

## STADIUM FINANCING OPTIONS IN OTHER CITIES/STATES

As chair of the City Council's Infrastructure Committee, Councilman Mark Kersey and his staff conducted research on stadium financing options used by other cities throughout the United States. This research is merely a starting point for discussions based on stadium deals that have been successful in other NFL markets and should not be construed as an endorsement of any specific option or options. There are a number of questions that must be answered as well as more research performed on the revenue options. The overriding goal is to protect taxpayer dollars while leveraging certain city assets such as the real estate at the Mission Valley location.

### Naming Rights

- \$220 million for Levi's Stadium over 20 years, or \$11 million per year
- \$154.5 million for University of Phoenix Stadium in Arizona over 20 years, or \$7.7 million per year
- Santa Clara Stadium Authority's split with 49ers is 70/30, with the Authority getting the lion's share
- MetLife Stadium (New York) - MetLife pays \$20 million a year to the Giants/Jets

ESTIMATED REVENUE: \$6-10 million annually?

BOND PROCEEDS: \$125-200 million?

### Personal Seat Licenses

- One-time fees from \$2,000-250,000 that give fans the right to buy season tickets
- \$312 million budgeted at Levi's Stadium, all of which goes to Santa Clara Stadium Authority
- San Diego, being a smaller market than the Bay Area, could possibly bring in half to two-thirds what the 49ers are generating at Levi's Stadium

ESTIMATED GROSS PROCEEDS: \$125-200 million?

### Parking Users Fee

- New parking fee of \$5-10 per car would pay for new parking garage & possibly other improvements
- Dallas Cowboys charge a \$3 Parking Fee to help finance AT&T Stadium
- Houston Texans levy a 10% Parking Fee; Seattle Seahawks also have one
- Qualcomm Stadium lot holds 19,000+ cars

ESTIMATED REVENUE: \$1-2 million annually?

BOND PROCEEDS: \$20-35 million?

### Stadium Users Fee

- Dallas Cowboys charge a 10% Admissions Fee to help finance AT&T Stadium
- Indianapolis Colts increased the county Admissions Fee by 1% to help finance Lucas Oil Stadium
- Seattle Seahawks levy a 10% Admissions Fee for CenturyLink Field
- Similar to sales tax on tickets but dedicated to stadium construction
- Potentially assessed on ticketed sporting and entertainment events throughout city
- Collegiate athletics & non-profit groups exempted
- City can bond against this revenue stream with tax-exempt bonds @ 2.5-3%
- This fee is imposed at many stadiums & ballparks around the country

ESTIMATED REVENUE: \$6-10 million?

BOND PROCEEDS: \$125-200 million?

## Commercial Development

- Detroit Red Wings Arena expects ~\$200 million in development of the surrounding area, including a 184-unit development on the arena site which will help fund arena construction
- City could ground lease part of the 166-acre site to a developer(s) and receive rent payments
- Developed property would generate millions in new sales & property taxes for the City

ESTIMATED COMMERCIAL RENT REVENUE: \$TBD

ESTIMATED NEW SALES TAX REVENUE: \$TBD

ESTIMATED NEW PROPERTY TAX REVENUE: \$TBD

*RENTS COULD BE LEVERAGED VIA PRIVATE FINANCING*

## Team Rent

- On the high end, 49ers pay Santa Clara Stadium Authority \$24.5 million annually to pay off Levi's Stadium \$850 million private construction bonds @ fixed 5%
- On the low end, Cowboys pay \$2 million a year
- Rent costs should be considered in broader conversation that includes who manages the stadium, receives profit from other events, etc.
- City currently receives about \$2.5 million in rent annually from the Chargers

ESTIMATED CHARGERS RENT REVENUE: \$2.5-10 million annually?

*RENTS COULD BE LEVERAGED VIA PRIVATE FINANCING*

## Enhanced Infrastructure Finance District & JPA with County

- City establishes a Stadium Authority with members of City Council sitting as the Authority
- Under SB 628, City establishes an EIFD at the Mission Valley stadium site via City Council vote
- City is then able to capture future property tax increment from the site and bond against it
- EIFD could be negotiated with the County as part of stadium JPA formation (City & County currently each get ~15-20% of property taxes with special districts getting ~5%. Schools get most of the rest, which is untouchable under state law)
- Some requirements, such as affordable housing & paying for audits/performance reviews

ESTIMATED REVENUE: \$1-4 million annually? (half each from City & County)

BOND PROCEEDS: \$20-75 million?

## City Savings from current Stadium Operations

- Currently \$12-15 million to fund annual operations at Qualcomm Stadium
- Would end as soon as new stadium opens
- All or part of that money could be dedicated to infrastructure upgrades around stadium via lease-revenue bonds; however, would be ideal if it were freed up for citywide infrastructure

ESTIMATED REVENUE: \$12-15 million annually?

BOND PROCEEDS: \$175-225 million?

## OTHER OPTIONS

- Transient Occupancy Tax increased for stadiums in Dallas, Houston, Indianapolis & Phoenix
- Rental Car Tax Increased for stadiums in Dallas, Houston, Indianapolis & Phoenix
- Sale of License Plates with Team Logo - Indianapolis Colts do this

**POSSIBLE NATIONAL FOOTBALL LEAGUE CONTRIBUTION**

Up to \$200 million from G-4 loan program. Includes:

- \$100 million loan repaid over 15 years from NFL share of increased revenue in the new stadium
- \$50 million grant that is not repaid
- \$50 million loan repaid by the team

**SUMMARY OF POTENTIAL FINANCING SOURCES**

Financing Source	Annual Revenue	Bond/Gross Proceeds <sup>1</sup>
Stadium Users Fee	\$6-10 million	\$125-200 million
Parking Users Fee	\$1-2 million	\$20-35 million
Naming Rights	\$6-10 million	\$125-200 million
Personal Seat Licenses	--	\$150-200 million
Commercial Development		
Chargers Rent	\$2.5-10 million <sup>2</sup>	TBD <sup>2</sup>
Commercial/Retail Rent	TBD	TBD <sup>3</sup>
New Sales Tax Revenue	TBD	TBD <sup>4</sup>
City & County EIFD/JPA	\$1-4 million	\$20-75 million

<sup>1</sup>All debt is assumed to be tax-exempt municipal bonds @ 3% per Bloomberg

<sup>2</sup>Rent available for debt service will vary based on the financing structure

<sup>3</sup>Commercial rent could be leveraged via private bank financing but is NOT included in the City's contribution

<sup>4</sup>Sales tax revenue will depend on how much of the commercial development is retail

**TEAM CONTRIBUTION**

Based on speculation in media reports this number could be \$200-\$300 million, suggested questions:

1. Does the team believe its proposed contribution includes the NFL G-4 loan?
2. Does the team believe its proposed contribution includes all/part of Personal Seat Licenses?
3. Does the team believe its proposed contribution includes all/part of Naming Rights?
4. Would team’s contribution rely on the Stadium Authority issuing bonds for construction, to be repaid via rent from the team to the Authority?
5. How are PSLs, concession & parking revenue split between the team and the Authority?
6. Would team be responsible for construction overruns like with Petco Park & Levi’s Stadium?