

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Rules Committee Docket Date: February 1, 2012

Item Number: 4

Preliminary Review of the Proposal to Increase Special Event Use of Petco Park

In February 2000, a Joint Use and Management Agreement (JUMA) was entered into by the City and the Padres to establish the terms of the City's and the Padres' joint use of the Ballpark Property. The Padres are proposing several adjustments to the current JUMA that they believe provide motivation for the Padres' management team to be more aggressive in the marketing of the Ballpark Property.

In general, there are several benefits to the City associated with the Padres' proposal. However there are items that warrant further discussion with the Padres.

Benefits to the City	Concessions
Guaranteed Minimum Payment with CPI inflator	Guaranteed Minimum Payment initially is projected to be lower than historical average annual payment
Potential for increased economic development activity surrounding the Ballpark	City would not realize full upside of increased activity in special event revenue
City does not have capacity to undertake management of events	70/30 split is based on ownership split, a more beneficial split for the City could be considered
Increase to Capital Improvements	Increased competition could impact events at Qualcomm Stadium, potential of negative impact to TOT funded activities
Simplicity of year-round season	Proposed revenue offset for special event related capital projects will reduce revenue to the City

The proposal from the Padres marks a desire to increase the special events at the Ballpark and a commitment to continue to improve the Ballpark Property to ensure it remains a first class ballpark. However, several issues require further discussion and consideration.

- The City could discuss alternative splits to the proposed 70/30 year-round revenue allocation that are more in the City's favor.
- The City could consider establishing provisions for a trigger that would change the revenue allocations based on certain future revenue thresholds.
- The City could discuss revisiting the amount of the minimum guaranteed annual payment at a future date.
- The City could discuss further the proposed revenue offset, including the inclusion of a cap on total dollars and/or number of years as the offset could reduce revenues.
- The Padres' increased effort to attract more events at the Ballpark Property could increase competition at local venues, including Qualcomm Stadium. The net effect of this could be an increase in City TOT funds being required for Qualcomm.
- The IBA requests the City Attorney's Office to confirm that there are no legal considerations regarding the proposed amendments.