287. In addition, the development area contains 1,995 privately owned parcels with an assessed valuation of $1,440,368,702, and unsecured property assessed at $89,400,441.

**Figure III-1**
**Site Alternative, JLS North**



## Howard Terminal

Figure III-2 is a map showing the location of a stadium on the Howard Terminal Site. This is an active terminal owned by The Port of Oakland, bounded by Embarcadero to the north, Clay Street and the Estuary to the east, the Estuary to the south, and to the west, the line that would be created by extending Filbert/Linden Street towards the Estuary. If a new stadium were built on this approximately 50-acre site, the terminal would have to be moved elsewhere on Port property. While publically owned properties are exempt from property tax, container cranes and related equipment with an assessed value of $53 million are currently on site. The immediate development area around this site is delineated by the dashed line on Figure III-2. Exclusive of the site that has been identified as a possible stadium location, this development area currently contains 81 parcels owned by utilities, such as railroads, which are exempt from property taxes, and 706 parcels assessed at $561,848,156 in property value and $115,000,000 in "unsecured assessed value," which refers to furniture, fixtures and equipment permanently attached to the property.

**Figure III-2**
**Site Alternative, Howard Terminal**

**Victory Court**

The third of the alternative stadium options identified in the waterfront area around Jack London Square is shown on Figure III-3. The site is bounded by Hwy. 880 to the north, Lake Merritt Channel to the east, the rail line parallel to the Embarcadero to the south, and Oak Street to the west. It comprises 22.75 acres.

The immediate development area around the site is delineated by the dashed line on Figure III-3. The site itself contains privately owned parcels with an assessed secured property value of $22,414,986 and unsecured value of attachments to the property of $9,086,279. In the immediate development area around the site there are 89 exempt parcels, which we believe are railroad properties with an unsecured assessed value of $102,086,323. In the remainder of the immediate development area there are 1,320 private parcels with a secured property assessed valuation of $829,118,931, and unsecured attached equipment furniture and fixtures assessed at $38,970,311.

**Figure III-3**
**Site Alternative, Victory Court**

## ASSUMPTIONS: CONSTRUCTION COSTS

At each of the four sites, the construction process, both infrastructure and ballpark development together, is anticipated to last approximately three years. The expenditures associated with the development of a new ballpark, the requisite infrastructure and soft costs are estimated to total approximately $500 million, regardless of the site.

In the case of the three waterfront sites, infrastructure includes site demolition, environmental remediation, improvements, parking, utility upgrades/relocations, traffic improvements, pedestrian and streetscape improvements. In the case of the Coliseum site, construction of a new stadium would utilize existing transportation infrastructure, but would likely involve modifying the existing pedestrian route between the stadium and BART to deliver attendees directly to the new stadium, and would involve the elimination of some existing parking (assuming the old stadium remains), requiring the construction of a parking structure to maintain the current parking level. Vertical construction costs for the ballpark development costs include both hard costs and soft costs.

Based upon the $500M cost estimate, GG+A modified these expenditures to reflect only those that are likely to produce an impact on the local economy. Accordingly, we have not included development fees, financing costs or land acquisition costs when determining the one-time effects of ballpark development on local jobs and income. With regard to soft cost expenditures, we have assumed that not all construction-related services (design, engineering, etc.) will be retained locally. We use IMPLAN's "regional purchasing coefficients" to estimate the portion of the soft cost expenditures likely to be made locally.[15]

Chapter IV provides an estimate of economic impact created by construction activity using the rough order of magnitude construction costs estimates listed above. While construction costs would almost certainly vary site by site, estimating the variance would require a detailed scope of infrastructure, site and soil conditions, design of stadium, etc. and is beyond the scope of this study. Once more of these factors have been studied, it would be worthwhile to compare those estimates to the rough order of magnitude estimates above and evaluate whether the economic impact projections are still relevant or should be re-run based on more precise estimates of construction costs.

## ASSUMPTIONS: ATTENDANCE AND STADIUM OPERATIONS

Attendance is assumed to be the same for the three waterfront sites and slightly lower for the Coliseum site. A detailed rationale of attendance assumptions are provided in Chapter V. Some stadium operations are assumed to be influenced by attendance levels, as detailed in Chapter V, but there are no site factors that are assumed to cause variations in operations between the four locations otherwise.

[15] Regional purchasing coefficients are industry-wide averages specific to Oakland and Alameda County that describe how likely it is that particular type of expenditure will remain within the local economy (as opposed to "leaking" out of the region to non-local service providers or suppliers).

## ASSUMPTIONS: SPILLOVER DEVELOPMENT

The current development of the area near the Coliseum is not conducive to encouraging spillover development impacts from a new stadium. While there has been some development in the vicinity, the pace of delivery has been slow. In the case of recently built housing, we believe it has been driven primarily by the presence of BART, and in the case of large scale retail, by the availability of large, freeway visible and accessible sites.

But conditions along the Oakland waterfront near Jack London Square are conducive to spillover impacts from a new baseball stadium. This area currently attracts 10 million residents, employees and patrons per year.[16] Development in this waterfront area has been slowed since the current recession, but growth has been significant and constant in the previous decade. Further, as property in the greater Jack London Square area has changed hands or been redeveloped, assessment records show significant increases in value. This has been true of the areas adjacent to all three of the sites that have been identified as potential stadium locations within the greater Jack London Square area.

Because of the existing base of retail, restaurants and entertainment, density of housing and nearby office uses, existing transportation infrastructure, and an aggressive development pattern that has predated any addition of a stadium, the Jack London Square area is primed to see accelerated economic development from the addition of a baseball stadium. Thus, Chapter VI details anticipated spillover development impacts of locating a stadium in the Jack London Square area.

## ASSUMPTIONS: PARKING UTILIZATION

All four sites enjoy good proximity to BART, multiple AC Transit stops, Amtrak, and in the case of the three waterfront sites, ferry service. Current utilization of BART to a typical A's games is in the 20 percent range, but can rise as high as 40 percent or more for heavily attended games where people anticipate and choose transit alternatives to avoid congestion. In order to project the economic impact of parking tax revenues, which can be very significant, we assume a 25 percent average utilization of alternate forms of transportation throughout the 81 home games, leaving the remaining attendees to arrive by car. We assume this utilization rate of 25 percent throughout all four sites, recognizing that some may benefit from slightly superior proximity and access to specific transit sites than others, but that all are well served by the primary mode, BART. In an urban setting like the three waterfront sites, the assumption of only 25 percent may ultimately prove too conservative, as has been demonstrated by an estimated 50 percent of all attendees at Giants' games arriving by means other than cars. But without a survey of the existing fan base's transportation habits and detailed study of their origination locations, we deemed it most appropriate to use existing transportation use patterns of the fan base.

Where the four sites differ significantly is in the types of parking available to attendees. The

[16] Fehr & Peers prepared this estimate based on parking and transit data, at the request of GG+A.

Coliseum has significant existing surface parking, while the three waterfront sites would benefit from a rich and dispersed reservoir of parking resources, ranging from large public garages, to smaller private lots opened by their owners on game days to generate extra revenue, to street parking throughout the surrounding neighborhood. Based on a preliminary sampling of the area surrounding the waterfront sites, it was estimated that on-street parking represents approximately 25 percent of the inventory of available spaces, while off-street and on-site parking, represent approximately 75 percent of the inventory of available spaces. There is some variation site by site between on-site and off-street (for example, JLS North may be closer to some of the downtown garages, but Howard Terminal has more on-site parking), but the ratio of 25 percent on-street to 75 percent off-street/on-site generally holds true for all three sites.

Parking tax revenues are dependent on the assumptions described above and are detailed in Chapter VII of this report.

# CHAPTER IV
# ONE-TIME CONSTRUCTION IMPACTS OF A NEW STADIUM

This chapter describes the estimation of increased local jobs, incomes and outputs that will result from the construction of the proposed 36,000-seat ballpark, estimated at $500M. Over three years, the new stadium will engender jobs in the construction industry, professional services, and transportation, as well as other inter-related industries within the local economies.[17]

The cost estimates presented in the previous chapter and the economic impacts discussed in this chapter will also be used to generate the fiscal impacts over the three year period. Again, the term "fiscal impacts" refers to the dollars likely to flow to Oakland and Alameda County treasuries.

## SUMMARY OF ONE-TIME CONSTRUCTION IMPACTS

The economic impact estimates are presented on an average annual basis and they are not cumulative. In other words, it can be interpreted that the three-year construction process would generate total additional employment of 1,661 jobs within the City of Oakland each year of the construction process. Alternatively, one could say that the construction activity will support an additional 4,982 "job-years" within the local economy. Table IV-1 summarizes the economic impacts:

**Table IV-1**
**Summary of One-Time Construction Impacts**

**City of Oakland**

| **Economic Impacts** | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Net Direct Spending | $164.0M | $492.0M | $446.6M |
| 2. Total Output | $263.6M | $790.8M | $717.8M |
| 3. Income | $105.0M | $315.0M | $285.9M |
| 4. Jobs | 1,661 | n/a | n/a |

**Alameda County**

| **Economic Impacts** | Annual | Total (3yr) | NPV (3yr) |
|---|---|---|---|
| 1. Net Direct Spending | $164.0M | $492.0M | $446.6M |
| 2. Total Output | $280.0M | $840.0M | $762.5M |
| 3. Income | $109.0M | $327.0M | $296.8M |
| 4. Jobs | 1,746 | n/a | n/a |

For the purposes of deriving the 3-year projections, GG+A assumed that the annual figures

[17] For a broader explanation of the impact analysis procedure used in deriving these estimations, there is a description in Chapter I and Appendix 1 which summarizes the general concepts and approach of economic impact analysis.

were stable during the construction period. The numbers were then placed into a cashflow model and then a discount rate of 5% was used to arrive at a net present value (NPV).

## ECONOMIC IMPACTS ON OAKLAND ECONOMY

The local impacts are presented in terms of (1) added employment, (2) additional income associated with those added jobs, and (3) total output. These factors are driven from the amount of net direct spending within the local economy per the IMPLAN model. Income and output are described in 2009 dollars. Table IV-2 shows these results.

**TABLE IV-2**
**Annual Economic Impact of Construction on Oakland Economy**

| | Jobs [1] | Income [2] | Total Output [3] |
|---|---|---|---|
| Net Direct (Spending) | 1,008 | $70,017,000 | $164,046,000 |
| Indirect + Induced | 653 | $34,896,000 | $99,543,000 |
| **Total** | **1,661** | **$104,913,000** | **$263,589,000** |
| Multiplier | 1.65 | 1.50 | 1.61 |

[1] Full and part-time jobs.
[2] Employee compensation.
[3] Value of all goods and services produced.

Sources: MIG, Inc.; Gruen Gruen + Associates

The annual impacts to the City during the three-year construction period result in total employment of 1,661 jobs; total employee compensation of $104.9 million; and total output of $264 million.

The employment and income multipliers associated with the construction are 1.65 and 1.50 respectively. An employment multiplier of 1.65 means that for every one hundred direct jobs supported by construction activities, an additional 65 jobs will be supported elsewhere in Oakland. The annual construction activity is estimated to generate 1,008 direct jobs and 653 indirect jobs.

The indirect jobs expected to be supported are the result of industry-to-industry purchases and worker spending. The income multiplier of 1.50 suggests that for every $1.00 paid in compensation to the workers building and designing the ballpark, an additional $0.50 of wage and salary income will be created elsewhere in the local economy.

Direct income associated with the construction activity is estimated to approximate $70 million, while indirect income generated is estimated to total $35 million. The total employment and income impacts associated with the construction activity (both directly and indirectly) equates to an average compensation of approximately $63,000 per job created.

Total economic output, or the gross value of goods and services produced, is expected to total $264 million. This is a result of the direct spending estimate and then the multiplier effects.

## ECONOMIC IMPACTS ON ALAMEDA COUNTY ECONOMY

The economic impacts to the County are expected to be higher than the impacts to the City of Oakland based upon the higher levels of indirect and induced impacts. Table IV-3 summarizes the range of economic impacts expected to be produced from development and construction of the four ballpark site alternatives on the Alameda County economy.

**TABLE IV-3**
**Annual Economic Impact of Construction on Alameda County Economy**

| | Jobs [1] | Income [2] | Total Output [3] |
|---|---|---|---|
| Net Direct (Spending) | 1,008 | $70,017,000 | $164,046,000 |
| Indirect + Induced | 739 | $38,970,000 | $115,509,000 |
| **Total** | **1,746** | **$108,987,000** | **$279,555,000** |
| Multiplier | 1.73 | 1.56 | 1.70 |

[1] Full and part-time jobs.
[2] Employee compensation.
[3] Value of all goods and services produced.

Sources: MIG, Inc.; Gruen Gruen + Associates

The annual effects attributed to construction activity result in slightly higher economic impacts on the Alameda County economy. Indirect jobs created are estimated to approximate 740 annually, while indirect income gain is estimated to total $39 million annually.

## FISCAL IMPACTS GENERATED BY CONSTRUCTION

The City of Oakland and Alameda County receive sales tax on the purchase of "tangible" construction materials and fixtures. The one percent local sales tax rate is imposed on the purchase of these goods. The distribution of this sales tax revenue, however, is contingent upon how the construction contractor designates his or her activities. If the contractor designates the City of Oakland as the recipient, then Oakland is allocated the entire one percent tax on construction materials, and five percent of the overall one percent tax is net remitted to Alameda County. Thus, the City would receive 95 percent of the sales tax revenue produced by the purchase of construction materials. If the County is designated as the recipient, then the County is allocated the entire one percent tax rate, of which 19 percent is net remitted to the City of Oakland.

Smaller contractors and those who generally work throughout the County are most likely to

designate the County as prime recipient of taxes on building materials and fixtures. Given the magnitude of costs associated with constructing a 36,000-seat ballpark and site infrastructure, we assume that the contractor would designate the City of Oakland as the recipient of sales tax. We believe the City of Oakland is already organized to urge the prime contractor, and all others working on the project, to designate the City of Oakland as the recipient of sales tax.

Unlike some industries, which exhibit relatively uniform costs of goods, the cost of construction materials and fixtures (as a percent of the overall project costs) can vary significantly depending on the size and type of project being built. While detailed ballpark costs are unknown, given the preliminary nature of this study, we assume that 50 percent of the hard costs associated with developing a new stadium and infrastructure would represent purchases of construction materials and fixtures. This assumption is based on our analysis of construction sector trade accounts for the local economy,[18] in addition to our general understanding that professional sporting venues typically include far more "bells and whistles" than typical building structures.

Table IV-4 presents the estimated one-time sales tax revenues generated by construction.

**TABLE IV-4**
**Local One-Time Sales Tax Revenue Generated by Construction Expenditures**

| | |
|---|---|
| Total Hard Costs[1] | $423,562,000 |
| Cost of Materials/Fixtures[2] | $211,780,000 |
| | |
| **Oakland Sales Tax Revenue[3]** | **$2,012,000** |
| **County Sales Tax Revenue[3]** | **$105,800** |

[1] Includes hard costs for ballpark and infrastructure (and estimated contingency).
[2] Assumes materials and fixtures represent 50 percent of hard costs.
[3] Assuming the City of Oakland is designated as recipient of sales tax.

Sources: City of Oakland, Tax Audit Division; Gruen Gruen + Associates

Total local sales tax revenue generated by the construction of ballpark and necessary infrastructure is estimated at $2.1 million. Alameda County's five percent net remittance would approximate $106,000. Retaining 95 percent of the total sales tax revenue, the City of Oakland would receive sales tax revenue on construction materials approximating $2,012,000.

[18] More specifically, IMPLAN's industry balance sheet for the local Oakland economy allows us to reach inferences about the spending patterns of a contractor given those estimated for the construction sector as a whole. In 2007, labor costs, proprietors' income, payments on capital and property, and taxes, represented approximately 54 percent of the total value of construction production. Accordingly, the remaining 46 percent can be attributed to "commodity inputs," or components of production that are purchased from other sectors of the economy. While these commodity inputs include more than just the raw goods required to construct a building (such as payments to transporters, subcontracted project managers, or payments on equipment rentals, etc.), the vast majority of inputs are representative of tangible building materials and fixtures.

# CHAPTER V
# ON-GOING ECONOMIC IMPACTS OF THE NEW STADIUM

## INTRODUCTION

This chapter describes the economic impacts from the on-going operations of a new ballpark in Oakland. As mentioned in Chapter I, which described the methodology, these impacts are measured in terms of net direct spending, total output, income and jobs. Such economic variables are really a function of the ballpark attendance, team expenditures, spectator spending inside and outside the ballpark and throughout the City/County.

The research and analysis suggests there will undoubtedly be a short-term increase in activity and attendance at any of the four sites if and when a new stadium is opened. The scale, diversity, and value of land uses in the waterfront area around the sites labeled JLS North, Howard Terminal and Victory Court are much greater than the uses around the Coliseum site, and the growth of development around the former three sites is much more likely. We believe these differences would also enable a new stadium on the waterfront to have a long-term effect on attendance in a manner not to be expected if the new stadium is located on the Coliseum site. Therefore, as discussed further below, a new stadium sited near the waterfront and Jack London Square is more likely to sustain a higher attendance level than a stadium developed at the Coliseum site.

Although four potential site locations have been identified, we believe that we cannot measure the differences between them with a reasonable degree of accuracy. Table V-1 summarizes the findings of this chapter, which are expressed in terms of average annual basis and 30-year estimates (both nominal dollars and net present value):

**Table V-1**
**Economic Impacts from On-Going Operations of a New Ballpark**

**City of Oakland**

| **Economic Impacts** | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Net Direct Spending | $56.0M | $1.7B | $0.9B |
| 2. Total Output | $87.7M | $2.6B | $1.3B |
| 3. Income | $34.5M | $1.0B | $0.5B |
| 4. Jobs | 1,047 | n/a | n/a |

| Alameda County | | | |
|---|---|---|---|
| **Economic Impacts** | Annual | Total (30yr) | NPV (30yr) |
| 1. Net Direct Spending | $60.9M | $1.8B | $0.9B |
| 2. Total Output | $99.0M | $3.0B | $1.5B |
| 3. Income | $37.0M | $1.1B | $0.6B |
| 4. Jobs | 1,135 | n/a | n/a |

## BALLPARK ATTENDANCE

The Oakland Athletics franchise did not provide data or insights regarding the dynamics of their attendance and geographic market area, nor were fan intercept surveys prepared as part of this study. Therefore, the estimates of "future" attendance at a new ballpark are simply educated benchmarks that reflect our judgment regarding a reasonable average level of attendance based on how teams across the league draw – not taking into consideration factors such as improved team performance or enthusiasm of the fan base and ownership, or specific novelty impacts of a new stadium. Table V-2 presents the average annual attendance projections utilized in the analysis of on-going economic impacts. The purpose of this study was not to forecast potential attendance at a new stadium.

We have assumed that the new stadium will bring the paid attendance up to a level that is roughly consistent with average utilization of capacity throughout the league, approximately 72.5%. For a 36,000 seat stadium, this means approximately 2,110,000 of paid attendance per year (coincidentally, this also is very close to the paid attendance level in 2005, the last year the A's performed competitively, but did not go to the playoffs). We've assumed that the average ratio of 79.8% paid to turnstile attendance over the last five years continues to hold true, leading to actual turnstile attendance of approximately 1,680,000.

GG+A then assumes that paid attendance for the three sites located in the greater Jack London Square area close to the waterfront (JLS North, Howard Terminal and Victory Court) is 6% higher than at the Coliseum, leading to a figure of 2,240,000, and turnstile attendance of 1,790,000. This 6% difference between attendance for the waterfront sites and attendance estimated for the Coliseum alternative represents our approximation of the effect that neighborhood amenities and "livelihood" will have on longer-term attendance. In other words, we believe that locating a new stadium in a more vibrant and active neighborhood – one where people visit and gather even on non-game days – will serve to reinforce attendance once the initial excitement of a new stadium has disappeared. We have attempted to quantify this difference because greater attendance levels will, in turn, support more jobs, income and tax revenues.

**TABLE V-2**
**Average Annual Attendance at New Stadium**

| Stadium Location | Average Annual Paid Attendance | Average Annual Turnstile Attendance | Increase Above Historical 5-Year Average |
|---|---|---|---|
| Jack London Square Area | 2,240,000 | 1,790,000 | 13% |
| Coliseum | 2,110,000 | 1,680,000 | 7% |

Source: Gruen Gruen + Associates

Compared to average annual attendance at A's games over the past five seasons, these estimates represent an increase of only 13 and 7 percent respectively. Some teams in new ballparks have experienced dramatic increases in attendance (San Francisco Giants increased by 60% in the first year and was still 57% higher by the fifth year), and the average increase across all new ballparks is 25%. But because there is great variability in these statistics and many other factors that influence attendance (team performance being one of the largest), we have conservatively used assumptions that are instead driven by simply achieving a league average utilization of stadium capacity.

It should also be noted that GG+A's assumptions regarding new ballpark attendance are intended to be independent of team performance. In other words, the estimates of attendance we utilize are conservative because we assume team performance is fixed and will not improve (which more often than not will drive increased demand for baseball tickets). Thus, the on-going impacts reviewed in this chapter can be considered as the "bottom line" estimate. If, for example, the A's opened a new ballpark in Oakland and were to consistently experience on-the-field success (i.e., making the playoffs for consecutive years), it is likely that annual attendance will be much greater than the estimates summarized above.

## OPERATING CHARACTERISTICS AT THE COLISEUM

In Chapter II, GG+A researched the existing operations of the A's and fan visitation at the Coliseum. These analyses and estimates were useful in providing the basis from which to identify the on-going economic and fiscal impact of a new stadium.

While there is always a high level of interest from concerts and other sporting teams to utilize new facilities located in accessible areas with other magnetic venues, we have not assumed any revenue from such rentals. We suspect that the number of additional events that will be attracted to these facilities is small. Further, our past experience has shown us that obtainable rents are also likely to be dependent on whether or not the new stadium will still have to compete with events at the remaining stadium. Concert and sports promoters are very sophisticated, and "shop around" to get the lowest rent if the city offers several choices to them. For these reasons, and to be conservative, we have not included revenue from non-baseball events.

**Team Expenditures**

We have found no evidence to suggest that the A's franchise itself is likely to employ a larger workforce or increase staff payroll if and when they move to a new stadium. As described in Chapter II, staff payroll is estimated at $12.5 million. We assume the A's staff payroll and workforce will not increase with a new stadium. A small share of the reported A's payroll, or roughly $115,000, is attributable to the payroll incurred by the A's parking operator (Classic Parking).

While it might be reasonable to conclude that construction of a new stadium would permit the franchise to increase their team payroll, this notion is often debated. Team owners are just as likely to pocket the additional revenues as they are to reinvest in better "on the field" product (e.g., higher paid and better performing players). In either case, increased spending on player payroll or greater income to the owner will not benefit local economy or tax base, except to the degree it improves performance and, therefore, attendance.

Without access to specific economic data describing the operating expenditures of the A's, we are not in the position to determine if and how other sources of team spending for vendors and service providers may change. We do, however, estimate that janitorial/ maintenance related expenditures will increase proportionate to stadium attendance. We conservatively assume no further increase in team spending occurs at a new stadium (see Chapter II, Table II-4 for a summary of current team spending).

**Spectator Spending In-Stadium**

Annual concession sales at the three Jack London Square sites are estimated to total just under $9 million. At the Coliseum site, projected concession sales are estimated at $8.4 million. We assume in-stadium concession sales will increase to an average of $5.00 per fan (as compared to the $3.30 estimated to apply to the existing Coliseum). We believe per capita expenditures by fans would increase because construction of a new stadium would permit an increase in the number and attraction of concession stations, so as to bring per capita expenditures closer to what they are in other newer stadiums.

In the case of the waterfront stadiums, vendors would sense the availability of nearby competition and be likely to improve their offerings. However, to be conservative, we have not increased the per capita expenditures at the waterfront sites over those estimated at a new stadium located at the Coliseum site.

Table V-3 summarizes projected annual concession revenues at a new stadium.

| TABLE V-3<br>Projected Annual Concession and Ticket Revenues at a New Stadium[1] | | |
|---|---|---|
| | JLS Area | Coliseum |
| Annual Turnstile Attendance | 1,790,000 | 1,680,000 |
| Per Capita Concession Expenditures | $5.00 | $5.00 |
| Gross Annual Concession Sales | $8,950,000 | $8,400,000 |
| [1] Presented in constant 2009 dollars. | | |
| Source: Gruen Gruen + Associates | | |

**Spectator Spending Outside Stadium**

To estimate the impact of "off-site" fan spending on retail and restaurants in the vicinity of the three sites located in the greater Jack London Square area (JLS North, Howard Terminal and Victory Court), we rely upon estimates of current retail sales and visitation to the area.

There is considerable evidence that parking and transit activity are highly correlated with retail sales. For example, in a Saturday, Sept. 5, 2009 article by staff writer Tom Abate in the *San Francisco Chronicle*, Ted Egan, Chief Economist with the City of San Francisco is quoted: "We find that parking tracks the economy pretty closely. We use it as an early indicator of retail activity." The article went on to cite data indicating that when occupancy in the Fifth and Mission, Union Square, Stockton/Sutter and Ellis/O'Farrell garages fell from 7 to 9 percent, the sales tax revenue for that same year dropped 4 percent. Not surprisingly, transit use also provides a good indication of changes in retail sales. Winton Johnson said that BART ridership system-wide is down 11.2 percent, reflecting not only a drop in shopping, but also employment.

Based on traffic engineering data and modeling, it is estimated that 10 million people a year visit the Jack London Square area. Thus, the addition of 1,790,000 baseball fans to the area would increase the potential shopping and eating population by 18 percent. What we have assumed in this impact analysis is that consumer expenditures in the greater Jack London Square area will increase by 9 percent, one-half of the percentage increase in visitors to the area who come to attend baseball games. As shown Table V-4 below, retail sales in the Jack London Square area are estimated to have approximated $270 million in 2008.

**TABLE V-4**
**Existing Retail Sales Base of Jack London Square Area and Projected New Sales Attributable to Baseball Stadium Visitation**

| Industry Group | 2008 Sales[1] | Additional Sales @ 9% Increase |
|---|---|---|
| Restaurants & Hotels[2] | $121,295,000 | $10,917,000 |
| General Consumer Goods | $75,925,000 | $6,833,000 |
| Food & Drugs | $45,220,000 | $4,070,000 |
| Fuel & Service Stations | $30,130,000 | $2,712,000 |
| Total Sales | $272,570,000 | $24,531,000 |

[1] Based on sales tax data reported for the Jack London Square area. Does not take into consideration that some food and drug items are tax exempt, thus sales are likely understated.
[2] Does not include actual revenues generated by hotel operation. Includes only sales of on-site restaurants and dining facilities.

Sources: City of Oakland, Revenue Audit Division; HdL Companies; Gruen Gruen + Associates.

The second column in the table provides an estimate of the increase in retail sales that would be induced by a stadium, by assuming that sales in each of the categories increased by 9 percent. Additional retail sales at a 9 percent increase would approximate $24.5 million. This amount equates to roughly $13.70 per fan.

As described previously in Chapter II, we assume off-site expenditures made by fans attending the existing Coliseum for A's games approximate $5.00 per fan. We estimate the same level of off-site expenditures would apply to a new stadium built at the Coliseum site.

## ON-GOING ECONOMIC IMPACTS OF A NEW STADIUM

Based upon the above analysis and the IMPLAN model, GG+A estimated the economic impacts from the on-going operations of a new stadium. The measured results to the local economies of Oakland and Alameda County are presented on an average annual basis, 30-year projection (total nominal dollars), and 30-year net present value utilizing a 5% discount rate.

### Economic Impact on Oakland

Table V-5 summarizes the impacts to the City of Oakland on an average annual basis for both the Coliseum and a stadium within the JLS area. As mentioned earlier, there would be greater impacts for a stadium located at JLS North, Howard Terminal or Victory Court given the greater potential for more economic synergies.

**TABLE V-5**
**On-Going Economic Impacts to Oakland Economy[1]**
**(Annual Average)**

| JLS North, Howard Terminal and Victory Court | | | |
|---|---|---|---|
| | Jobs[2] | Income[3] | Total Output[4] |
| Net Direct (Spending) | 868 | $25,413,000 | $56,061,000 |
| Indirect / Induced | 179 | $9,035,000 | $31,746,000 |
| **Total** | 1,047 | $34,448,000 | $87,807,000 |
| Multiplier | 1.21 | 1.36 | 1.57 |
| Coliseum | | | |
| | Jobs[2] | Income[3] | Total Output[4] |
| Net Direct (Spending) | 778 | 22,881,000 | 49,500,000 |
| Indirect / Induced | 155 | 7,823,000 | 28,014,000 |
| **Total** | 933 | 30,704,000 | 77,514,000 |
| Multiplier | 1.20 | 1.34 | 1.57 |

[1] Figures are rounded. Income and output presented in 2009 dollars.
[2] Includes both full and part-time jobs.
[3] Employee compensation only. Does not include proprietor or corporate-type income.
[4] Total value of all goods and services produced.

Sources: MIG, Inc.; Gruen Gruen + Associates.

In order to arrive at the 30-year projections, GG+A assumed that these average annual figures would remain stable. The nominal 30-year figure is therefore the annual amount multiplied by 30, and the net present value is calculated using a discount rate of 5%.

| TABLE V-6<br>On-Going Economic Impacts to Oakland Economy[1]<br>30-Year Projections | | | |
|---|---|---|---|
| JLS North, Howard Terminal and Victory Court | | | |
| Economic Impact | Average Annual | Total (30-Yr) | Net Present Value (30-Yr) |
| Net Direct Spending | $56.0M | $1.7B | $0.9B |
| Total Output | $87.7M | $2.6B | $1.3B |
| Income | $34.5M | $1.0B | $0.5B |
| Jobs | 1,047 | n/a | n/a |
| Coliseum | | | |
| Economic Impact | Average Annual | Total (30-Yr) | Net Present Value (30-Yr) |
| Net Direct Spending | $49.5M | $1.5B | $0.8B |
| Total Output | $77.5M | $2.3B | $1.2B |
| Income | $30.7M | $0.9B | $0.5B |
| Jobs | 933 | n/a | n/a |
| | | | |
| Sources: MIG, Inc.; Gruen Gruen + Associates. | | | |

**Economic Impact on Alameda County**

Table V-7 summarizes the impacts to the Alameda County economy estimated to result from operations of a new stadium located in the greater Jack London Square area and at the existing Coliseum site.

| TABLE V-7<br>On-Going Economic Impact to Alameda County Economy[1]<br>(Annual Average) | | | |
|---|---|---|---|
| JLS North, Howard Terminal and Victory Court | | | |
| | Jobs[2] | Income[3] | Output[4] |
| Net Direct (Spending) | 914 | $26,594,000 | $60,989,000 |
| Indirect / Induced | 221 | 10,388,000 | 38,330,000 |
| **Total** | **1,135** | **36,982,000** | **99,319,000** |
| Multiplier | 1.24 | 1.39 | 1.64 |
| Coliseum | | | |
| | Jobs[2] | Income[3] | Output[4] |
| Net Direct (Spending) | 791 | $24,106,000 | $52,520,000 |
| Indirect / Induced | 195 | 9,128,000 | 33,111,000 |
| **Total** | **986** | **33,234,000** | **85,631,000** |
| Multiplier | 1.25 | 1.38 | 1.63 |
| [1] Figures are rounded. Income and output presented in 2009 dollars.<br>[2] Includes both full and part-time jobs.<br>[3] Employee compensation only. Does not include proprietor or corporate-type income.<br>[4] Total value of all goods and services produced. | | | |
| Sources: MIG, Inc.; Gruen Gruen + Associates. | | | |

For the County 30-year projections, GG+A assumed that these average annual figures would remain stable. The gross nominal amount is therefore the annual amount multiplied by 30, and the net present value is calculated using a discount rate of 5%.

| TABLE V-8<br>On-Going Economic Impacts to Alameda Economy[1]<br>30-Year Projections | | | |
|---|---|---|---|
| JLS North, Howard Terminal and Victory Court | | | |
| Economic Impact | Average Annual | Total (30-Yr) | Net Present Value (30-Yr) |
| Net Direct Spending | $60.9M | $1.8B | $0.9B |
| Total Output | $99.0M | $3.0B | $1.5B |
| Income | $37.0M | $1.1B | $0.6B |
| Jobs | 1,135 | n/a | n/a |
| Coliseum | | | |
| Economic Impact | Average Annual | Total (30-Yr) | Net Present Value (30-Yr) |
| Net Direct Spending | $52.5M | $1.5B | $0.8B |
| Total Output | $85.6M | $2.5B | $1.3B |
| Income | $33.1M | $1.0B | $0.5B |
| Jobs | 986 | n/a | n/a |
| Sources: MIG, Inc.; Gruen Gruen + Associates. | | | |

# CHAPTER VI
# INDUCED DEVELOPMENT IMPACTS

## CONDITIONS THAT MAKE DEVELOPMENT IMPACTS LIKELY

New stadiums, arenas and similar large scale professional sport venues do not always induce significant amounts of additional, relatively intensive development in neighboring areas. They can be, and often are, simply facilities that attract fans who come to events in the venue and afterwards go home or drive to other activity centers outside the immediate neighborhood. The development history of the area around the existing Coliseum and the stadium at Candlestick Point in San Francisco provide examples showing that stadiums do not always induce significant additional development on adjoining sites. Stadiums that stand alone in areas without prior vibrant development activity rarely generate "spillover effects" that intensify development and increase real estate property values in the area.

Development spillover effects tend to be induced when new stadiums and similar facilities are integrated with pre-existing development related activities that have already shown signs of adding value and growth. An example of a new stadium that has induced spillover effects enhancing the scale and value of nearby new development include Petco Park in San Diego. The San Diego Centre City Development Corporation credits the announcement of the $454 million Petco Stadium with having accelerated more than $4.350 billion in private investment around the area. The stadium, completed in April of 2000 within the East Village Redevelopment Area, is located within a block of the trolley stop that travels along Harbor Drive and two blocks from the Gaslight Quarter, which had been developing and increasing its attraction to visitors for over two decades before the construction of the new stadium was announced.

AT&T Park in San Francisco, Camden Yards in Baltimore and Jacobs Field in Cleveland are other examples of stadiums that increased nearby business during the baseball season and encouraged the value-added expansion of nearby development. Again, though, in all these cases the stadiums went into areas with growth prospects and the ability to attract visitors, customers and residents without the added attraction of a baseball stadium. Thus, the stadium serves as a catalyst in these areas, so that the rate of development is often sped up and higher-value, more intensive development is supported than would have resulted in the absence of a new stadium.

The spillover development impacts facilitated by the provision of a stadium, in turn, also generate economic (jobs and income) and fiscal (tax revenue) benefits. The accelerated rate and intensity of development and/or re-use of existing properties in the vicinity of the stadium will expand the property tax base so that more tax revenues flow to the local, regional and state jurisdictions. These dollars will also accrue more rapidly. Especially in redevelopment areas, such a shift in the tax base will support a greater capacity to leverage

public funds (e.g. improved bonding capacity), generate more funds to projects such affordable housing, and overall enable improvements to the area that otherwise may have not been feasible. Thus, the mutually reinforcing relationship between the stadium and adjoining development activity can be capitalized upon to facilitate a recurring process of enhancement and improvement to the neighborhood.

## WATERFRONT DEVELOPMENT AND VALUE TRENDS AND METHODOLOGY USED TO QUANTIFY SPILLOVER DEVELOPMENT IMPACTS

As stated in Chapter III, the existing Jack London neighborhood is conducive to encouraging development spillover effects throughout the waterfront area if a new stadium is built on any of the suggested locations. While certainly affected by the current recession, the waterfront area on both sides of Jack London Square has been attracting an increasing number of customers to its businesses, residents to its housing and crowds to its food and entertainment businesses. The value of taxable property in the three areas identified in Chapter III as containing possible stadium sites totals $2,852,750,775. Figure VI-1 is a map of the area and the seven sub-areas considered in the analysis that would benefit from the "spillover effects."

**Figure VI-1**
**Map of Seven Sub-Areas**

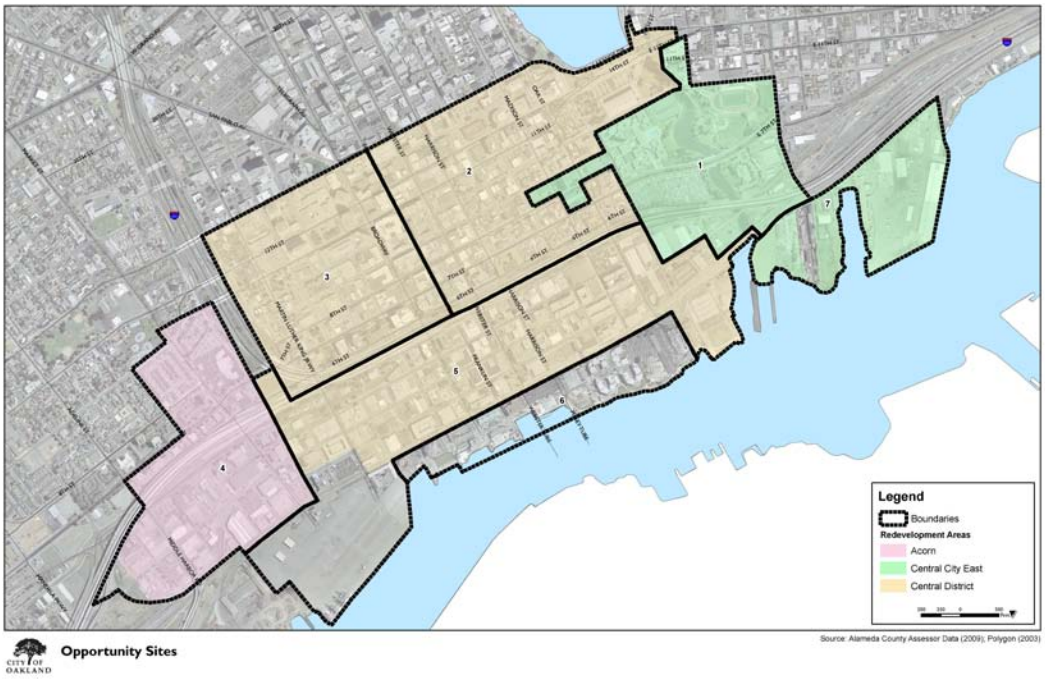


Table VI-1 presents a comparison of the per square foot value of vacant land not sold since 2002 within each of the three major subareas that constitute the waterfront, and the value of vacant land sold since 2003 within each of those subareas. What these data show is that when land is sold, its value is significantly higher than the previous assessed value of those same parcels. While the land that provides these data has yet to be developed, much of the recent purchases have been made with the intent of future development.

**Table VI-1**
**Assessed Per Square Foot Value of Vacant Land in Subareas of the Waterfront**

| Location[1] | Not sold since 2002 | Sold since 2002 |
|---|---|---|
| Subarea A | $25.89 | $84.29 |
| Subarea B | $8.44 | $75.80 |
| Subarea C | $21.29 | $154.85 |

[1] These subareas reflect a 5/8 mile walk from each of the three potential site locations. When aggregated together, these subareas generally represent the "spillover" impact area as delineated and described above in Figure VI-1.

Source: GG+A; Alameda County Assessor's Office

The development history of the waterfront, particularly since the advent of the current century, and prior to the current recession, has shown a strong upward trend. In order to gauge the trajectory of this trend into the future GG+A conducted research on the real-estate economics of the area and spoke with the City of Oakland as well as some owners and developers of major properties in the area.

## REAL ESTATE ECONOMIC RESEARCH CONDUCTED AND METHODOLOGY IMPLEMENTED TO ESTIMATE DEVELOPMENT SPILLOVER IMPACTS

Based upon the information obtained through interviews and research, GG+A then developed a methodology to estimate and quantify the build-out scenarios for: (1) a "Without Stadium" scenario which estimates the development of the area under normal economic conditions; and (2) a "With Stadium" scenario which factors in the catalyst effect of a new ballpark, or specifically, higher property values, higher density developments and an accelerated build-out pace. The timeframe considered in both scenarios are 30-year horizons.

The difference between these two scenarios then measures the "spillover effects" with respect to a new stadium and its impact on real estate economic conditions in the area. The results of the spillover model indicate that the difference in taxable value over 30 years is approximately $4.7 billion. This estimated difference in valuation is predominately conditioned by the expectation of increased development yields and higher-value product types. A more detailed explanation of the methodology used to quantify the spillover effect of a new stadium is described below:

1. **Supply of Developable Acres**. GG+A reviewed the existing sites within the seven sub-areas to identify the properties with the greatest potential to accommodate new development. The criteria used to identify this "low-hanging fruit" was (a) all vacant properties (e.g. parking lots and abandoned properties); and (b) underutilized parcels, generally with minimal improvements on the site. All types of ownership were considered, regardless of private or public ownership. The parcels that met these conditions resulted in a total gross area of approximately 248 acres.

   GG+A then further analyzed the supply of developable acres and eliminated sites which were potentially historic structures, parcels currently designated for open space and other uses which would prohibit change in the next 30 years. In the case of "With Stadium," GG+A also carved out 14 acres to accommodate the ballpark structure itself. The final analysis shows that (a) "Without Stadium" there are approximately 186 acres; and (b) "With Stadium" there are approximately 172 acres. (Note: The additional 14 acres would be dedicated to a new ballpark.)

2. **Development Program**. With input from the City of Oakland, we then reached conclusions about the most appropriate types of land use within each sub-area. GG+A used the "highest and best use" approach for the development of each site, considering the pattern and scale of development, building costs, obtainable rents and sales prices for each product type, approved plans existing for the area and amenities such as public transportation. In order to quantify the two scenarios, GG+A programmed Areas 1 through 5 with the most appropriate ratio for residential, retail, office and hotel development. In the case of Area 6 (Jack London Square) and Area 7 (Oak-to-Ninth), there were existing entitlements in place so those programs were simply put into the model. In the case of Areas 1 through 5, this process did not consider the potential for the existing composition of land use in each area to change dramatically over time. Locations that have historically been heavily office are assumed to remain so. Similarly, locations that have been filling in with residential development are assumed to maintain this momentum. Lastly, under the "with stadium" scenario, there was 14 acres dedicated to a baseball stadium.

3. **Yield Per Acre Factors**. Based upon the above land use analysis, we estimated the likely market conditions for the next 30 years to project a density factor or "yield per acre" for each of the sub-areas. The development parameters include units per acre for residential, FAR for retail and office, and keys per acre for hotel. By way of example, GG+A used a higher residential density factor in Area 1 compared Area 4; higher

office FAR factor in Area 2 versus Area 6; and higher retail factor in Area 6 compared to Area 1. In general, for Areas 1 through 5, GG+A also included higher density factors for the "With Stadium" scenario to reflect the catalyzing and synergic effects of the new stadium.

4. **Valuation Factors**. With information from local developers, GG+A estimated the valuation factors for each product type. The valuation factors represent values in current terms and also reflect differences between the sub-areas. For example, rents and values would be higher in Area 1 compared to Area 4 and higher office rents could be achieved in Area 2 versus Area 6. The parameters included sales/cost per door for residential; sales prices per square foot for retail and office; and cost per unit for hotel keys. In the case of "With Stadium," GG+A estimated a value differential for each product type ranging from 5 to 20 percent higher as compared to the "Without Stadium" scenario. For the ballpark structure, GG+A estimated $175M as the base for property tax purposes within this redevelopment area. This figure was derived from a comparable ballpark in the Bay Area of $225M and then adjusted for the existing tax base of approximately $50M, which would not be factored in the future tax increment calculations.[19]

5. **Maximum Development Yield and Valuations**. Based upon steps 1 through 3 outlined above, GG+A generated maximum development yields and valuations for the "With Stadium" and "Without Stadium" scenarios. Specifically, for Areas 1 to 5, the yield factor and values were multiplied by the acreage for the area to determine the results over 30 years. In Areas 6 (Jack London Square) and 7 (Oak-to-Ninth), the entitled program was considered as the maximum development yield and then multiplied by the various valuation factors.

6. **Build-Out Ratios**. The next step involved further reducing the maximum development yields and valuations generated in the steps above for Areas 1 to 5. That is to say, we recognize that the entire program (100%) would not be achievable over the next 30 years for various reasons such as incompatible adjacent uses, political factors, unwilling sellers, and other unfavorable market conditions. For Areas 6 and 7, the build-out ratios were higher, given that site control was in place and the entitlement risks were much lower. In regards to the difference between the two scenarios, the model assumes that a higher ratio of development yield and values is achievable under the "With Stadium" scenario. A summary of the build out ratios are shown below for the next 30 years:

[19] This conservative estimate of the stadium basis is well below the $500million construction costs. However, for calculating property taxes, this lower estimate is appropriate because of a local comparable and the fact that the improvements may be owned by tax exempt entities.

| Sub-Area | Without Stadium | With Stadium |
|---|---|---|
| 1 through 5 | 40% | 50% |
| 6 (Jack London Square) | 100% | 100% |
| 7 (Oak-to-Ninth) | 85% | 100% |

7. **Rate of Development**. Finally, in order to reflect the catalyzing effect of a new stadium, we assumed that in all areas, the rate of development would be faster with a stadium than without a stadium. In summary: (a) the "with stadium" scenario reflects 60 percent of the 30-year development yield being delivered in the first 15 years and the remaining 40 percent being delivered in the latter 15 years; and (b) the "without stadium" case reflects that the development would occur evenly over the 30 years (i.e. straight line assumption).

8. **Final Build-Out Yield and Valuations**. Based upon the above steps, GG+A produced the final build-out values and yields for each sub-area and for both development scenarios. The model also factors in other assumptions over the 30 years, such as a two percent annual increase in values/costs. This applies to new development, including the stadium, as it comes online following the base year estimates of value and costs, and also to the value of development once it has been delivered (added to the tax base). The calculations are then tabulated to estimate (a) the annual value of development added each year given the assumptions described above and (b) the cumulative value added to the tax base throughout the 30-year projection period. Over the 30-year horizon, the difference in cumulative value "with" and "without" a stadium represents the spillover effect.

The final results of the model outlined above produce a quantitative comparison of 30-year build-out activity in terms of (a) physical scale (square footage and number of units); as well as (b) the $4.7 billion difference in property value between the presence and absence of a new stadium.

## KEY VARIABLES UNDERLYING ESTIMATED DEVELOPMENT SPILLOVER EFFECTS

Three key variables underlie the difference in estimated development yield and value added to the tax base, thereby producing the estimated spillover impacts when combined with the build-out ratios described above. These include:

- The density and type of real estate products expected to be developed with the addition of a stadium to the area;
- The difference in value that can be expected to be achieved with the amenity of a

stadium; and

- The accelerated rate of absorption and development induced by a stadium within the 30 year horizon.

Table VI-2 quantifies the differences in average density (or yield per acre) and value that were structured into the model. In all cases, the difference represents the increase a new stadium would support over the "without stadium" scenario.

**Table VI-2**
**Estimated Difference in Density and Value With and Without Stadium**

| | Average Density[1] | Average Valuation[2] |
|---|---|---|
| Residential | 31% | 10% |
| Office | 22% | 5% |
| Retail | 16% | 20% |
| Hotel | 13% | 10% |
| Baseball Stadium[3] | n/a | n/a |

[1] Difference in average "yield per acre" across all subareas. Calculated as difference in dwelling units or rooms per acre for residential/hotel, and difference in F.A.R. for office/retail.
[2] Difference in average value per unit or per square foot.
[3] Given the nature of a stadium, the comparable difference cannot be quantified.

Source: Gruen Gruen + Associates

## ESTIMATED SPILLOVER DEVELOPMENT EFFECT

Table VI-3 shows the amount of projected development by type of use for the total area, with and without a stadium.

**Table VI-3**
**Estimated Total Development by Use over 30-year Period[1]**

| Use | With Stadium | Without Stadium | Difference |
|---|---|---|---|
| Residential<br># Dwelling Units<br>*(avg. per year)* | 10,020<br>*(334)* | 7,020<br>*(234)* | 3,000<br>*(100)* |
| Retail Square Feet<br>*(avg. per year)* | 485,000<br>*(16,000)* | 395,000<br>*(13,000)* | 88,000<br>*(3,000)* |
| Office Square Feet<br>*(avg. per year)* | 3,931,000<br>*(131,000)* | 2,592,000<br>*(86,000)* | 1,339,000<br>*(45,000)* |
| Hotel # Rooms<br>*(avg. per year)* | 725<br>*(24)* | 555<br>*(19)* | 170<br>*(6)* |
| Baseball Stadium<br>*(seats per game)* | 36,000 seats/game | n/a | n/a |

[1]Figures are rounded. Figures in parentheses represent average annual development.

Source: Gruen Gruen + Associates

The results of our research and build-out models indicate that, over the course of 30 years, the presence of a stadium is likely to facilitate the development of an additional 3,000 housing units, 90,000 square feet of retail space, 1.3 million square feet of office space, and 170 hotel rooms.

Table VI-4 shows the values of the projected uses for the total area, with and without the stadium.

**Table VI-4**
**Cumulative Assessed Value Over 30 Years With and Without Stadium Addition[1]**

| | With Stadium | Without Stadium | Difference |
|---|---|---|---|
| Cumulative Value Over 30 Years[2] | $17,516,972,000 | $12,826,949,000 | **$4,690,023,000** |
| Cumulative Value Over 30 Years, New Development Only[3] | $12,449,154,000 | $7,759,130,000 | **$4,690,024,000** |

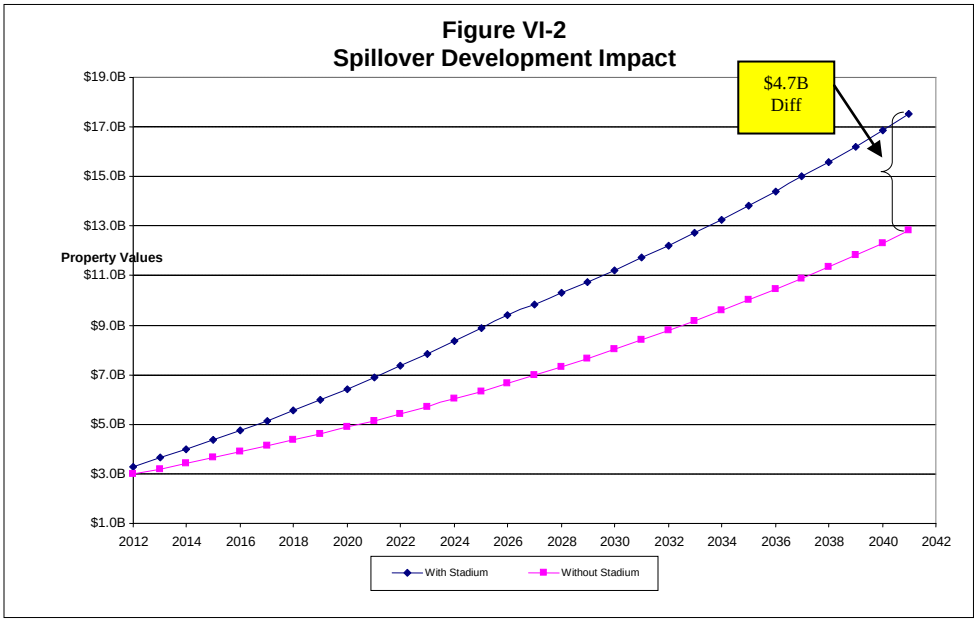
[1] Figures are rounded. Assumes a two percent annual increase in value over the 30-year projection period (2012-2041).
[2] Includes existing base value of $2.85 billion.
[3] Includes only new development, not existing base value.

Source: Gruen Gruen + Associates

The current base of taxable property within the study area is currently estimated to approximate $2.8 billion. From this starting point, the addition of new development over the thirty year period of analysis for "with stadium" is estimated to total $12.4 billion. This includes the baseball stadium increase of $175 million to the tax basis early in the development period.

Without the addition of a new stadium to the area, we estimate future value added development of approximately $7.7 billion over 30 years. The cumulative difference between each scenario, or the "spillover impact," is estimated to approximate $4.7 billion, as shown graphically in Figure VI-2.

**Figure VI-2**
**Spillover Development Impact**




These estimates take into consideration (a) the likelihood that following economic recovery, property values and construction costs will begin to escalate once again; and (b) a moderate rate of average annual growth of two percent annually.

# CHAPTER VII
# FISCAL IMPACTS OF THE A'S PLAYING IN OAKLAND AT A NEW STADIUM

## INTRODUCTION

The operations of the A's in a new stadium will generate additional spectator spending and thereby increase various tax revenues to the City, Redevelopment Agencies and the County. This chapter identifies the sources of tax revenues, as well as the increase in property tax revenues from the development spillover impacts described in the prior chapter.

Table VII-1 summarizes the findings of this chapter, which are expressed in terms of average annual basis and 30-year estimates (both nominal dollars and net present value):

**Table VII-1**
**Additional Tax Revenues**

**City and Redevelopment Agency**

| Fiscal Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Property Tax Revenues | | | |
| (a) City General Fund | $5.3M | $160.0M | $58.6M |
| (b) RDA - Affordable Housing | $4.7M | $142.1M | $69.3M |
| (c) RDA - Non-housing | $7.1M | $212.2M | $104.8M |
| 2. Sales Tax Revenues | $0.3M | $9.0M | $4.6M |
| 3. Utility User Tax | $0.04M | $1.2M | $0.6M |
| 4. Business License Tax | $1.0M | $30.0M | $15.4M |
| 5. Parking Tax | $1.4M | $39.9M | $20.4M |
| **TOTALS** | **$19.8M** | **$594.4M** | **$273.7M** |

**Alameda County**

| Fiscal Impacts | Annual | Total (30yr) | NPV (30yr) |
|---|---|---|---|
| 1. Sales Tax Revenues | $17K | $510K | $261K |
| 2. Property Tax Revenues | $2.6M | $78.7M | $29.5M |
| **TOTALS** | **$2.6M** | **$79.2M** | **$29.8M** |

## FISCAL IMPACTS ANALYSIS

In addition to property tax impacts from spillover development (described in greater detail at the end of this chapter) the A's and their fans primarily generate local revenues in the form of (a) sales and business taxes; and (b) parking taxes, especially in the case of a new stadium.

The operations of the stadium itself will also support utility users' tax revenues collected by the City of Oakland. All of the tax revenue estimates are based on current taxation rates and are presented in 2009 dollars.

Table VII-2 summarizes the total City tax revenues estimated to be generated by the A's and associated fan spending at a new stadium. Where applicable, the estimates reflect a 10 percent displacement of fan spending.

**TABLE VII-2**
**Estimated Annual City Tax Revenues Generated by A's Playing in Oakland at a New Ballpark (Average Annual)**

| | JLS Area | Coliseum |
|---|---|---|
| Sales Tax | $310,000 | $144,000 |
| Business Tax | $1,017,000 | $939,000 |
| Parking Tax[1] | $1,331,000 | $0 |
| Utility Users Tax[2] | $39,000 | $39,000 |
| **Total** | **$2,696,000** | **$1,122,000** |

[1] Parking tax revenue estimates for the Jack London Square alternatives represent an average of the estimated revenues for each of the three sites (JLS North, Howard Terminal Site B and Victory Court). We assume the City parking tax will not be enforced at the Coliseum site. If the tax were enforceable, we estimate additional revenues of approximately $1,665,000.

[2] UUT estimates based on historical utility payments made by the A's at the existing Coliseum. Accordingly, we assume utility expenditures at a new stadium will not vary substantially from those associated with the A's operations at the existing Coliseum.

Source: Gruen Gruen + Associates

Total City tax revenues (excluding property taxes) are estimated at approximately $2.7 annually for the Jack London Square scenario. Annual tax revenues are estimated to approximate $1.1 million at the Coliseum site, assuming the City parking tax is not enforced. If the parking tax is enforceable at the Coliseum site, we estimate that annual parking tax revenues would approximate $1.7 million. Excluding parking tax and utility users' tax revenues, we estimate that annual tax revenues associated with the Jack London Square alternatives will be approximately 23 percent or $240,000 greater than those generated by operation of a new stadium at the Coliseum site. Not included in the overall revenue estimates are transient occupancy tax potentially associated with non-local fan visitation to the stadium.[20]

In order to arrive at the 30-year projections, GG+A assumed that these average annual figures would remain stable. The gross 30-year amount is therefore the annual amount multiplied by 30, and the net present value is calculated with a discount rate of 5%. The 30-year estimates are shown below for a stadium in the JLS Area:

[20] We have not attempted to estimate transient occupancy tax revenues due to (1) a lack of sufficient information pertaining hotel room night generation associated with visiting fans, and (2) the likelihood that many overnight visitors may not stay in Oakland (or may visit the area for purposes other than attending a ballgame).

| TABLE VII-3<br>Estimated Annual City Tax Revenues Generated by<br>A's Playing in Oakland at a New Ballpark<br>(30-Yr Estimate) | | |
|---|---|---|
| | 30-Yr (Total) | 30-Year (NPV) |
| Sales Tax | $9.0M | $4.6M |
| Business Tax | $30.0M | $15.4M |
| Parking Tax[1] | $39.9M | $20.4M |
| Utility Users Tax[2] | $1.2M | $0.6M |
| Source: Gruen Gruen + Associates | | |

**Sales Tax**

Sales tax revenues will result from both in-stadium concession sales and out-of-stadium retail spending by spectators. The one percent local sales tax is allocated to the City of Oakland and five percent of the local sales tax is net remitted to Alameda County. Table VII-4 summarizes sales tax revenues estimated to result from the operations and activity associated with a new stadium.

| TABLE VII-4<br>Estimated Annual Sales Tax Revenues[1] | | |
|---|---|---|
| | JLS Area | Coliseum |
| Concession Sales | $8,950,000 | $8,400,000 |
| Off-Site Retail Sales | 24,532,000 | 8,400,000 |
| **Total Gross Sales[2]** | **33,482,000** | **16,800,000** |
| Net Sales Tax Revenues: | JLS Area | Coliseum |
| **City of Oakland** | $310,000 | $144,000 |
| [1] Figures are rounded and presented in 2009 dollars.<br>[2] These sales estimates are described in Chapter VI. | | |
| Source: Gruen Gruen + Associates | | |

Annual City sales tax revenues are estimated to total $310,000 for the Jack London Square stadium alternatives and $144,000 for the Coliseum stadium alternative.

**Business Tax**

The A's and their fans will support business tax revenues generated by in-stadium concession sales, off-site retail and restaurant sales, and the gross revenues of the A's franchise. The City of Oakland imposes business taxes at the rate of $1.20 per $1,000 of gross receipts on retail and restaurant establishments. As an "entertainment and recreation" business, the City imposes a tax of $4.50 per $1,000 of gross receipts produced by the Athletics' franchise itself.

GG+A estimates that annual ticket revenues will average just over $67 million at the Jack

London Square site alternatives and $63 million at the Coliseum site. We conservatively assume that average ticket prices at a new stadium will approximate $30 per seat. This represents about a 25 percent increase over the five-year historical average but is roughly equivalent to the average ticket price reported in 2008.

We recognize the possibility that over time the average ticket price – particularly at a new stadium – may be considerably higher. However, we use this conservative estimate because: (1) the A's are lowering ticket prices by ten percent for the upcoming season; and (2) ticket prices are to a large degree influenced by team performance. Thus, we are not in the position to determine how ticket prices will change in the long-term.

Table VII-5 summarizes the annual business tax revenue estimates and the assumptions regarding ticket price and non-ticket revenues underlying these calculations. Given that we do not have access to the A's financial statements, GG+A is not in a position to determine how non-stadium revenue sources (such as television/media revenues, licensing, merchandising or MLB revenue sharing) are likely to change with the presence of a new stadium. Based on historical revenue estimates, we assume non-ticket revenues represent 70 percent of all revenues collected by the franchise. Table VII-5 shows annual estimates:

**TABLE VII-5**
**Estimated Annual Business Tax Revenues[1]**

| | JLS Area | Coliseum |
|---|---|---|
| Concession Sales | $8,950,000 | $8,400,000 |
| **Business Tax** | **$10,000** | **$9,000** |
| | | |
| Off-Site Retail Sales | $24,532,000 | $8,400,000 |
| **Business Tax** | **$29,000** | **$9,000** |
| | | |
| Paid Attendance | 2,240,000 | 2,110,000 |
| Average Ticket Price | $30 | $30 |
| Annual Ticket Revenues | $67,200,000 | $63,300,000 |
| **Business Tax** | **$272,000** | **$256,000** |
| | | |
| Non-Ticket Revenue[2] | $156,800,000 | $147,700,000 |
| **Business Tax** | **$706,000** | **$665,000** |
| | | |
| **Total Business Tax** | **$1,017,000** | **$939,000** |

[1] Figures are rounded and presented in constant 2009 dollars.
[2] Over the past five years, we estimate that non-ticket revenues have accounted for 69 to 72 percent of total team revenues (based on data reported by Forbes). Accordingly, we assume looking forward that non-ticket revenues will account for 70 percent of total revenues.

Source: Gruen Gruen + Associates

## Parking Tax

Presented below are estimates of parking tax revenue estimated to be induced by the development of a new stadium. The estimates are prepared for each of the four site alternatives. Estimates of annual parking demand are derived from the attendance projections described previously and transit ridership and vehicle occupancy estimates provided by Fehr & Peers. Parking supply estimates have also been provided by Fehr & Peers. Based on input provided by the City of Oakland Revenue Administration, we understand that:

a) The Parking Tax Ordinance allows for an 18.5 percent tax to be imposed on the rental of every parking space (located in a parking station) within the City;

b) The parking operator is responsible for the collection of the tax from the occupant;[21]

c) City-owned and/or operated street parking meters are not subject to the tax; and

d) The effective rate for metered street parking is $2.00 per hour (from 8:00 a.m. to 6:00 p.m., excluding Sundays and holidays).

Based on this understanding, Table VII-6 presents our estimates of annual parking revenues likely to be produced with the operations of the stadium alternatives.

**TABLE VII-6**
**Estimated Annual Parking Tax Revenues Induced by New Stadium[1]**

| | JLS Area | Coliseum[6] |
|---|---|---|
| *Average Annual Parking Demand*: | | |
| Average Attendance per Game | 22,100 | 20,700 |
| Transit Ridership | 25% | 25% |
| Auto Occupancy (persons / vehicle) | 2.8 | 2.8 |
| Parking Demand [2] | 479,464 | 450,000 |
| *Parking Supply:* [3] | | |
| On-Street | 25% | 0% |
| Off-Street (on-site lots, other garages, etc) | 75% | 100% |
| *Annual Parking Revenues:* [4] | | |
| On-Street | $719,200 | $0 |
| Off-Street (on-site lots, other garages, etc) | $7,192,000 | $9,000,000 |
| | | |
| **Annual Parking Tax Revenues[5]** | **$1,330,500** | **$1,665,000** |

[21] For purposes of this analysis, we assume that all off-street parking lots/garages irrespective of ownership will generate parking tax revenues. We assume the parking tax would not be enforced at the Coliseum site.

[1] Figures are rounded.
[2] Number of spaces demanded per game times 81 homes games per season.
[3] Represents proportion of total parking supply estimated to be available within a 5/8 mile walking distance from each site. We assume the Coliseum site would be sufficiently large enough to accommodate all parking demand on-site.
[4] Revenue estimates based on average street meter parking rate of $6 per space and average off-street parking rate of $20 per space (including tax).
[5] On-street metered parking does not generate parking tax revenue.
[6]Estimates are presented for the Coliseum site, under the assumption that the parking tax is enforceable.

Sources: Fehr & Peers; City of Oakland; Colliers, 2009 CBD Parking Rate Survey; Gruen Gruen + Associates.

Annual parking tax revenues are estimated to average approximately $1.33 million at the Jack London Square site alternatives. City parking meter revenues (which are not taxed) are estimated to approximate $720,000, with the exception of the Coliseum site, which we assume can accommodate all parking demands on-site (as is currently the case). If the parking tax were enforceable at the Coliseum site, we estimate annual tax revenues of approximately $1.67 million.

These estimates assume parking demands are proportionate to the make-up of available parking supply. In other words, Fehr & Peers estimates that street parking spaces comprise approximately 25 percent of the total supply within a five-eighths mile walking distance of the Victory Court site (which is not able to accommodate on-site parking); we assume that 25 percent of parking demand will be accommodated by on-street spaces. The revenue estimates are based on the assumption that each occupied street space will generate parking meter revenues averaging $6 per game.[22] Based on Colliers' 2009 Central Business District Parking Rate Survey, we assume parking lot/garage operators will collect an average of $20 per occupied space.

**Property Tax**

The primary fiscal benefit to the City and County would be in the form of increased property tax revenues, which are a function of increased property values in the surrounding area. As described in Chapter VI, the provision of a stadium to the JLS Area is likely to induce additional future development, at higher values and an accelerated pace, than would have otherwise occurred (i.e. "spillover effect"). GG+A estimates the difference in value added to the tax base after 30 years will grow to approximately $4.7 billion. Over the 30-year period, GG+A approximates that this $4.7 billion difference in property values would generate total additional property taxes (i.e. tax increment) of $930 million, assuming an initial tax rate of 1.364% (1% base rate plus voter-approved assessments that fluctuate over time as various bonds are repaid and new ones issued – conservatively we assumed no new bond issuances, resulting in a decline in voter approved assessments and the overall tax rate as existing bonds are paid off).

[22] The effective meter rate is $2.00 per hour for street parking. We assume a typical fan will need to park for about five hours to attend a ballgame and/or activities before and after. However, a portion of the games played at a new stadium are likely to occur on Sundays, holidays, or extend beyond 8 p.m. Thus, we have assumed a lower meter fee is collected per space.

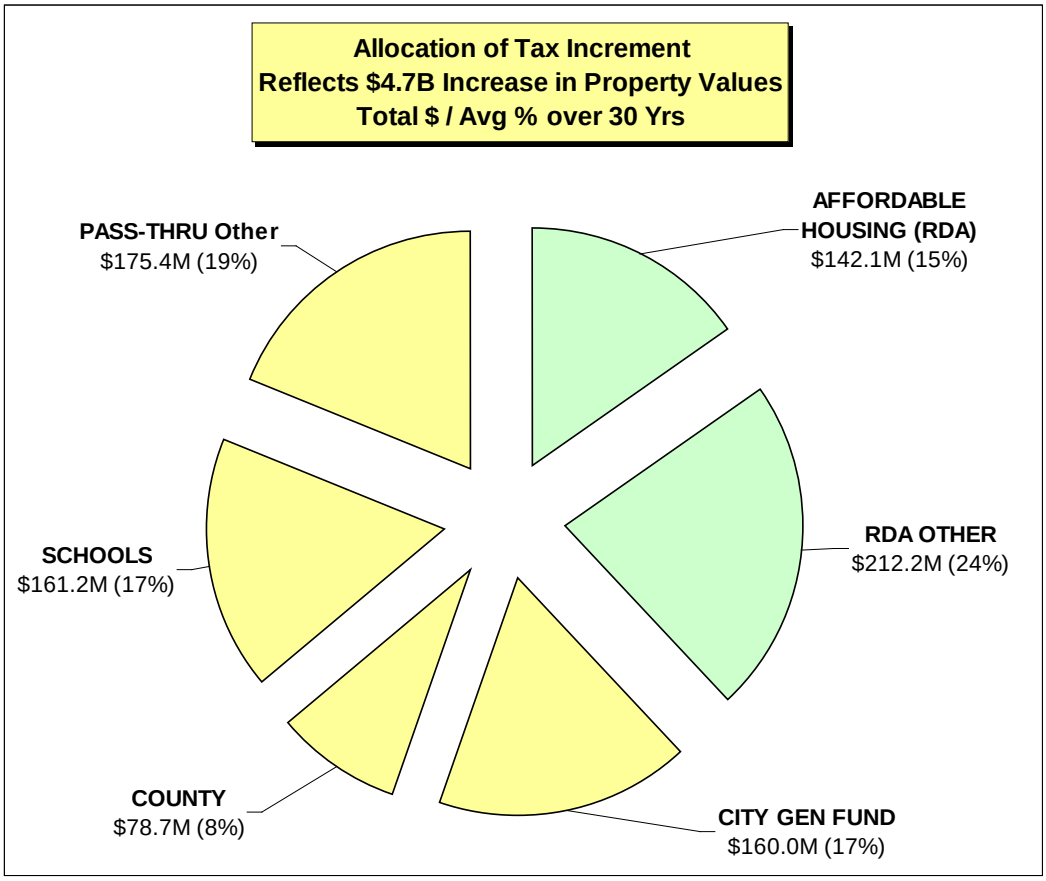
This $930 million would be apportioned between a variety of government entities, including the City and its Redevelopment Agency, the County, the school district, ERAF (Educational Revenue Augmentation Fund), AC Transit, BART, etc. Apportionment of the property tax increment amongst these parties is a function of: whether the development occurred within a redevelopment area, and if so, which one; in what year the increment was collected, and an estimate of the split between the City, County and other government pass-through entities for amounts required to be "passed-through" by the Redevelopment Agency. The spillover development is projected to occur within seven sub-areas in and around the JLS Area (see Figure VI-1). Each sub-area (except for #6) sits within certain redevelopment areas. By state law, depending on the age of each redevelopment area, a certain amount of tax increment may be retained by the Redevelopment Agency, of which a portion must be set aside for affordable housing and a portion may be used for general purposes. The remainder must be distributed to pass-through entities (City, County, school district, ERAF, AC Transit, BART, etc.).

Data received from the Oakland Community and Economic Development Agency (CEDA) was used to estimate the percentage of the additional property tax (the tax increment) that would be retained by the Redevelopment Agency and the percentage of such taxes that would be distributed to the pass-through entities. CEDA staff also provided historic County data on amounts distributed to pass-through entities. This data indicates a percentage range for how much tax increment is apportioned to each pass-through entity, net of ERAF adjustments (amounts collected to be used by schools, offsetting state obligations to meet certain levels of state funding for schools). These percentages vary slightly year by year based on relative changes among tax rate areas within each redevelopment area, and complex County-wide calculations that, among other factors, depend on relative tax base growth of the various cities throughout the County, and are beyond the scope of this study Distribution percentages from the most recent fiscal year were provided by CEDA, and these percentages were applied to projected tax increment to be received by pass-through entities to approximate their collections; actual apportionments to these entities may vary by several percentage points or more due to factors listed above.

Using the property tax growth and associated increment collections, year by year and sub-area by sub-area, and the percentages outlined above, GG+A calculated an estimated apportionment of the $930 million in property tax increment to the City and its Redevelopment Agency, the County, and other government agencies, calculating both 30-year totals and the net present value utilizing a discount rate of 5%.

Figure VII-1 presents a pie chart showing the distribution of the total estimated $930 million in tax increment. As indicated in the chart, City agencies are estimated to receive an additional **$514 million** over 30 years as a result of the spillover increase in value; the County of Alameda General Fund would realize **$79 million**, Oakland schools would receive **$161 million**, and other pass-through agencies such as the ERAF, BART and AC Transit would receive collectively **$175 million**.

**Figure VII-1**
**Estimated Distribution of Property Tax Increment Over 30 Years**
**(Gross Nominal $)**




## CONCLUSION OF FISCAL IMPACTS

### City of Oakland

From the City's perspective, the $514 million increase from property tax revenues (over 30 years) benefits three funds (a) City General Fund ($160M); (b) Redevelopment set-aside for affordable housing ($142M); and (c) Redevelopment Fund general purposes ($212M).

In addition to the increased property taxes revenues, the City's General Fund will also benefit in the form of sales taxes, utility user taxes, business taxes and parking taxes from activities within the ballpark and surrounding neighborhood. The estimated 30-year fiscal benefit combined from all sources totals **$594 million**. The details are shown below.

| Table VII-7<br>Summary of City of Oakland & Redevelopment Agency<br>Fiscal Impacts | | | |
|---|---|---|---|
| **Fiscal Impacts** | Annual | Total (30yr) | NPV (30yr) |
| 1. Property Tax Revenues[23] | | | |
| (a) City General Fund | $5.3M | $160.0M | $58.6M |
| (b) RDA - Affordable Housing | $4.7M | $142.1M | $69.3M |
| (c) RDA - Non-housing | $7.1M | $212.2M | $104.8M |
| 2. Sales Tax Revenues | $0.3M | $9.0M | $4.6M |
| 3. Utility User Tax | $0.04M | $1.2M | $0.6M |
| 4. Business License Tax | $1.0M | $30.0M | $15.4M |
| 5. Parking Tax | $1.4M | $39.9M | $20.4M |
| **TOTALS** | **$19.8M** | **$594.4M** | **$273.7M** |

**Alameda County**

Over the 30 years, the County would also receive a fiscal impact from the sales taxes collected ($510k) by the City during baseball operations and the economic activity surrounding the ballpark and from the collection of increased property tax revenue ($78.7M). The fiscal impacts to the County are summarized below.

| Table VII-8<br>Summary of Alameda County Fiscal Impacts | | | |
|---|---|---|---|
| **Fiscal Impacts** | Annual | Total (30yr) | NPV (30yr) |
| 1. Sales Tax Revenues | $17K | $510K | $261K |
| 2. Property Tax Revenues | $2.6M | $78.7M | $29.5M |
| **TOTALS** | **$2.6M** | **$79.2M** | **$29.8M** |

[23] In terms of timing of the property tax revenues, collection of tax increment ramps up over time as the spillover development occurs and tax base grows. The annual figures above are a straight-line amount – actual collections will be smaller in the earlier years and greater in the later years. In addition, because most of the spillover development occurs within redevelopment areas, collections by the Redevelopment Agency will be greater in the earlier years, and collections by the pass-through entities (like the City and County) will be greater in the later years.

## Appendix 1
## Understanding Economic Impact Analysis

To assist the reader to interpret some of the technical language described in this report, a brief introduction to impact analysis and a glossary of terms is provided in this section.

### Linkages

A regional economy like the one characterizing the San Francisco-Oakland metropolitan area has several important features that help explain why changes in one part of the economy generate impacts that are larger than the initial change. First, sectors in a metropolitan economy are linked – some directly, others indirectly.

For example, a sector providing services (such as advertising or legal services, etc) to the spectator sporting industry would represent a ***direct linkage*** between the two sectors. Assume the advertising firm purchases the services of a video production company; this too represents a direct linkage. However, the production company has an ***indirect linkage*** to the final source of demand (the spectator sports sector in this case). Although not directly dependent on the spectator sporting industry, the production company is clearly indirectly dependent on the demand for professional sporting events. Hence, while many sectors of the economy are linked directly, many if not more are linked indirectly. In short, no one is independent in the economic system.

### Ripple or Multiplier Effects

Consider the case just reviewed; assume the demand for sporting events increases. Now, the spectator sport sector will require more services and components; this will generate a direct effect. However, we know that the impacts will not stop here; the advertising firm will purchase more video production services, the production company will buy more equipment, and so forth. What we have described here are the multiple levels of the ripple effect – a direct change in one sector leads to expansion in other sectors of the economy. These sector-to-sector effects are referred to as ***indirect effects***.

During this whole process, firms need to purchase not only components, materials and services from other sectors, but they also have to pay wages and salaries to their employees. In turn, these employees will generate their own ripple effect. For example, the new employees (assumed to be required to meet the increased demand) will use a portion of their income to take his/her family to dinner. Part of this expenditure becomes income to the waiter; he spends the money at the dry cleaners and part of that expenditure is used by the owners of the dry cleaning business to buy lumber to renovate their house. Part of this expenditure will be used by employees in the lumber yard to enjoy an evening at the cinema – and so the process continues until the impact diminishes to zero. This part of the ripple effect is referred to as ***induced impacts***.

So we have direct effects and two types of indirect effects – one generated by industry-to-industry purchases and sales, and one generated by expenditures by employees from wages and salaries. The summations of these impacts are revealed in the tables as ***total impacts***. If the total impacts are divided by the direct impacts, we obtain the ***ripple or multiplier effect***. Consider an employment multiplier of 1.5; the interpretation is for every direct job, an additional 0.5 jobs are generated through a combination of the indirect and induced impacts.

Gruen Gruen + Associates (GG+A) is a firm of economists, sociologists, statisticians and market, financial and fiscal analysts. Developers, public agencies, attorneys and others involved in real estate asset management utilize GG+A research and consulting to make and implement investment, marketing, product, pricing and legal support decisions. The firm's staff has extensive experience and special training in the use of demographic analysis, survey research, econometrics, psychometrics and financial analysis to describe and forecast markets for a wide variety of real estate projects and economic activities.

Since its founding in 1970, GG+A has pioneered the integration of behavioral research and econometric analysis to provide a sound foundation for successful land use policy and economic development actions. GG+A has also pioneered the use of economic, social and fiscal impact analysis. GG+A impact studies accurately and comprehensively portray the effects of public and private real estate developments, land use plans, regulations, annexations and assessments on the affected treasuries, taxpayers, consumers, other residents and property owners.