

Economic Impact Analysis:

Proposed Major League Ballpark

Presented to:

**Redevelopment Agency
of the
City of San Jose**

Presented by:



September 2, 2009



September 2, 2009

Harry S. Mavrogenes
Executive Director
San Jose Redevelopment Agency
200 East Santa Clara Street
14th Floor Tower
San Jose, California 95113

Dear Mr. Mavrogenes:

Conventions, Sports & Leisure International (“CSL”) is pleased to present this report regarding an assessment of the economic and fiscal impacts associated with the Oakland Athletics (“A’s”) playing in a new Major League Baseball (“MLB”) ballpark in the City of San Jose, California (“the City”). The attached report summarizes our research and analyses and is intended to assist project representatives in understanding the benefits, costs and tradeoffs the City can anticipate should the A’s relocate to a new ballpark in San Jose.

The information contained in this report is based on estimates, assumptions and other information developed from research of the market, our knowledge of sports facilities and other factors, including certain information provided by the City. All information provided to us by others was not audited or verified and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

September 2, 2009

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We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

A handwritten signature in black ink that reads "Bill Rhoda". The signature is written in a cursive style with a long horizontal flourish at the end.

Bill Rhoda
CSL International

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Executive Summary

Introduction

The attached report summarizes Conventions, Sports & Leisure International's ("CSL") research and analyses of the economic and fiscal impacts associated with the Oakland Athletics ("A's") hosting home games in a new Major League Baseball ("MLB") ballpark in San Jose. This report is intended to assist project representatives in understanding the associated economic and fiscal impacts to the City should the A's relocate to a new ballpark in San Jose. For the purposes of this report, quantifiable effects are characterized in terms of economic impacts and fiscal impacts. Economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. Fiscal impacts denote changes in tax revenues.

CSL has developed an independent and conservative estimate of the quantifiable impacts generated by the operations of the baseball club and a potential new ballpark located in the Diridon Area of San Jose. In all areas of analysis, CSL has attempted to use conservative assumptions with regard to spending in the local community and the related impacts.



If a new MLB ballpark is not built in San Jose, it is likely that alternative development will occur on the same site in the Diridon Area in the future. The Alternative Development Scenario, presented in Appendix I of this report, assumes the construction of approximately 1.0 million square feet of new office and retail space.

There are a number of other locations in downtown and North San Jose able to accommodate this type and scale of office development.

For the purposes of this report, the development of a ballpark is referred to as the "Ballpark Development Scenario". The ballpark site described herein is the only feasible location for a downtown MLB ballpark that has been identified. In addition to the analysis of potential economic impacts associated with a new ballpark, an in depth analyses of Major League Baseball was conducted and is utilized in the findings presented herein. This analysis is presented in full detail in Appendix II of this report.

Executive Summary (cont'd)

Key Findings

Ballpark Construction Period Economic Impacts

Construction of the ballpark is assumed to take place from 2011 to 2013 with the first year of operations commencing in 2014. It is estimated that the proposed San Jose ballpark will cost approximately \$461 million in 2009 dollars or \$489 million in 2011 dollars, the year construction is expected to commence. The economic impacts resulting from the ballpark construction expenditures depend on the nature of the spending and the extent to which the spending takes place locally. It has been assumed that approximately 25 percent of labor spending and 20 percent of material spending related to construction will directly impact the San Jose economy. Based on these assumptions, the total net new direct spending occurring within San Jose was calculated. The net new economic impacts to the City of San Jose resulting from the anticipated spending levels were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry. The following table summarizes the construction period impacts for the Ballpark Development Scenario.

**Ballpark Development Scenario
Economic Impact Summary
Net New Impacts - Construction Period ⁽¹⁾
(2009 Dollars)**

<u>Category</u>	<u>Net Present Value</u>
Net New Direct Spending	\$96,000,000
Total Output	\$144,946,000
Jobs	350
Earnings	\$65,226,000
Tax Revenues	\$558,000

As shown, the net present value of the net new direct spending estimated to take place within the City of San Jose from 2011 to 2013 as a result of the ballpark's construction is approximately \$96.0 million. This net new direct spending is expected to generate approximately \$144.9 million in total output during the three-year construction period. This level of economic activity is estimated to support 350 annual construction jobs during the construction period, generating personal earnings of approximately \$65.2 million. The net present value of the sales tax revenues generated to the City over the three year construction period is estimated to be approximately \$558,000. Additional taxes generated during the construction period such as construction tax and conveyance tax are excluded from the tax revenues discussed here but have been included in Section 4 of this report (City of San Jose Revenue/Cost Analysis).

Executive Summary (cont'd)

Ballpark Annual Operations Economic Impacts

For the purposes of this report, construction of the ballpark is assumed to be completed in 2013 with the first year of operations commencing in 2014. Throughout this analysis, 2018 is considered to be a stabilized year of operations for the Ballpark Development Scenario and serves as the basis for presenting the associated economic and fiscal impacts. The table below summarizes the net new economic impacts associated with the net new direct spending expected to occur due to the annual operations of the proposed Ballpark Development Scenario.

**Ballpark Development Scenario
Economic Impact Summary
Net New Impacts - Annual Ongoing Operations
(2009 Dollars)**

Category	Stabilized Year	30-Year Net Present Value	50-Year Net Present Value
Net New Direct Spending	\$86,453,000	\$1,906,872,000	\$2,721,674,000
Total Output	\$130,300,000	\$2,873,000,000	\$4,102,000,000
Jobs	980	n/a	n/a
Earnings	\$61,940,000	\$1,371,500,000	\$1,968,400,000

As shown, it is estimated that in a stabilized year of operations, 2018, the Ballpark Development Scenario could generate approximately \$86.5 million in net new direct spending within the City of San Jose. Over a 30-year and 50-year term, it is estimated that the net present value of this net new direct spending could be approximately \$1.9 billion and \$2.7 billion, respectively.

The net new direct spending in the local economy as a result of the annual operations of the proposed ballpark will, in turn, generate approximately \$130.3 million in total net new output in the City of San Jose during a stabilized year of operations. Overall, it is estimated that the net present value of the total net new economic output generated by the spending related to the operations of the ballpark could be approximately \$2.9 billion over a 30-year period and \$4.1 billion over a 50-year period.

Increased economic activity associated with the proposed ballpark is assumed to spur the creation of jobs within the local economy. It is estimated that the Ballpark Development Scenario could support approximately 980 full and part-time jobs in a stabilized year of operations, 2018. The table on the following page outlines the estimated number of jobs created as a result of the Ballpark Development Scenario.

Executive Summary (cont'd)

Ballpark Development Scenario Employment Summary	
Average Annual Net New Jobs Created ⁽¹⁾	
Job Type	Average Annual Jobs
Construction Period Jobs <i>(During each of the 3 years of construction.)</i>	350
Annually Recurring Jobs ⁽²⁾ <i>(Direct, indirect and induced jobs.)</i>	980

Notes:

(1) Includes both full and part-time employees.

(2) Includes 138 net new direct ballpark-specific jobs (50 percent of the anticipated ballpark-specific employees).

Based on the jobs estimated to be supported by the level of economic output generated by the ballpark, it is estimated that total personal earnings in a stabilized year of operations, 2018, could be approximately \$61.9 million as shown in the previous table. The net present value of the total personal earnings generated by the jobs created as a result of the Ballpark Development Scenario over a 30-year and 50-year period is estimated to be approximately \$1.4 billion and \$2.0 billion, respectively.

City of San Jose Revenues / Costs

As a result of the direct and indirect economic impacts generated by new developments in San Jose, the public sector (the City of San Jose, Santa Clara County and the State of California) could realize increased tax collections. Based on the estimates of direct spending, the resulting tax collections and associated costs of potential site development have been calculated for the Ballpark Development Scenario. The development of a new ballpark will also increase costs associated with various City services.

For the Ballpark Development Scenario, game-day/event costs for extra policing or emergency services are not included in cost estimates as these will be paid for by the MLB team. Additional costs including City staff regarding normal ongoing management discussions with ballpark administration are also not included in these estimates. The following table provides a summary of the City's General Fund revenues that are anticipated to be generated annually as a result of the ballpark's operations less the associated annual service cost to the City's General Fund.

Executive Summary (cont'd)

**Projection of Annual City General Fund Revenues Less Service Expenses
Ballpark Development Scenario
City of San Jose, CA
(2009 Dollars)**

<u>City General Fund Impact</u>	<u>Ballpark Development Scenario</u>		
	<u>Stabilized Year</u>	<u>30-Year Net Present Value</u>	<u>50-Year Net Present Value</u>
Annual Revenue	\$1,496,400	\$31,186,000	\$42,044,000
Annual Service Cost	(\$46,000)	(\$1,009,000)	(\$1,403,000)
Game-day Event Costs	To be Paid by MLB Team		
Net General Fund Revenues	<u>\$1,450,400</u>	<u>\$30,177,000</u>	<u>\$40,641,000</u>

As illustrated above, it is anticipated that a net of approximately \$1.5 million could be generated to the General Fund in a stabilized year of operations under the Ballpark Development Scenario. Furthermore, the net revenue to the City's General Fund attributable to the Ballpark Development Scenario over a 30-year and 50-year period is estimated to be approximately \$30.2 million and \$46.4 million, respectively.

The following table provides a comparison of the property tax revenues generated to jurisdictions other than the City that can be anticipated under the potential Ballpark Development Scenario.

**Property Tax Revenues Generated to Other Jurisdictions
Ballpark Development Scenario
(2009 Dollars)**

<u>Other Property Tax Revenues Generated</u>	<u>Stabilized Year</u>	<u>30-Year Net Present Value</u>	<u>50-Year Net Present Value</u>
Redevelopment Agency - Housing	\$706,000	\$13,866,000	\$14,670,000
Redevelopment Agency - Non-housing	912,000	17,479,000	18,425,000
San Jose GO Bonds	109,000	2,143,000	2,790,000
County	948,000	18,172,000	22,113,000
Santa Clara Valley Water District	15,000	331,000	776,000
Bay Area Air Quality Management District	1,000	30,000	64,000
San Jose Unified School District	495,000	10,115,000	12,243,000
San Jose-Evergreen Community College	69,000	1,418,000	1,719,000
County Office of Education	112,000	2,237,000	2,906,000
ERAF & Offsets to State Funding for Schools	166,000	3,596,000	14,803,000
Total Property Tax Revenues	<u>\$3,533,000</u>	<u>\$69,387,000</u>	<u>\$90,509,000</u>

Executive Summary (cont'd)

Key Assumptions

The results of the analysis provided herein are sensitive to the following assumptions:

- **Ballpark Development.** This analysis assumes a ballpark with a seating capacity of approximately 32,000. The construction costs for the facility are assumed to total approximately \$461.0 million in 2009 dollars including \$369.0 million in hard construction costs and \$92.0 million in soft costs including architectural, engineering, legal fees, etc.
- **Events and Attendance.** Based on an analysis of the A's historical attendance, the historical attendance of other MLB teams moving into new facilities, the characteristics of the San Jose market and CSL's industry experience, it is estimated that the proposed ballpark would host 81 A's games and three non-MLB events annually, drawing an estimated annual attendance of nearly 2.1 million. The assumption of only three annually recurring non-MLB events at the ballpark is a somewhat conservative estimate given the mild San Jose climate which could allow year round use of the ballpark. In addition, the City of San Jose lacks a large outdoor facility, such as an amphitheater, capable of hosting major events. Therefore, the potential exists for a new ballpark to attract more large-scale outdoor events to the San Jose market.
- **Fan Origin.** Fan origin is based on the results of a number of other sports and entertainment studies conducted in San Jose and intercept surveys of other MLB teams conducted by CSL. It is assumed that approximately 50 percent of all attendees to A's games will be non-San Jose residents and will be visiting San Jose with the primary purpose of attending a game. Furthermore, it is assumed that the other 50 percent of attendees will be residents of San Jose or will be non-San Jose residents visiting the City for a purpose other than attending the ball game.
- **In-Facility Spending.** Assumptions for in-facility spending are based on an analysis of Major League ballparks, an analysis of A's operations and CSL's experience in the sports and entertainment industry. The specific in-facility spending assumptions utilized in this analysis are outlined in the following table.

In-Facility Per Capita Daily Spending Estimates
Proposed San Jose Ballpark
(2009 Dollars)

<u>Event Type</u>	<u>Ticket Price</u>	<u>Food & Beverage</u>	<u>Merchandise</u>	<u>Parking</u>	<u>Total</u>
A's Games	\$30	\$15	\$3	\$1	\$49
Non-MLB Events	\$45	\$16	\$10	\$3	\$74

Executive Summary (cont'd)

It should be noted that the estimates of direct spending and associated economic impacts related to the team were based on the A's estimated annual operating expenditures, which are detailed later in this report. The per capita in-facility spending estimates for A's games shown in the previous table were utilized to calculate the direct in-facility spending on taxable items such as concessions and merchandise in order to estimate the associated fiscal impacts generated to the City of San Jose as a result of the in-facility spending that takes place at the ballpark during A's games. However, the direct spending and associated economic/fiscal impacts for non-MLB events was based solely on the per capita spending estimates outlined in the previous table.

- **Out-of-Facility Spending.** Assumptions for out-of-facility spending are based on information obtained from fan intercept surveys conducted by CSL at other MLB ballparks and CSL's experience in the sports and entertainment industry. The following table summarizes the average out-of-facility per capita spending figures utilized to calculate the economic impacts for each type of event assumed to be hosted at the proposed ballpark. For purposes of this study, only the out-of-facility spending for *non-San Jose residents* who were assumed to be visiting the City for the sole purpose of attending a ballgame was utilized to estimate the economic impacts of the proposed ballpark. Out-of-facility spending by fans whose primary purpose for visiting the area was assumed to be something other than attending a baseball game has been excluded from these per capita estimates.

Out-of-Facility Per Capita Daily Spending Estimates
Proposed San Jose Ballpark
(2009 Dollars)

<u>Event Type</u>	<u>Lodging</u>	<u>Entertainment</u>	<u>Food/Beverage</u>	<u>Transportation</u>	<u>Retail</u>	<u>Misc.</u>	<u>Total</u>
A's Games	\$6	\$7	\$19	\$7	\$7	\$1	\$47
Non-MLB Events	\$6	\$3	\$6	\$3	\$5	\$3	\$26

Exclusions and Limitations

The information contained in this report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the sports industry and other factors, including certain information provided by third parties. All information provided to us by others was not audited or verified and was assumed to be correct. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose.

Executive Summary (cont'd)

This analysis makes certain assumptions based on the best available information at the time the study was conducted. However, there are certain variables such as the cost of land, potential infrastructure costs and potential land sale/lease proceeds for Redevelopment Agency property for which information was not available, and consequently, was not included in this analysis. In addition, no attempt has been made to assess the qualitative impacts typically associated with the development of professional sports facilities, which could include such factors as improvements in the quality of life among the local population, increased media exposure for the City/local government, an increase in civic pride among local residents and other such factors.

Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material.

This report should be read in its entirety to obtain the background, methods and assumptions underlying the findings presented herein.

1. Introduction

Conventions, Sports & Leisure International (“CSL”) was retained to provide an analysis of the economic and fiscal impacts associated with the Oakland Athletics (“A’s”) hosting home games in a new Major League Baseball (“MLB”) ballpark in San Jose. The attached report summarizes our research and analyses and is intended to assist project representatives in understanding the associated economic and fiscal impacts to the City should the A’s relocate to a new ballpark in the San Jose.

The Oakland Athletics currently play their home games at Oakland-Alameda County Coliseum (“Coliseum”), located in Oakland, California. The Coliseum has served as the home of the A’s since their move from Kansas City, Missouri in 1968. In 2008, approximately 1.7 million fans attended A’s games at the 35,067-seat Coliseum. Recently, the A’s have begun to consider various ballpark development options in northern California, including the development of a 32,000-seat ballpark in San Jose.

In order to gain an understanding of the impacts that the operations of the A’s may have on the local economy, CSL developed an independent estimate of the quantifiable impacts generated by the operations of the baseball club and new ballpark. Typically, and for the purposes of this report, quantifiable effects are characterized in terms of *economic impacts* and *fiscal impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings, and employment. *Fiscal impacts* denote changes in tax revenues.

The assumptions underlying the estimates of economic and fiscal impacts are based on the historical operations of the A’s, fan intercept surveys conducted at MLB games, industry data, the use of IMPLAN multipliers and CSL’s experience in quantifying the economic and fiscal impacts of similar projects.

The study’s findings are presented in the following sections:

1. Introduction
2. Economic Impact Methodology
3. Economic Impacts of Ballpark Development
4. City of San Jose Revenue / Cost Analysis

Appendix I Economic Impacts of Alternative Development

Appendix II Major League Baseball Overview

This report outlines the key highlights of the economic and fiscal impact analysis of the A’s and a new ballpark in San Jose. The study is designed to assist in understanding the impacts that the construction and operations of a major league ballpark will have on the local economy. The report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

2. Economic Impact Methodology

The construction and operation of a new major league ballpark in San Jose would provide certain quantifiable impacts to the local and regional economies. As previously stated, economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. Fiscal impacts denote changes in tax revenues. The remainder of this section gives a brief explanation of the methodology utilized herein.

Direct Spending

Direct spending represents the initial spending that occurs as a direct result of the operations of a MLB team and new ballpark. During *construction* of the ballpark, direct spending is generated on materials, supplies, labor, professional fees, etc. This spending occurs not only with the initial construction of the ballpark but also with any subsequent capital improvements that are made to the ballpark.

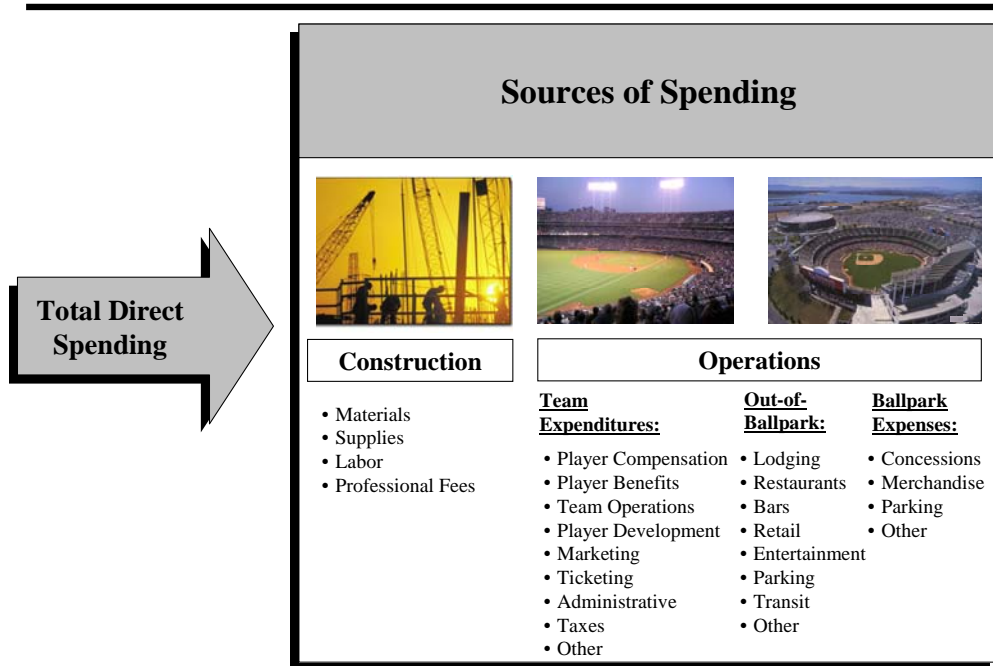
During team and ballpark *operations*, direct spending is generated both inside and outside of the facility. For purposes of this report, the first round of in-facility spending related to the operations of the team was based on the estimated annual expenditures of the A's. However, for non-MLB events, in facility direct spending was estimated based on spending related to tickets, concessions, merchandise, premium seating, advertising, rent, etc. by ballpark attendees, corporate sponsors and any other facility users.

Outside the ballpark, direct spending is generated by fans, event staff, facility users, etc. on lodging, food and beverages, retail, entertainment, transportation, etc. in connection with their usage of the ballpark. Further, the team generates non-fan or ballpark-related direct spending for national television agreements, local radio broadcasts, MLB revenue sharing agreements and other such sources.

The graphic on the following page illustrates the components of direct spending that could be generated by the A's playing in a new ballpark in San Jose.

2. Economic Impact Methodology (cont'd)

Direct Spending



Total *gross* direct spending flows to various economic entities including the ballpark, MLB teams, restaurants, hotel operators, retail businesses and other such entities. Focusing on the flow of spending is particularly important when analyzing the unique characteristics of MLB professional sports teams and facilities. As some of the spending that occurs in connection with the construction of the ballpark as well as the ongoing operations of the team and ballpark does not fully impact the local area, reductions in the total *gross* direct spending are made to reflect the amount of spending associated with the team and ballpark that is considered *net new* to the City of San Jose economy.

Several adjustments are made to *gross* spending to determine the *net new* impacts on the San Jose economy. These adjustments include:

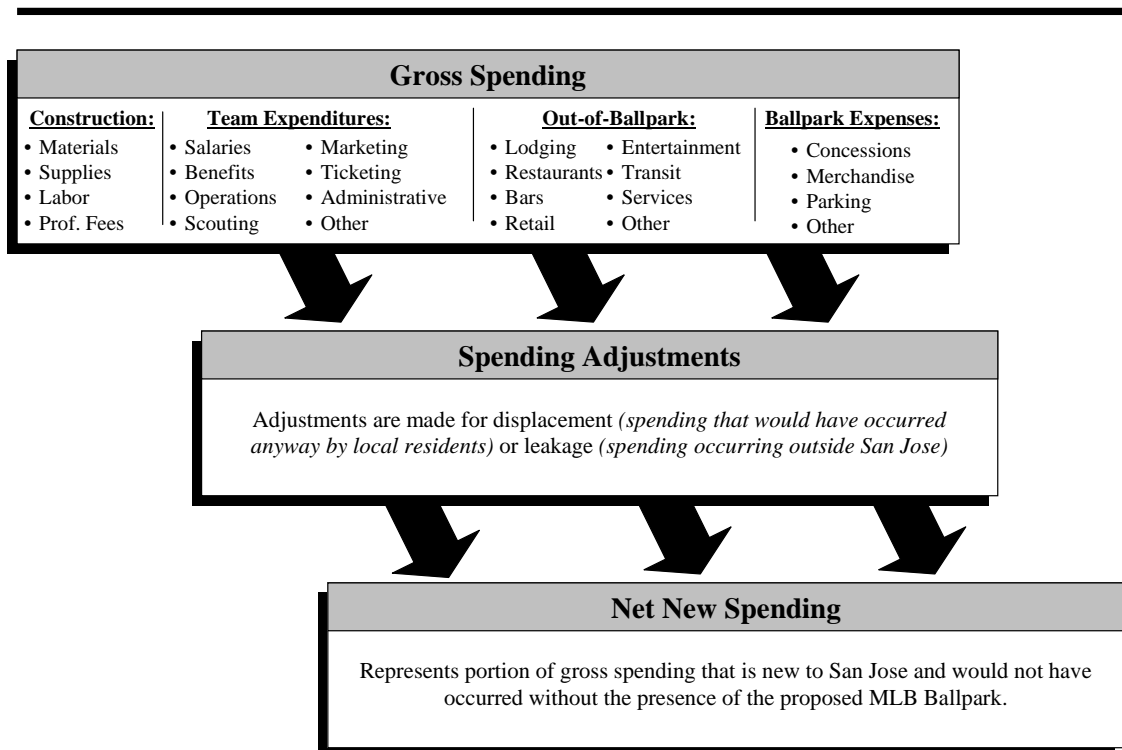
- *Leakage* – Leakage represents the portion of gross spending that occurs outside the local economy, which for purposes of this report is considered the City of San Jose. Leakage can occur in two manners. First, *immediate* leakage occurs when initial direct expenditures occur outside the defined geographic area. Examples of this type of immediate leakage include an out-of-town fan that stays overnight in a hotel or patronizes a restaurant located outside of the San Jose city limits. Secondly, leakage also occurs when initial spending that occurs within the defined geographic area is, in turn, used immediately to pay for non-local goods, services, etc. Examples of this type of secondary leakage include salaries paid to players who live outside of San Jose, concessionaire profits retained by companies operating outside of San Jose, etc.

2. Economic Impact Methodology (cont'd)

- Displacement** – Displacement refers to spending that would have likely occurred anyway in the City without the presence of the team and ballpark. Examples of displaced spending would include spending by San Jose residents in connection with their attendance at the ballpark (tickets, food and beverage, merchandise, etc.) that would have been spent within San Jose on other items (movie, restaurant, shopping, etc.) if they did not attend ballgames. For purposes of this report, all spending by local residents was considered displaced. Another example of displaced spending would include spending at the ballpark by fans from outside of San Jose whose primary purpose for visiting San Jose was something other than attending a baseball game. For the purposes of this report, spending by fans falling into this category was excluded from the analysis herein.

As illustrated in the following graphic, the flow of *gross* direct spending associated with the construction of the ballpark and operation of the ballpark and team is adjusted to reflect only the spending that is considered *net new* to the City of San Jose. The resulting spending, after all adjustments, is referred to throughout the remainder of this analysis as *net new* direct spending.

Direct Spending Adjustments



2. Economic Impact Methodology (cont'd)

Multiplier Effects

Economic impacts are further increased through the re-spending of direct spending. The total impact is estimated by applying economic multipliers to net new direct spending to account for the total economic impact. Total output multipliers are used to estimate the aggregate total spending that takes place beginning with *direct spending* and continuing through each successive round of re-spending. Spending impacts beyond initial direct spending are generally discussed in terms of their indirect and induced effects on the surrounding economy. Each is discussed in more detail as follows:

Indirect effects- consist of the re-spending of direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside of San Jose, put part of these earnings into savings, or use them to pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed *leakage* and reduces the overall economic impact.

Indirect impacts occur in a number of areas including the following:

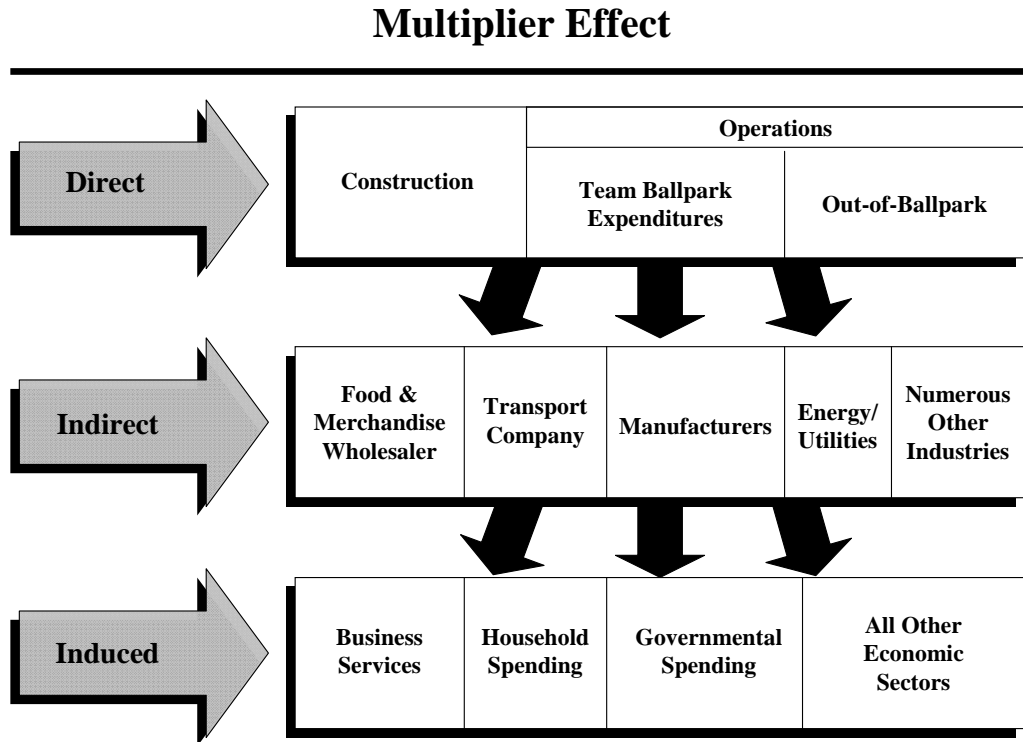
- Wholesale industry as purchases of food and merchandise products are made;
- Transportation industry as the products are shipped from purchaser to buyer;
- Manufacturing industry as products used to service arena, sports franchise(s), vendors and others are produced;
- Utility industry as the power to produce goods and services is consumed; and,
- Other such industries.

Induced effects consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the various facilities. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household, and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. An area which is capable of producing a wide range of goods and services within its border will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

2. Economic Impact Methodology (cont'd)

The following graphic illustrates the flow of direct spending through the successive rounds of re-spending including indirect and induced effects on the City's economy.



The multiplier estimates used in this analysis are based on the IMPLAN system. IMPLAN, which stands for *Impact Analyses and Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. Input-output models are a technique for quantifying interactions between firms, industries and social institutions within a local economy.

IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota Implan Group, Inc. which licenses and distributes the software to users. Currently, there are hundreds of licensed users in the United States including universities, government agencies, and private companies.

The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U. S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 528 distinct producing industry sectors of the national economy

2. Economic Impact Methodology (cont'd)

corresponding to the Standard Industrial Categories (SICs). Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county and zip code in the United States, allowing analyses at both the city and county level and for geographic aggregations such as clusters of contiguous cities, counties, individual states, or groups of states. For purposes of this analysis, economic multipliers specific to the City of San Jose were used based on local zip codes.

Data provided for each industry sector include outputs and inputs from other sectors, value added, employment, wages and business taxes paid, imports and exports, final demand by households and government, capital investment, business inventories, marketing margins, and inflation factors (deflators). These data are provided both for the 528 producing sectors at the national level and for the corresponding sectors at the county level. Data on the technological mix of inputs and levels of transactions between producing sectors are taken from detailed input-output tables of the national economy. National and county level data are the basis for IMPLAN calculations of input-output tables and multipliers for geographic areas. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a local economic area.

Multiplier-effects estimated in this analysis include:

- *Total output* represents the total direct, indirect, and induced spending effects generated by the A's playing in a new ballpark.
- *Personal earnings* represent the wages and salaries earned by employees of businesses impacted by the A's and ballpark operations.
- *Employment* is expressed in terms of full or part-time jobs.

The economic multipliers specific to the City of San Jose for those industries directly impacted by the potential development are presented in the table on the following page.

2. Economic Impact Methodology (cont'd)

City of San Jose Economic Multipliers

Industry	Total Output Multiplier	Personal Earnings Multiplier	Employment Multiplier
Advertising and Related Services	1.59392	0.68704	10.49897
Construction - New Non-Residential	1.51160	0.68022	9.30784
Food and Beverage Services	1.46629	0.53986	18.19416
Hotels and Motels	1.48907	0.53542	12.16139
Amusement and Recreation Industries (Entertainment)	1.50280	0.65853	18.74686
Personal Services	1.49326	0.34804	6.93554
Radio and Television Broadcasting	1.63522	0.73611	6.86089
Retail Stores	1.45365	0.64700	9.53630
Spectator Sports Companies	1.54281	0.86285	7.38274
Transit and Ground Passenger Transportation	1.46150	0.60890	14.46750

Fiscal Impacts / Costs

In addition to the economic impacts that could be generated throughout San Jose by the A's and a new ballpark, the City would receive tax revenues from a variety of sources and incur certain costs. In preparing estimates of fiscal impacts, total tax revenues attributable to the *direct, indirect and induced spending* were examined. Tax revenues examined and estimated herein include sales, hotel, utility user, franchise, business license, construction & conveyance and property taxes generated to the City of San Jose. It is also anticipated that costs will accrue to the City's General Fund as a result of the development scenarios under consideration. Cost categories estimated and examined herein include general government, finance, economic development, police, fire, capital maintenance and community service costs.

3. Economic Impacts of Ballpark Development

The purpose of this section is to provide a detailed analysis of the economic impacts associated with the proposed ballpark development. The information presented in this section is divided into the following areas:

- Description of Potential Development Site;
- Estimate of Potential Demand;
- Key Operating Assumptions;
- Direct Economic Impact;
- Indirect and Induced Impacts;
- Construction-Period Economic Impacts; and,
- Potential for Enhanced Ancillary Development.

Description of Potential Development Site

As shown on the map on the following page, the proposed development site is situated in the South San Francisco Bay Area, in the City of San Jose, Santa Clara County. The project site is located along the western edge of the Greater Downtown Area of San Jose, in the Burbank/Del Monte Strong Neighborhoods Initiative Redevelopment Project Area. The development site is bounded by San Fernando Street on the north, Park Avenue on the south, Autumn Street on the east and the Caltrain railroad tracks on the west.

3. Economic Impacts of Ballpark Development (cont'd)

In early 2009, the City of San Jose began exploring the development of a modified project. The current ballpark concept reduces the size of the stadium from 45,000 to 32,000 seats. The completion of construction on the Bay Area segment of High Speed Rail (San Francisco to San Jose) and an upgrade to Diridon Station is contemplated for 2016. The extension of BART service to Diridon Station is anticipated to be complete no earlier than 2018. The illustration below includes a preliminary concept of how the ballpark might be situated on the site.



3. Economic Impacts of Ballpark Development (cont'd)

Estimate of Potential Demand

Impact of New MLB Ballparks on Attendance

Typically, the development of a new ballpark has a significant positive impact on an MLB franchise's attendance. The following table summarizes the changes in average per-game attendance that has resulted from the development of new MLB ballparks since 1992.

Impact of New MLB Ballparks on Attendance

Team	New Stadium	Year Open	Prior Year Attendance	First Year Attendance	First-Year Change	Fifth Year Attendance	Fifth-Year Change
Cleveland Indians	Progressive Field	1994	26,888	39,121	45%	42,806	59%
San Francisco Giants	AT&T Park	2000	25,659	40,973	60%	40,307	57%
Philadelphia Phillies	Citizens Bank Park	2004	28,973	40,626	40%	42,254	46%
Baltimore Orioles	Oriole Park at Camden Yards	1992	31,515	44,047	40%	44,475	41%
Milwaukee Brewers	Miller Park	2001	19,427	34,704	79%	27,296	41%
Seattle Mariners	Safeco Field	1999	32,735	36,004	10%	43,740	34%
Texas Rangers	Rangers Ballpark in Arlington	1994	27,711	39,733	43%	36,141	30%
San Diego Padres	Petco Park	2004	25,024	37,243	49%	29,969	20%
Cincinnati Reds	Great American Ballpark	2003	23,199	29,077	25%	25,414	10%
Pittsburgh Pirates	PNC Park	2001	21,591	30,430	41%	22,435	4%
Atlanta Braves	Turner Field	1997	35,818	42,771	19%	34,858	-3%
Detroit Tigers	Comerica Park	2000	25,018	30,106	20%	23,667	-5%
Houston Astros	Minute Maid Park	2000	33,000	37,730	14%	30,299	-8%
Washington Nationals	Nationals Park	2008	24,217	29,005	20%	n/a	n/a
St. Louis Cardinals	Busch Stadium	2006	43,691	42,588	-3%	n/a	n/a
Average		2000	28,298	36,944	34%	34,128	25%

Note: 1. Citi Field (2009) and Yankee Stadium (2009) have been excluded as the New York Mets and New York Yankees have yet to complete a full season in their new ballparks.

2. Coors Field (1995) and Chase Field (1998) have been excluded as the Colorado Rockies and Arizona Diamondbacks were expansion franchises.

3. Sorted by fifth-year change.

4. Excludes Yankee Stadium (2009), Citi Field (2009), Target Field (2010) and new Marlins ballpark (2012).

Source: Major League Baseball.

As shown in the table above, 14 of the 15 new MLB ballparks listed experienced an attendance increase in their first year of operations. On average, first-year ballparks experienced a 34 percent increase in per-game attendance. On a 5-year basis, just three ballparks have experienced a decrease in average per-game attendance. The average fifth-year attendance increase associated with new ballparks is 25 percent. The higher attendance figures of the first year relative to the fifth year can be attributed to the honeymoon period in which new ballparks experience increased attendance from people who would not normally attend games.

Average attendance at Oakland A's games over the past five seasons has been approximately 24,300 fans per game, while average per game attendance for all MLB teams over that same period has been approximately 31,700. (See Appendix II Major League Baseball Overview for detail).

Based on the historical increases in attendance associated with new MLB ballpark development, it is anticipated that the A's average attendance at a new ballpark in San

3. Economic Impacts of Ballpark Development (cont'd)

Jose could be approximately 29,250 fans per game in the first year. This represents an approximate 20 percent increase over the average attendance to A's games in Oakland over the last five years. However, the projected average attendance of 29,250, assumed in the first year, is still nine percent below the average attendance to MLB games over the past five years and 11 percent lower than average MLB attendance in 2008. For purposes of conservatism, it has been assumed that after the first year of operations, attendance will decrease by five percent annually until year six when attendance is assumed to level off at approximately 24,300 per game over the remainder of the 50-year analysis.

This analysis assumes the construction of a ballpark with a seating capacity of approximately 32,000 to be completed in time for the 2014 MLB season. With an average estimated attendance of 24,300, the ballpark would be filled to approximately 76 percent of capacity, on average, but would have the smallest seating capacity in Major League Baseball. By contrast, the average MLB ballpark has a seating capacity of approximately 45,000.

Ticket Price

The average ticket price for the A's in 2008 was approximately \$29.20. For the purposes of this report, the average 2008 ticket price was inflated at three percent annually to the year 2014, the first year the ballpark is expected to be open. In general, many major league teams realize an increase in ticket prices of approximately 15 to 20 percent after moving into a new facility due to enhanced fan amenities, better sightlines, etc. However, for purposes of conservatism, no increase in the average ticket price for the A's was assumed as a result of playing in a new ballpark. After adjusting for inflation, the average ticket price utilized in this analysis was calculated to be approximately \$35 in 2014 (\$30 in 2009).

Key Operating Assumptions

The initial step in estimating the economic impacts generated by a sports franchise and facility is to develop assumptions pertaining to annual events and attendance as well as per capita spending levels of ballpark patrons. For purposes of this analysis, assumptions have been developed for two types of ballpark events: A's games and non-MLB events.

In-Facility Assumptions

The key assumptions related to A's games at the proposed ballpark are based on the team's historical attendance and ticket prices, per capita spending estimates experienced

3. Economic Impacts of Ballpark Development (cont'd)

at other San Jose sports and entertainment events as well as the past intercept studies conducted by CSL in various MLB markets, premium seating inventory based on current stadium development plans and other such operating assumptions. These assumptions form the basis for the estimates of in-ballpark spending.

The analysis includes assumptions for A's games as well as various other non-MLB events that are envisioned to utilize the proposed ballpark. The following table summarizes the event and attendance assumptions for all events assumed to be hosted at the ballpark.

**Event and Attendance Estimates - Stabilized Year
Proposed San Jose Ballpark**

	Average Annual Event Days	Average Event Attendance	Estimated Annual Attendance	Estimated Percent Local ⁽¹⁾	Estimated Percent Non-Local ⁽²⁾
	<i>Recurring Events:</i>				
A's Games	81	24,300 ⁽³⁾	1,968,000	50%	50% ⁽²⁾
Non-MLB Events ⁽⁴⁾	3	30,000	90,000	20%	80%
TOTAL (All Events) ⁽⁵⁾	84	24,500	2,058,000	49%	51%

Notes:

- (1) Represents the percentage of attendees assumed to live in the City of San Jose based on previous sports and entertainment studies conducted in San Jose and intercept studies conducted by CSL in other MLB markets.*
- (2) Represents the percentage of attendees assumed to live outside the City of San Jose based on previous sports and entertainment studies conducted in San Jose and intercept studies conducted by CSL in other MLB markets. Only includes non-local attendees whose primary reason for visiting the City is to attend the ballgame. Excludes all other non-local attendees.*
- (3) Based on the A's historical attendance. Assumes attendance will spike 20 percent in year-1 (2014) above historical levels and decrease 5% annually before leveling out in 2018.*
- (4) Based on the operations of other similar MLB ballparks.*
- (5) Average event attendance and percentage of local patron estimates are based on weighted averages.*

Source:

A's historical operations, industry standards and CSL International research.

As shown, the ballpark is estimated to host 84 events annually, which includes 81 A's home games and three non-MLB events, for total annual attendance of approximately 2.1 million. The assumption of only three annually recurring non-MLB events at the ballpark is a somewhat conservative estimate given the mild San Jose climate which could allow year round use of the ballpark. In addition, the City of San Jose lacks a large outdoor facility, such as an amphitheater, capable of hosting major events. Therefore, the potential exists for a new ballpark to attract more large-scale outdoor events to the San Jose market.

Based on the results of the surveys conducted at MLB ballparks, previous studies conducted at sporting events in San Jose and CSL's experience conducting economic analyses throughout the country, it was estimated that approximately 70 percent of attendees of A's games would not reside in San Jose (non-local attendees). Furthermore,

3. Economic Impacts of Ballpark Development (cont'd)

it was assumed that only 70 percent of these non-local attendees would be visiting San Jose with the primary purpose of attending the ballgame. Conversely, 30 percent of non-local attendees were assumed to be visiting San Jose for some other purpose than to attend the ballgame. These individuals who were assumed to be in San Jose for some other purpose than to attend the ballgame were excluded from the analysis as it was assumed that they were already in town and would have spent money in the City regardless of their attendance at the game.

For purposes of this analysis, only those non-local attendees (70 percent of all attendees) whose primary purpose for visiting San Jose was to attend the ballgame (70 percent of non-local attendees) were included in the calculation for out-of-facility ballpark spending. Given these assumptions, it was estimated that approximately 50 percent of A's game attendees would be non-local and be visiting San Jose with the primary purpose of attending the ballgame. Furthermore, it was assumed that 80 percent of attendees of non-MLB events hosted at the proposed ballpark would be non-local.

The number of non-local residents attending the ballgame is important to the net new spending that takes place as a result of the ballpark's existence, as these non-local attendees are bringing dollars into the local economy that would likely be spent elsewhere in the absence of the ballpark.

The overall economic impact from in-facility spending in the ballpark is driven by the number of patrons that visit the facility annually and by the amount each patron spends within the ballpark. The following table outlines the estimated in-facility per capita spending specific to the events held within the proposed ballpark.

In-Facility Per Capita Daily Spending Estimates ⁽¹⁾
Proposed San Jose Ballpark
(2009 Dollars)

<u>Event Type</u>	<u>Ticket Price</u>	<u>Food & Beverage</u>	<u>Merchandise</u>	<u>Parking</u>	<u>Total</u>
A's Games	\$30	\$15	\$3	\$1 ⁽²⁾	\$49
Non-MLB Events	\$45	\$16	\$10	\$3 ⁽³⁾	\$74

Notes:

(1) Based on other comparable ballparks.

(2) Assumes 30 percent of fans would utilize available parking and that there would be 3 people per car.

(3) Assumes 50 percent of fans would utilize available parking and that there would be 3 people per car.

Source:

Industry standards and CSL International research.

As shown, total per capita in-facility daily spending for A's games is estimated to be approximately \$49, while total per capita in-facility daily spending for non-MLB events is estimated to be approximately \$74. The estimates for in-facility per capita spending

3. Economic Impacts of Ballpark Development (cont'd)

were derived from the historical operations of the A's and industry standards in the sports and entertainment industry.

It should be noted that the estimates of direct spending and associated economic impacts related to the team were based on the A's estimated annual operating expenditures, which are detailed later in this section. The per capita in-facility spending estimates for A's games shown in the previous table were utilized to calculate the direct in-facility spending on taxable items such as concessions and merchandise in order to estimate the associated fiscal impacts generated to the City of San Jose as a result of the in-facility spending that takes place at the ballpark during A's games. However, the direct spending and associated economic/fiscal impacts for non-MLB events was based solely on the per capita spending estimates outlined in the previous table.

Out-of-Facility Spending Assumptions

While purchases made at the ballpark represent the most visible source of spending related to the A's and the ballpark, spending taking place outside of the ballpark by patrons in conjunction with their attendance at events can also have significant impacts on the local economy. In order to assist in estimating the amount of out-of-facility spending that could take place related to A's games at the proposed ballpark, data from previous sports and entertainment studies conducted in San Jose as well as information from previous intercept studies conducted by CSL for other MLB teams were utilized.

The amount of spending fans make in conjunction with their ballpark visit often depends on the patron's origin. Fans that travel from outside of the local area to attend games may be more likely to spend money on hotels, restaurants, travel expenses and other such expenditures during their visits. In addition, money spent by non-local fans can often be considered new to the economy, as that spending may not have taken place locally if not for the patron's visit to the ballpark.

Based on intercept studies conducted by CSL in other MLB markets, respondents were asked to estimate the amount they intended to spend on each of several types of expenditures in relation to their attendance at the game. The table on the following page summarizes the average spending per respondent captured as part of the previous intercept studies for each spending category as it relates specifically to their attendance at the ballgame. To evaluate the difference in spending patterns, the spending estimates were separated into those fans who came to the city for the day to attend the game and those fans who stayed overnight in the city. It should be noted that the averages presented below for out-of-facility spending include the responses of **all** non-local respondents and include data from those respondents who indicated that they spend no money outside of the ballpark for each spending category.

3. Economic Impacts of Ballpark Development (cont'd)

Out of Facility Spending Comparison - Day Trip vs. Overnight Attendees⁽¹⁾
All Non-Local Attendees

Attendee Type	Lodging	Entertainment	Food/Beverage	Transportation	Shopping	Misc.	Total
Day Trip	n/a	\$5	\$16	\$7	\$4	\$1	\$33
Overnight	\$36	\$23	\$35	\$14	\$23	\$5	\$137
All (Day Trip and Overnight) ⁽²⁾	\$15	\$12	\$24	\$10	\$12	\$2	\$75

Notes:

(1) Represents out-of-facility spending for all non-local attendees.

(2) Represents the weighted average out-of-facility spending for non-local attendees visiting the city for the day as well as those non-local attendees staying overnight.

Source: Past CSL intercept studies conducted in other comparable MLB markets.

As shown above, the overall average out-of-facility spending reported by respondents of the two intercept groups was approximately \$75 per day. However, these spending estimates include those non-local respondents who were visiting the city for some other purpose than to attend the ballgame.

Due to differences in the spending habits of those non-local respondents who were in town strictly to attend the game and those non-local respondents who were in town for other purposes, a further analysis was completed to ascertain the per capita spending estimates related to only those non-local respondents whose primary purpose for visiting the city was to attend the ballgame. Furthermore, by utilizing the per capita spending estimates only from those non-local respondents whose primary purpose for visiting the city was to attend the game, the out-of-facility spending estimates should better reflect the net new spending that could take place as a result of the ballpark's operations. The following table presents the out-of-facility spending estimates specific to those non-local attendees whose primary purpose for visiting the city was to attend the ballgame.

Out of Facility Spending Comparison - Day Trip vs. Overnight Attendees⁽¹⁾
Non-Local Attendees Whose Primary Purpose for Visiting City was to Attend Ballgame

Attendee Type	Lodging	Entertainment	Food/Beverage	Transportation	Shopping	Misc.	Total
Day Trip	n/a	\$5	\$16	\$8	\$5	\$1	\$34
Overnight	\$20	\$10	\$24	\$8	\$11	\$2	\$77
All (Day Trip and Overnight) ⁽²⁾	\$6	\$7	\$19	\$7	\$7	\$1	\$47

Notes:

(1) Represents out-of-facility spending for only those non-local attendees whose primary purpose for visiting the city was to attend the ballgame.

(2) Represents the weighted average out-of-facility spending for non-local attendees visiting the city for the day as well as those non-local attendees staying overnight.

Source: Past CSL intercept studies conducted in other comparable MLB markets.

As shown in the previous table, the average out-of-facility per capita spending specific to those non-local attendees whose primary purpose was to attend the ballgame was \$47 per day. As a point of comparison, the average out-of-facility per capita spending captured from the previous intercept studies conducted by CSL was compared to the out-of-facility per capita spending estimates of similar studies conducted at other sports and entertainment events in San Jose. The comparison is shown in the table on the following page.

3. Economic Impacts of Ballpark Development (cont'd)

**Daily Out-of-Facility Per Capita Spending Comparison
Previous San Jose Sporting Event Studies vs. CSL Studies**

<u>Source</u>	<u>Study Study</u>	<u>Daily Per Capita Spending</u>	<u>Daily Per Capita Spending Inflated to 2009</u> ⁽¹⁾
San Jose Sharks Study	2008	\$63	\$65
San Jose MLS Study	2007	\$77	\$82
San Jose CAHA Study	2007	\$123	\$130
San Jose NCAA Study	2007	\$142	\$151
CSL Intercept Studies ⁽²⁾	2009	\$47 ⁽³⁾	\$47 ⁽³⁾

Notes:

(1) Inflated at 3% annually.

(2) Based on the results of the intercept studies conducted at other MLB ballparks.

(3) Represents out-of-facility spending for non-local visitors only. Does not include out-of-facility spending from local residents.

As shown, the total estimated out-of-facility spending reported for the other sports and entertainment events previously hosted in San Jose ranged from a low of \$65 to high of \$151, in 2009 dollars. The following table summarizes the detailed out-facility per capita spending estimates utilized to project the economic impacts associated with all out-of-facility spending estimated to take place in the City of San Jose as result of the events hosted at the proposed ballpark.

**Out-of-Facility Per Capita Daily Spending Estimates
Proposed San Jose Ballpark
(2009 Dollars)**

	<u>Lodging</u>	<u>Entertainment</u>	<u>Food/Beverage</u>	<u>Transportation</u>	<u>Retail</u>	<u>Misc.</u>	<u>Total</u>
<i>Recurring Events:</i>							
A's Games ⁽¹⁾	\$6	\$7	\$19	\$7	\$7	\$1	\$47
Non-MLB Events	\$6	\$3	\$6	\$3	\$5	\$3	\$26

Notes:

(1) Per capita spending numbers are specific to non-local attendees whose primary purpose for visiting the City is to attend the ballgame.

Source:

Previous CSL MLB intercept surveys, prior sports and entertainment spending studies conducted in San Jose and industry standards.

In addition to the detailed adjusted out-of-facility spending estimates for A's games in San Jose, the detailed out-of-facility spending estimates for non-MLB events envisioned to be hosted at the proposed San Jose ballpark is estimated to be approximately \$26 per person daily, as shown in the previous table. These spending figures form the basis for calculating the out-of-facility spending estimates associated with the events hosted at the proposed ballpark in San Jose. Furthermore, for purposes of calculating the total direct spending that is estimated to take place outside the ballpark, it was assumed that 60 percent of all out-of-facility spending as a result of the ballpark's operations would take place within the City of San Jose. This estimate was based on an analysis of the

3. Economic Impacts of Ballpark Development (cont'd)

percentage of corporations and population within the City of San Jose relative to Santa Clara County.

Direct Economic Impact

The direct impact discussed in this report includes team and ballpark expenditures as well as spending by ballpark patrons before and after events taking place outside of the ballpark at local establishments such as restaurants, hotels, retail shops and other such places. CSL developed an economic model for an MLB team and ballpark to calculate the initial round of spending related to team operations. The assumptions related to attendance and spending levels at non-MLB events were used to estimate direct spending related to the ballpark but not directly attributable to the team.

Estimates related to out-of-ballpark spending are based on fan-intercept surveys conducted by CSL at MLB ballparks, historical survey data collected in San Jose at other events and venues and CSL's industry experience. This data was used to develop an understanding of fan spending before and after A's games. Spending estimates for other events at the proposed ballpark were developed based on industry averages and CSL's experience conducting similar studies throughout the country. In addition to fan spending before and after home games, other areas of economic activity that have been used to calculate the impact associated with the A's include team expenditures and visiting team/media spending.

Spending Adjustment

Adjustments to the gross direct spending sources related to A's games have been made to reflect the fact that spending patterns of professional sports teams vary significantly from those in other more typical industries, as a portion of the initial spending immediately leaves the local economy. Traditionally, multipliers that are used in economic impact studies are designed to reflect such leakage. As such, many economists argue that it is not necessary to adjust the initial round of spending since the multipliers take this into account. However, because the largest expense of a professional sports franchise, players' salaries, does not necessarily fully impact the local area (players often do not reside in the local area year-round), the initial round of spending has been adjusted downward in this analysis.

A gross direct spending adjustment was made to the portion of A's expenditures allocated to player salaries and the percentage of player spending that is assumed to take place locally. It is assumed that approximately 10 percent of A's' players will live within the

3. Economic Impacts of Ballpark Development (cont'd)

City of San Jose and that those players will spend approximately 50 percent of their income within the City San Jose.

Players not residing in San Jose are assumed to spend significantly less of their income within the City. Specifically, it is assumed that players that are not San Jose residents will spend approximately five percent of their income within the City. Overall, it is estimated that approximately \$5.1 million, or seven percent, of the estimated \$70 million in total players' salaries would be spent within San Jose.

In addition to the player salary adjustment, it is also necessary to adjust other team expenditures to reflect the fact that not all team expenditures occur locally. In total, gross direct spending related to team operations has been reduced by approximately 62 percent in order to estimate the adjusted economic impacts expected to occur within the City.

Adjusted Net New Direct Spending (A's Games)

Based on the assumptions discussed herein, estimates of the adjusted net new direct spending related to the A's have been developed and are presented in the table on the following page.

3. Economic Impacts of Ballpark Development (cont'd)

Estimated Net New Direct Spending - A's Games ⁽¹⁾
(After Spending Adjustment)
Ballpark Development Scenario
(2009 Dollars)⁽²⁾

Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
<i>Team Ballpark Expenditures ⁽⁵⁾</i>			
Major League Player Compensation	\$4,359,000	\$123,948,000	\$223,692,000
Player Benefit Plan	2,899,000	82,429,000	148,760,000
Major League Team Operations	4,975,000	106,178,000	147,527,000
Scouting and Player Development	9,950,000	212,357,000	295,054,000
Stadium Operations	7,462,000	159,268,000	221,290,000
Marketing, Publicity and Ticket Operations	3,234,000	69,016,000	95,893,000
General and Administrative	5,970,000	127,414,000	177,032,000
Ballpark Property Tax	3,992,000	78,398,000	102,072,000
Concessions ⁽⁶⁾	8,809,000	191,871,000	265,092,000
Merchandise ⁽⁶⁾	2,349,000	51,166,000	70,691,000
Parking ⁽⁶⁾	215,000	4,705,000	6,488,000
Total In-Facility	\$54,214,000	\$1,206,750,000	\$1,753,591,000
<i>Out-of-Facility Spending ⁽⁷⁾</i>			
Lodging	\$3,724,000	\$81,117,000	\$112,072,000
Restaurant	10,977,000	239,089,000	330,328,000
Retail	3,890,000	84,726,000	117,058,000
Local Transit	4,354,000	94,823,000	131,008,000
Entertainment	3,952,000	86,067,000	118,911,000
Other	626,000	13,643,000	18,849,000
Total Out-of-Facility	\$27,523,000	\$599,465,000	\$828,226,000
<i>Visiting Team Spending ⁽⁸⁾</i>			
Lodging	\$810,000	\$17,280,000	\$24,009,000
Per Diem	269,000	5,748,000	7,987,000
Transportation	105,000	2,247,000	3,123,000
Total Visiting Team	\$1,184,000	\$25,275,000	\$35,119,000
TOTAL NET NEW SPENDING	\$82,921,000	\$1,831,490,000	\$2,616,936,000

Notes:

(1) Net new direct spending represents the portion of gross direct spending that is considered to be newly created in the San Jose economy as a result of the A's operations.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

(5) In-facility spending figures represent all expenditures related to the operations of the team.

(6) Represents the cost of goods and labor related to this revenue source.

(7) Out-of-facility spending figures are only for non-local attendees whose sole purpose for visiting the City is to attend the ballgame.

(8) Visiting team spending represents all spending assumed to take place within the City that is directly attributable to the players and personnel of the visiting team.

As shown, the net new *annual* direct spending estimated to take place within San Jose related to A's games in a stabilized year of operations (2018), is estimated to be total approximately \$82.9 million in 2009 dollars while the 30-year and 50-year net present value of this net new spending is estimated to be approximately \$1.8 billion and \$2.6 billion, respectively.

3. Economic Impacts of Ballpark Development (cont'd)

Adjusted Net New Direct Spending (Non-MLB Events)

Based on the assumptions discussed herein, estimates of the adjusted spending related to non-MLB events were developed and are presented in the following table.

Estimated Net New Direct Spending - Non-MLB Events ⁽¹⁾			
Ballpark Development Scenario			
(2009 Dollars)⁽²⁾			
Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
<i>In-Facility Spending ⁽⁵⁾</i>			
Ticket Revenue	\$380,000	\$8,119,000	\$11,281,000
Concessions	1,353,000	28,868,000	40,110,000
Merchandise	845,000	18,043,000	25,069,000
Parking	282,000	6,014,000	8,356,000
Total In-Facility	\$2,860,000	\$61,044,000	\$84,816,000
<i>Out-of-Facility Spending ⁽⁶⁾</i>			
Lodging	\$188,000	\$4,009,000	\$5,571,000
Restaurant	145,000	3,099,000	4,305,000
Retail	121,000	2,582,000	3,588,000
Local Transit	73,000	1,549,000	2,153,000
Entertainment	77,000	1,653,000	2,296,000
Other	68,000	1,446,000	2,009,000
Total Out-of-Facility	\$672,000	\$14,338,000	\$19,922,000
TOTAL NET NEW SPENDING	\$3,532,000	\$75,382,000	\$104,738,000

Notes:

(1) Net new direct spending represents the portion of gross direct spending that is considered to be newly created in the San Jose economy as a result of the ballpark's existence.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

(5) In-facility spending figures include all spending assumed to take place within the stadium attributable to all events other than A's games.

(6) Out-of-facility spending figures are only for non-local attendees at all non-MLB events.

As shown above, the net new *annual* direct spending related to non-MLB events during a stabilized year of operations is estimated to total approximately \$3.5 million in 2009 dollars within San Jose while the 30-year and 50-year net present value of this net new spending is estimated to be approximately \$75.4 million and \$104.7 million, respectively.

3. Economic Impacts of Ballpark Development (cont'd)

Overall, it is estimated that A's games and the other events hosted at the ballpark could generate approximately \$86.5 million in adjusted net new direct spending in a stabilized year of operations (2018) in 2009 dollars within the City of San Jose. As shown in the following table, the 30-year and 50-year net present value of all adjusted direct spending related to the Ballpark Development Scenario is estimated to be approximately \$1.9 billion and \$2.7 billion, respectively.

Total Estimated Adjusted Net New Direct Spending⁽¹⁾
Ballpark Development Scenario
(2009 Dollars)⁽²⁾

Category	Stabilized Year⁽³⁾	30-Year Net Present Value⁽⁴⁾	50-Year Net Present Value⁽⁴⁾
A's Games ⁽⁵⁾	\$82,921,000	\$1,831,490,000	\$2,616,936,000
Non-MLB Events ⁽⁵⁾	3,532,000	75,382,000	104,738,000
TOTAL NET NEW SPENDING	\$86,453,000	\$1,906,872,000	\$2,721,674,000

Notes:

(1) Net new direct spending represents the portion of gross direct spending that is considered to be newly created in the San Jose economy as a result of the ballpark's existence.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

(5) Includes in-facility and out-facility net new direct spending.

The following section discusses the impacts of these adjusted net new direct spending levels as they flow through the local economy and outlines the indirect and induced economic impacts.

Indirect and Induced Impacts

The initial spending of new dollars in an economy begins a series of spending in which the dollars are cycled and recycled through the economy. The indirect spending represents the impact that the various rounds of re-spending of the direct expenditures has on the defined economies.

As money leaves the economy due to exportation or leakage, the input-output model adjusts each successive round of spending, recognizing only the impact that the spending has on the defined economy. The re-spending of the dollars is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending.

3. Economic Impacts of Ballpark Development (cont'd)

Total Output

Total output represents the total direct, indirect, and induced spending effects generated by the proposed Ballpark Development Scenario. Total output is calculated by multiplying the adjusted net new direct spending for each spending category by the proper economic multiplier, which represents the successive rounds of additional spending in the local economy. The following table outlines the estimated total output related to the proposed Ballpark Development Scenario.

Estimated Total Net New Output ⁽¹⁾
Ballpark Development Scenario
(2009 Dollars)⁽²⁾

Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
<i>A's Games</i>			
Team Ballpark Expenditures	\$82,800,000	\$1,842,000,000	\$2,678,000,000
Total Out-of-Facility	40,500,000	883,000,000	1,219,000,000
Total Visiting Team	1,800,000	37,000,000	53,000,000
Total A's	\$125,100,000	\$2,762,000,000	\$3,950,000,000
<i>Non-MLB Events</i>			
Total In-Facility	\$4,200,000	\$90,000,000	\$124,000,000
Total Out-of-Facility	1,000,000	21,000,000	28,000,000
Total Non-MLB Events	\$5,200,000	\$111,000,000	\$152,000,000
TOTAL OUTPUT⁽³⁾	\$130,300,000	\$2,873,000,000	\$4,102,000,000

Notes:

(1) Total net new output includes direct, indirect and induced spending. Net new total output is calculated by applying the appropriate output multipliers to each net new direct spending category. (*Indirect* spending is created as a result of the re-spending of direct expenditures throughout the local economy. *Induced* spending consists of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the ballpark.)

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

Source:

CSL net new direct spending estimates and IMPLAN.

As shown, in 2009 dollars the levels of adjusted net new direct spending previously discussed are estimated to generate approximately \$130.3 million in total output in San Jose during a stabilized year of operations (2018).

Overall, it is estimated that the net present value over a 30-year and 50-year period of the total economic output generated by spending related to events hosted at the ballpark is approximately \$2.9 billion and \$4.1, respectively. Furthermore, it is estimated that approximately 96 percent of the total economic output generated by spending related to the development of the ballpark would be generated as a result of A's games, and the remaining total economic output generated by the ballpark would be attributable to the non-MLB events hosted at the ballpark.

3. Economic Impacts of Ballpark Development (cont'd)

Employment

Increased economic activity associated with the proposed ballpark development is assumed to spur the creation of jobs within the local economy. As illustrated in the following table, the level of economic activity previously presented is estimated to support approximately 980 total jobs in a stabilized year of ballpark operations (2018).

Estimated Total Net New Jobs⁽¹⁾ Ballpark Development Scenario

Category	Stabilized⁽²⁾ Year
<i>A's Games</i>	
Team Ballpark Expenditures	490
Total Out-of-Facility	420
Total Visiting Team	20
Total A's	930
<i>Non-MLB Events</i>	
Total In-Facility	40
Total Out-of-Facility	10
Total Non-MLB Events	50
TOTAL JOBS	980

Notes:

(1) Represents the number of job estimated to be created within San Jose as result of the ballpark's operations. Total net new jobs are calculated by applying the appropriate employment multipliers to each net new direct spending category.

(2) The year 2018 is presented as a stabilized year of operations.

Personal Earnings

Personal earnings represent the wages and salaries earned by employees of businesses impacted by the ballpark development. Based on the jobs estimated to be supported by the level of economic output generated by the ballpark development, it estimated that total earnings in a year of stabilized operations (2018) could be approximately \$61.9 million in 2009 dollars as shown in the table on the following page.

3. Economic Impacts of Ballpark Development (cont'd)

**Estimated Total Net New Earnings⁽¹⁾
Ballpark Development Scenario
(2009 Dollars)⁽²⁾**

Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
<i>A's Games</i>			
Team Ballpark Expenditures	\$43,400,000	\$968,000,000	\$1,411,000,000
Total Out-of-Facility	15,900,000	347,000,000	479,000,000
Total Visiting Team	640,000	13,800,000	19,100,000
Total A's	\$59,940,000	\$1,328,800,000	\$1,909,100,000
<i>Non-MLB Events</i>			
Total In-Facility	\$1,630,000	\$34,700,000	\$48,200,000
Total Out-of-Facility	370,000	8,000,000	11,100,000
Total Non-MLB Events	\$2,000,000	\$42,700,000	\$59,300,000
TOTAL EARNINGS	\$61,940,000	\$1,371,500,000	\$1,968,400,000

Notes:

(1) Represents the total net new personal earnings estimated to be created in San Jose as result of the ballpark's operations.

Total net new earnings are calculated by applying the appropriate earnings multipliers to each net new direct spending category.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

Source:

CSL net new direct spending estimates and IMPLAN.

As shown above, it is estimated that the net present value of the total earnings generated by the proposed Ballpark Development Scenario over a 30-year and 50-year period could be approximately \$1.4 billion and \$2.0 billion, respectively.

A detailed analysis of the specific tax revenues generated to the City of San Jose's General Fund and specific City costs associated with the Ballpark Development Scenario is provided in a subsequent section of this report entitled City of San Jose Revenue / Cost Analysis.

The table on the following page summarizes the net new economic impacts associated with the estimated net new direct spending expected to occur due to the operations of the proposed ballpark.

3. Economic Impacts of Ballpark Development (cont'd)

Ballpark Development Scenario ⁽¹⁾
Economic Impact Summary
Net New Impacts - Annual Ongoing Operations
(2009 Dollars) ⁽²⁾

Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
Net New Direct Spending ⁽⁵⁾	\$86,453,000	\$1,906,872,000	\$2,721,674,000
Total Output ⁽⁶⁾	\$130,300,000	\$2,873,000,000	\$4,102,000,000
Jobs ⁽⁷⁾	980	n/a	n/a
Earnings	\$61,940,000	\$1,371,500,000	\$1,968,400,000

Notes:

(1) Construction of the ballpark is assumed to take place from 2011 to 2013 and open in 2014. These impacts are excluded from this table.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2018 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

(5) Net new direct spending represents the portion of gross direct spending that is considered to be newly created in the San Jose economy as a result of the ballpark's existence. Assumes 60 percent of all out-of-facility direct spending related to the operations of the ballpark takes place within San Jose. Overall, it is estimated that 34 percent of all spending occurring because of the ballpark will be net new to the San Jose economy.

(6) Total net new output includes direct, indirect and induced spending. Net new total output is calculated by applying the appropriate output multipliers to each net new direct spending category. (Indirect spending is created as a result of the re-spending of direct expenditures throughout the local economy. Induced spending consists of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the ballpark.)

(7) Represents the number of full and part time jobs estimated to be created within San Jose as result of ballpark development operations. Total net new jobs are calculated by applying the appropriate employment multipliers to each net new direct spending category.

Construction-Period Economic Impacts

The economic impact of the construction phase of a project is determined by the volume and nature of construction and other development-related expenditures as well as the region in which they take place.

In order to estimate construction costs for the proposed San Jose ballpark, an analysis of comparable MLB ballparks was conducted. For the purposes of this analysis, comparable ballparks were defined as recently constructed open-air ballparks. Due to their considerable development costs, Yankee Stadium and Citi Field were excluded from this analysis. The following exhibit depicts the construction cost and the cost per seat for each of the comparable ballparks. These costs include both hard costs and soft costs such

3. Economic Impacts of Ballpark Development (cont'd)

as engineering costs. It should be noted that construction costs exclude the cost of land and off-site improvements for all facilities presented below. Adjusted construction costs presented below were determined by first normalizing the original construction costs to 2009 dollars using the Turner Construction Cost Index. These construction costs were then adjusted to San Jose construction costs using cost of living indices.

**Comparable Open-Air MLB Ballparks
Construction Costs per Seat**

Stadium	Team	Opening Year	Original Cost (millions)	Adjusted⁽¹⁾ Cost	Seating Capacity	Cost Per Seat
Target Field	Minnesota Twins	2010	\$559.4	\$785.5	40,000	\$19,636
Busch Stadium	St. Louis Cardinals	2006	368.0 ⁽²⁾	760.7	46,900	16,219
Nationals Park	Washington Nationals	2008	581.2 ⁽³⁾	698.8	41,888	16,682
PETCO Park	San Diego Padres	2004	449.4	519.7	42,000	12,375
Great American Ballpark	Cincinnati Reds	2003	296.7	498.9	45,000	11,088
AT&T Park	San Francisco Giants	2000	290.0	421.2	41,503	10,149
Average		2005	\$424.1	\$614.1	42,882	\$14,400

(1) Represents the original construction cost adjusted to 2009 dollars via the Turner Construction Cost Index and then adjusted to reflect the differences in the cost of living between San Jose and each respective market. Projected cost of stadiums opening after 2009 have not been adjusted due to lack of future indices.

(2) Land costs of \$20 million were deducted from total development costs of \$388.0 million.

(3) Land costs of \$111.6 million were deducted from total development costs of \$692.8 million.

Source: ACCRA Cost of Living Index, municipal authorities, facility management, public records, and industry publications. Amounts have not been audited or otherwise verified.

As shown in the table above, the average adjusted construction cost for the comparable ballparks analyzed is \$614.1 million, with a high of \$785.5 million at Target Field and a low of \$421.2 million at AT&T Park. The adjusted cost per seat ranged from a high of \$19,636 at Target Field to a low of \$10,149 at AT&T Park with an average cost of \$14,400 per seat in San Jose construction dollars.

Using the average adjusted cost per seat as a proxy, an estimate of the construction costs for the proposed San Jose Ballpark was developed as outlined in the table below.

**Proposed San Jose Ballpark
Estimated Construction Cost**

Average Cost per Seat - Comparable Facilities		\$14,400
Number of Seats in Proposed San Jose Ballpark		32,000
Construction Cost Estimate (2009 Dollars)		\$460,800,000 ⁽¹⁾
Hard Construction Costs	@ 80%	\$369,000,000
Soft Construction Costs	@ 20%	\$92,000,000
Construction Cost Estimate (2011 Dollars)		\$489,000,000 ⁽²⁾
Hard Construction Costs	@ 80%	\$391,000,000
Soft Construction Costs	@ 20%	\$98,000,000

(1) Rounded to nearest million.

(2) Inflated 3 percent annually from 2009 estimate.

3. Economic Impacts of Ballpark Development (cont'd)

As shown, it is estimated that the proposed San Jose ballpark could cost approximately \$461 million in 2009 dollars. This includes approximately \$369.0 million in hard construction costs and \$92.0 million in soft costs which are typically comprised of architectural, engineering, legal fees, etc. In 2011 dollars, the year construction of the ballpark is expected to commence, it is anticipated that total construction costs will be approximately \$489 million.

The economic impacts resulting from the ballpark construction expenditures depend on the nature of the spending and the extent to which the spending takes place locally. It has been assumed that approximately 25 percent of labor spending and 20 percent of material spending related to construction will directly impact the San Jose economy. Based on these assumptions, it is estimated that approximately \$112 million of the \$489 million ballpark construction expenditures would be spent on materials and labor derived from within the City of San Jose. For the purposes of this analysis, it is assumed that this spending would occur over a period of three years commencing in 2011 with approximately \$37 million spent each year.

Based on the assumptions for construction costs related to the Ballpark Development Scenario, the total direct spending occurring within San Jose was calculated. The net new economic impacts to the City of San Jose resulting from the anticipated spending levels were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry. The table below summarizes these impacts.

**Ballpark Development Scenario
Economic Impact Summary
Net New Impacts - Construction Period ⁽¹⁾
(2009 Dollars)**

<u>Category</u>	<u>Net Present Value ⁽²⁾</u>
Net New Direct Spending	\$96,000,000
Total Output	\$144,946,000
Jobs ⁽³⁾⁽⁴⁾	350
Earnings	\$65,226,000
Tax Revenues	\$558,000

Notes:

(1) Assumes a three-year construction period (2011-2013).

(2) Shown in 2009 dollars, discounted at 5.2 percent annually. Represents NPV of construction impacts over the three-year construction period.

(3) Represents jobs created during each of the 3 years that construction occurs.

(4) Represents the average number of annually recurring full and part time jobs created during the construction period.

3. Economic Impacts of Ballpark Development (cont'd)

As shown, the net present value of the total net new direct spending expected to take place as result of the ballpark's construction from 2011 to 2013 is estimated to be \$96.0 million. This level of direct spending is expected to generate approximately \$144.9 million in total output during the three-year construction period. This level of economic activity is estimated to support 350 annual construction jobs during the construction period generating personal earnings of approximately \$65.2 million. Furthermore, it is estimated that the construction of the ballpark could generate net new City sales tax revenues of \$558,000. Additional taxes generated during the construction period such as construction tax and conveyance tax are excluded from the tax revenues discussed here but have been included in Section 4 of this report (City of San Jose Revenue/Cost Analysis).

It should be noted that unlike the other economic impact figures presented in this report, the impacts related to the construction of the Ballpark Development Scenario are not measured over the entire 50-year analysis. Rather, the construction related impacts presented herein represent the total impacts taking place only during the construction period, which is estimated to be from 2011 through 2013.

Potential for Enhanced Ancillary Development

As has been the case with the construction and development of similar projects throughout the country it is anticipated that the development of the ballpark will help to spur ancillary development in the Diridon Area. Although not included in the economic impact estimates provided in this report, it is likely that the ballpark development will accelerate potential commercial development on properties adjacent to the ballpark site. This catalytic effect is likely to increase the overall impacts associated with the development of a ballpark. Petco Park in San Diego and AT&T Park in San Francisco are two examples of the positive effect a new ballpark can have on adjacent development. Without the development of a ballpark, the development of adjacent properties would likely occur over a longer period of time.

PETCO Park opened in 2004 in the East Village neighborhood of San Diego, California. The Park was built at a cost of approximately \$449 million, with approximately \$387 financed by the City of San Diego. As part of the agreement, the City issued \$225 million in municipal bonds secured by hotel/motel taxes, with team ownership agreeing to help jump-start area development by building a 512-room Omni Hotel through their real estate company, JMI Realty. Since the construction of the Park, nearly \$2 billion of public and private investment has



3. Economic Impacts of Ballpark Development (cont'd)

transformed the 26 blocks surrounding the Park into a thriving mixed-use, mixed-income community. Projects planned or currently under development include the addition of more than 4,500 homes, 750 hotel rooms, 3,000 public parking spaces and 640,000 square feet of commercial space. The ballpark development also resulted in the clean-up of approximately 75,000 tons of contaminated soil and waste, as well as the construction of a new main library and a new fire station. In 2005, Petco Park received a Catalyst Project award at the Urban Land Institute San Diego/Tijuana chapter's Smart Growth Awards for Excellence. The award was presented to Petco Park for its positive affect on the surrounding neighborhood and its alleviation of contaminated soils.

Since its construction in 2000, AT&T Park in San Francisco, has laid the groundwork for a dramatic urban transformation of the City's Mission Bay neighborhood. The 303-acre area includes approximately 4,000 new housing units, with another 2,000 in the planning stages. In addition to residential developments, it also includes six million square feet of new commercial, office and technology space, 800,000 square feet of City and neighborhood-serving retail space and a 500-room hotel with 50,000 square feet of retail and entertainment space. Residents also directly benefit from the 49 acres of public open space and parks, a new public school and new fire and police stations. Completing the Mission Bay transformation is the \$1.7 billion University of California-San Francisco research and hospital complex, set to open in 2014. Mission Bay has also become the home to the vast majority of biotechnology companies currently headquartered in San Francisco. Costs of the Mission Bay development are expected to amount to approximately \$4 billion.



4. City of San Jose Revenue / Cost Analysis

As a result of the direct and indirect economic impacts generated by new developments in San Jose, the public sector (the City of San Jose, Santa Clara County and the State of California) realizes increased tax collections. Based on the estimates of direct spending, the resulting tax collections and associated costs of potential site development have been calculated for the Ballpark Development Scenario. The following analysis describes the annual revenue and cost impacts to the City's General Fund. All revenue and expenditure forecasts are presented in 2009 dollars for a stabilized year for the Ballpark Development Scenario. In addition, the 30-year and 50-year net present value of the revenue and expenditure forecasts have been provided in full detail.

General Fund Revenues

The table on the following page summarizes the revenues expected to accrue to the City's General Fund as a result of the potential Ballpark Development Scenario. This table also provides estimates of the potential tax revenues generated to other municipal taxing jurisdictions under the Ballpark Development Scenario. A general description of the method used for this analysis is provided for each revenue item. The remainder of this section describes the methodology and assumptions used for each City General Fund revenue item.

4. City of San Jose Revenue / Cost Analysis (cont'd)

Projection of Annual City General Fund Revenue Impact
Fiscal and Economic Impact Analysis
Ballpark Development Scenario
City of San Jose, CA
(2009 Dollars)⁽¹⁾

Revenue Source	Stabilized Year ⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾
Property Tax ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	\$459,000	\$9,013,000	\$11,565,000
Property Tax in Lieu of VLF ⁽⁸⁾	193,000	3,782,000	4,924,000
Total Property Taxes	\$652,000	\$12,795,000	\$16,489,000
Sales Tax ⁽⁹⁾			
Ballpark/Team Related ⁽¹⁰⁾	1.0% City share \$505,000	\$11,020,000	\$15,358,000
Transient Occupancy Tax ⁽¹¹⁾	4.00% 156,000	3,405,000	4,706,000
	<i>Revenue Factor (\$2009)</i>		
Utility User Tax ⁽¹²⁾	124,400	2,656,000	3,690,000
Franchise Tax ⁽¹⁴⁾	54,000	1,153,000	1,602,000
Business License Tax ⁽¹⁵⁾	applied to daily population \$36.60 ⁽¹³⁾ 5,000	107,000	149,000
Conveyance Tax			
Secured Property Value	0	0	0
Annual Turnover Rate	0%	0%	0%
Taxable Amount	0	0	0
Tax Rate		\$3.3 per \$1,000 of value ⁽¹⁶⁾	
General Fund Share ⁽¹⁷⁾	9.6%	9.6%	9.6%
Total Conveyance Tax	0	0	0
Construction Tax ⁽¹⁸⁾	\$0.08 per square foot 0	50,000	50,000
Total Annual Revenue Impact to City General Fund	\$1,496,400	\$31,186,000	\$42,044,000
	Stabilized Year ⁽¹⁾⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾
Other Municipal Property Tax Revenues Generated			
Redevelopment Agency - Housing	\$706,000	\$13,866,000	\$14,670,000
Redevelopment Agency - Non-housing	912,000	17,479,000	18,425,000
City GO Bonds	109,000	2,143,000	2,790,000
County	948,000	18,172,000	22,113,000
Santa Clara Valley Water District	15,000	331,000	776,000
Bay Area Air Quality Management District	1,000	30,000	64,000
San Jose Unified School District	495,000	10,115,000	12,243,000
San Jose-Evergreen Community College	69,000	1,418,000	1,719,000
County Office of Education	112,000	2,237,000	2,906,000
ERAF & Offsets to State Funding for Schools	166,000	3,596,000	14,803,000
Total Property Tax Revenues ⁽¹⁹⁾	\$3,533,000	\$69,387,000	\$90,509,000

Notes:

- (1) Presented in 2009 dollars, discounted at 3 percent annually.
- (2) The year 2018 is presented as a stabilized year of operations.
- (3) Net present value calculation assumes a discount rate of 5.2 percent.
- (4) Property tax includes payments from the Redevelopment Agency to the City based on a percentage of property tax.
- (5) Allocation of property taxes has been adjusted to reflect the tax increment revenue distribution anticipated in the Diridon Project Area from 2009 to 2048.
- (6) In 2048 the Diridon Project Area will cease to collect tax increment. Therefore, current property tax rates are applied in years 2048 through 2063.
- (7) Assessed property value is based on hard construction costs which account for approximately 80 percent of total construction costs.
- (8) Property tax in lieu of Vehicle License Fees is assessed at a rate of \$0.57 per \$1,000 of assessed property value.
- (9) 1.0 percent City of San Jose Sales Tax levied on goods and services.
- (10) Net new sales taxes generated as a result of ballpark operations.
- (11) Based on 10 percent transient occupancy tax of which 6 percent is allocated to the TOT Fund and 4 percent of which is allocated to the City's General Fund.
- (12) Utility User tax is based on 5 percent of estimated utilities (telephone, electric and gas) for the proposed ballpark.
- (13) Technical Memorandum "Updated Fiscal and Economic Impact Analysis of Major League Soccer Stadium" by Economic Planning Systems (March 2009).
- (14) Franchise Fee tax is based on 2 percent of estimated utilities (water, electric and gas) for the proposed ballpark.
- (15) Business license tax is applied using the average revenue approach and applied to the daily service population.
- (16) The City receives \$3.30 per \$1,000 value of properties that are resold in conveyance tax.
- (17) Currently, 9.6 percent of the City's conveyance tax revenue can be used for parks operations and maintenance purposes.
- (18) Construction tax for business, commercial, or industrial uses, or for any other use other than dwelling unit use. The construction tax rate is \$0.08 per square foot of completed construction.
- (19) Excludes tax increment revenues allocated to the City General Fund.

4. City of San Jose Revenue / Cost Analysis (cont'd)

As illustrated, under the Ballpark Development Scenario, it is estimated that the annual revenues generated to the City of San Jose in a stabilized year of operations would be approximately \$1.5 million in 2009 dollars. The net present value of the City tax revenues generated by the Ballpark Development Scenario over a 30-year and 50-year period is estimated to be approximately \$31.2 million and \$42.0 million, respectively.

Property Tax

The City's General Fund will receive increased property tax revenues from the Ballpark Development Scenario. Property taxes collected under this scenario are based on current tax rates for the City of San Jose. Under the Ballpark Development Scenario, the hard construction costs of the stadium are used as a proxy for the assessed value. The total estimated construction cost for the ballpark is \$489 million in 2011 dollars including \$391 million in hard costs and \$98 million in soft costs. Starting in 2009, it is expected that the Diridon Area could be designated as a tax increment redevelopment area for a forty-year period. Under this scenario, it is assumed that 2047 would be the last year in which the Diridon Project Area would collect tax increment. Therefore, taxes will start to accrue to the City in 2048 and have been calculated at current tax rates for years 2048 through 2063. Also included are payments by the Agency to the City, in an amount calculated based on a percentage of property taxes, that compensate the City for parking rights granted to the County pursuant to a proposed agreement with the County.

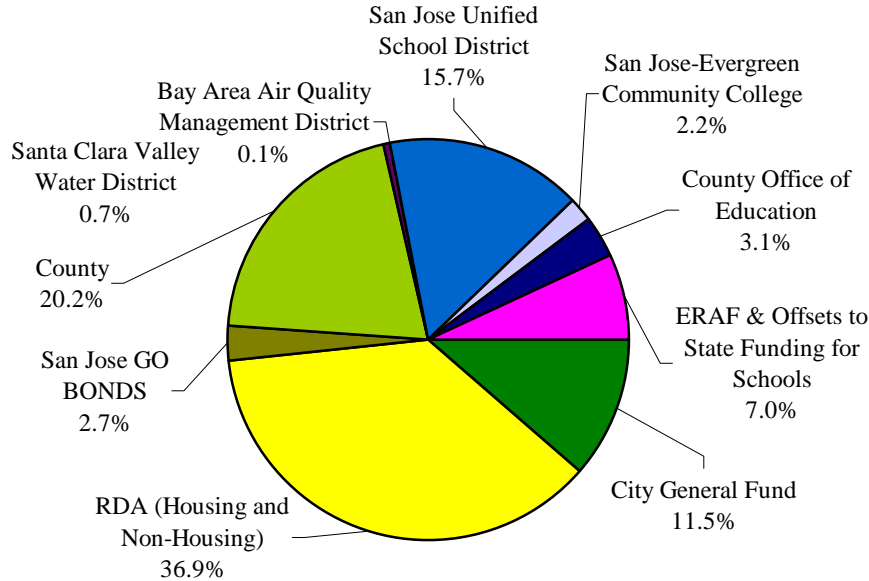
Property Tax in Lieu of Vehicle License Fees

Property Tax in-Lieu of Vehicle License Fee ("VLF") is based on the starting or base backfill and the proportionate growth of assessed value in the City associated with the project. More specifically, SB 1096 adopted in 2004 established a formula which ties this revenue to increases in the aggregate assessed value of the City. The formula translates into approximately \$0.57 in additional property tax in-lieu of VLF for every \$1,000 in additional assessed value.

The following chart illustrates the projected allocation of property tax revenues to various taxing jurisdictions during the period for which the Diridon Area will be treated as a tax increment area.

4. City of San Jose Revenue / Cost Analysis (cont'd)

Property Tax Revenue Allocation



Sales Tax

The State of California assesses a 7.25 percent sales tax on goods and services. In addition to the statewide sales tax, the City of San Jose levies an additional sales tax of 1.0 percent and an additional 1.0 percent is levied for the County/VTA Transportation Fund for a total sales tax levy on all consumer goods and services of 9.25 percent.

Ballpark and team related sales taxes generated to the City General Fund are based on taxable sales related to in-facility and out-of-facility spending associated directly with ballpark operations.

Transient Occupancy Tax

The City of San Jose levies a transient occupancy tax for all stays in a hotel. A portion of the revenue collected from this tax is earmarked to fund the fine arts and cultural programs and to provide a subsidy to the convention and cultural facilities of the City of San Jose.

Estimates for nightly stays associated with baseball games are based on fan intercept surveys previously conducted by CSL at MLB baseball games as well as the anticipated non-local attendance at all ballpark events.

4. City of San Jose Revenue / Cost Analysis (cont'd)

The City's Transient Occupancy Tax rate is currently 10 percent, six percent of which is placed in the Transient Occupancy Tax Fund and four percent of which is deposited in the General Fund. The calculation in the previous table includes only the four percent allocated to the City's General Fund revenues.

Utility Users' Tax

The utility users' tax is calculated at five percent of utility bills for all telephone, gas, and electric service. For the Ballpark Development Scenario, the tax is based on five percent of estimated utilities (telephone, electric and gas) for the proposed ballpark.

Business License Tax

The Business License Tax is calculated per employee and based on total business taxes expected to be collected and divided by the number of employees in the City of San Jose. It is estimate that each employee will generate approximately \$36.60 per year.

Franchise Fee

The City collects franchise fees for cable television service in the amount of five percent of gross receipts annually; fees for gas and electric are the equivalent of two percent of gross receipts annually. Additionally, franchise fees are collected for water at a rate of two percent of gross annual receipts. For the Ballpark Development Scenario, the tax is based on two percent of estimated utilities (water, electric and gas) for the proposed ballpark.

Conveyance Tax Transfer

The City of San Jose collects conveyance tax, of which 64 percent is allocated to the Parks, Recreation and Neighborhood Services Department. Of this amount, 15 percent may be used for park maintenance activities (or roughly 9.6 percent of the total tax revenue). Therefore, it is assumed that 9.6 percent of the conveyance tax generated from a new development would be transferred to the City's General Fund. The City receives \$3.30 per \$1,000 value of properties that are resold in conveyance tax. For purposes of this analysis it was assumed that there would be no annual turnover related to the Ballpark Development Scenario and no associated conveyance tax revenue.

4. City of San Jose Revenue / Cost Analysis (cont'd)

Construction Tax

A one-time collection is made at the time of construction of any building, or portion thereof, planned or designed for use for business, commercial, or industrial uses, or for any other use other than dwelling unit use. The construction tax rate is \$0.08 per square foot of completed construction.

4. City of San Jose Revenue / Cost Analysis (cont'd)

General Fund Expenditures

While neither the City nor the Redevelopment Agency will be responsible for the costs to operate ballpark, the development of a new ballpark will likely impact various City services. The following table summarizes the cost expected to accrue to the City's General Fund as a result of the potential development scenario. A general description of the method used for this analysis is provided for each cost item. The remainder of this section describes the methodology and assumptions used for each City General Fund cost item. The net new fiscal impacts for the City's General Fund have been estimated for the potential Ballpark Development Scenario under consideration as presented in the following table.

Projection of Annual City General Fund Service Costs
Fiscal and Economic Impact Analysis
Ballpark Development Scenario
City of San Jose, CA
(2009 Dollars)⁽¹⁾

			30-Year Stabilized Year ⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾
Service Population					
ballpark employees			275 ⁽⁴⁾	n/a	n/a
daytime service population			137	n/a	n/a
Service Costs					
	<u>2009 Costs</u>	<u>Service Cost Factors</u>			
General Government ⁽⁵⁾	\$17.00	⁽⁶⁾ per daytime service population	\$2,000	\$50,000	\$69,000
Finance ⁽⁷⁾	\$3.00	⁽⁶⁾ per daytime service population	0	9,000	12,000
Economic Development ⁽⁸⁾	\$2.00	⁽⁶⁾ per daytime service population	0	6,000	8,000
Police ⁽⁹⁾	\$160,856	⁽⁶⁾ per officer with 1.19 per 1,000 daytime svc. pop'n	26,000	561,000	780,000
Fire ⁽¹⁰⁾	\$154,421	⁽⁶⁾ per firefighter with 0.64 per 1,000 daytime svc. pop'n	14,000	290,000	403,000
Capital Maintenance					
General Services	\$16.00	⁽⁶⁾ per daytime service population	2,000	47,000	65,000
Public Works	\$8.00	⁽⁶⁾ per daytime service population	1,000	23,000	33,000
Transportation	\$14,333	⁽⁶⁾ per road mile	no change	no change	no change
Community Service					
Library	\$10.56	⁽⁶⁾ per resident	no change	no change	no change
Parks, Rec. & Neighborhood Services	\$15,000	⁽⁶⁾ per acre of park	no change	no change	no change
Planning, Building and Code Enforcement	\$8.00	⁽⁶⁾ per daytime service population	1,000	23,000	33,000
Game-Day/Event Costs ⁽¹¹⁾					
			to be paid by MLB team		
Total Annual City General Fund Costs			<u><u>\$46,000</u></u>	<u><u>\$1,009,000</u></u>	<u><u>\$1,403,000</u></u>

Notes:

(1) Presented in 2009 dollars, discounted at 3 percent annually.

(2) The year 2038 is presented as a stabilized year of operations.

(3) Net present value calculation assumes a discount rate of 5.2 percent.

(4) Represents the weighted average of daily employees assuming 200 full-time staff and 600 part-time employees on the assumed 84 event nights. Does not include the jobs estimated to be created as a result of the indirect/induced economic impacts of the project.

(5) Includes city attorney, auditor, clerk, manager, mayor, council, emergency services, employee services and information technology.

(6) Technical Memorandum "Updated Fiscal and Economic Impact Analysis of Major League Soccer Stadium" by Economic Planning Systems, Inc. (March 2009).

(7) Includes independent police auditor.

(8) Includes Redevelopment Agency expenses.

(9) Includes salary, benefits, uniform, safety equipment, and an overhead cost equivalent to 10 percent of the expenditure per officer.

(10) Includes salary, benefits, uniform, safety equipment, and an overhead cost equivalent to 10 percent of the expenditure per firefighter.

(11) It is anticipated that game-day/event costs such as the need for extra policing and emergency services will be paid by the MLB team.

4. City of San Jose Revenue / Cost Analysis (cont'd)

As illustrated, under the Ballpark Development Scenario, it is estimated that service costs to the City of San Jose in a stabilized year of operations would be approximately \$46,000 in 2009 dollars. The net present value of the anticipated service costs attributable to the Ballpark Development Scenario over a 30-year and 50-year period is estimated to be approximately \$1.0 million and \$1.4 million, respectively.

For the Ballpark Development Scenario, game-day/event costs for extra policing or emergency services are not included in cost estimates as these will be paid for by the MLB team. Additional costs including City staff regarding normal ongoing management discussions with ballpark administration are also not included in these estimates.

Daytime Service Population

Many of the City related costs were calculated using the daytime service population. Based on the methodology used in similar studies conducted for the City of San Jose, the daytime service population was estimated to be half of the weighted average number of full and part-time ballpark employees. For purposes of this analysis, the weighted average number of full and part-time ballpark employees was estimated to be 275, which implies a daytime service population of 137. It should be noted that the weighted average number of full and part-time ballpark employees is not the same figure as the number of full and part-time jobs created as result of the economic impacts associated with the ballpark presented earlier in this report.

General Government Services

According to the City's Adopted Budget, the City spends approximately \$17.00 per daytime service population to provide general government services, which include the services of the City Attorney, Auditor, Clerk, Manager, Mayor, and Council, as well as emergency services, employee services, and information technology.

Finance and Economic Development

Services provided by the Department of Finance and Economic Development include financial management of the City's resources, financial reporting and disbursements. According to the City's Adopted Budget, the City spends approximately \$3.00 per daytime service population to provide finance services and approximately \$2.00 per daytime service population to provide economic development services.

4. City of San Jose Revenue / Cost Analysis (cont'd)

Police Services

The increased daytime service population generated by a new development will require additional police officers to provide policing and security services. It is assumed that the City's current service level of roughly 1.19 police officers per 1,000 daytime service population will be applied to each scenario. For the purposes of this analysis, an annual cost estimate of \$146,200 per officer has been assumed. An additional 10 percent is included to cover administrative costs, for total policing costs per police officer of approximately \$161,900. The police service cost estimates provided in this report do not include game-day/event costs for extra policing as it is anticipated that these will be paid by the MLB team.

Fire Protection Services

The increased daytime service population generated by a new development will require additional firefighters to provide fire protection services. It is assumed that the City's current service level of roughly 0.64 firefighters per 1,000 daytime service population will be applied to the scenario. For the purposes of this analysis, an annual cost estimate of \$140,400 per firefighter has been assumed. An additional 10 percent is included to cover administrative costs, for total fire protection costs per firefighter of approximately \$154,500. The fire protection service cost estimates provided in this report do not include game-day/event costs for extra emergency services as it is anticipated that these will be paid by the MLB team.

General Service

The General Service Department provides various types of maintenance services that assist general City operations such as facility management, fleet and equipment services, and parks and civic grounds management. Associated costs are based on department costs of \$16.00 per daytime service population.

Public Works

The Public Works Department plans and designs public facilities, but does not provide any operation or maintenance services. In cases where private developers design and construct a facility dedicated for public use, the department staff is responsible for reviewing the design and performing building inspection. Associated costs are based on department costs of approximately \$8.00 per daytime service population.

4. City of San Jose Revenue / Cost Analysis (cont'd)

Transportation

The Department of Transportation is responsible for various road maintenance related services, sewer maintenance, parking services, transportation planning and strategic support. The cost of providing transportation services is estimated to be approximately \$15,000 per road mile. For the purpose of this analysis, it is assumed Department costs will not be increased through either of the development scenarios. Transportation costs provided in this report do not include game-day/event costs as it is anticipated that these will be paid by the MLB team.

Community Services

The Community Services category includes library services; parks, recreation, and Neighborhood Services; Planning, Building, and Code Enforcement; and other community services. Environmental services are not estimated because any incremental costs resulting from a new development are assumed to be covered through user fees. Library services are assumed to have per capita operations and maintenance costs of approximately \$10.00 per City resident. Park costs are assumed to be approximately \$14,333 per acre of park. The planning, building, and code enforcement costs are assumed to cost \$8.00 per daytime service population.

Appendix I Economic Impacts of Alternative Development

If a new MLB ballpark was not built in San Jose, it is likely that an alternative development would occur on the same site in the Diridon Area at some point. As such, the purpose of this analysis is to provide an evaluation of the “opportunity cost” if the City decides to pursue the Ballpark Development Scenario.

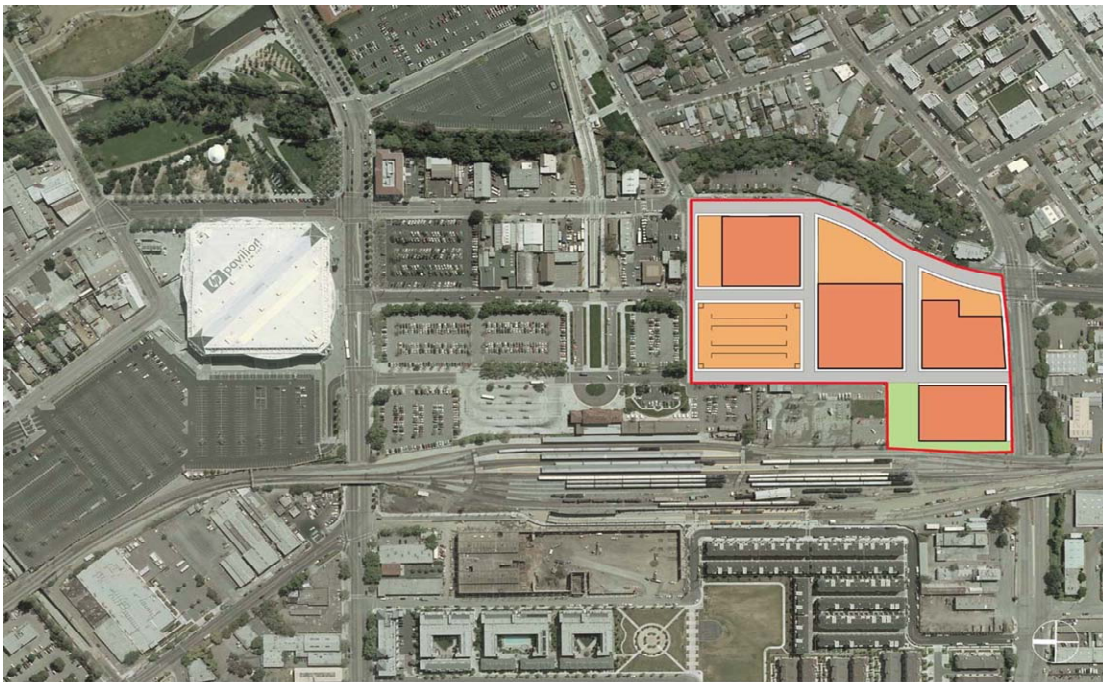
The most likely alternative use of the proposed ballpark development site would be the development of new office and retail space. For the purposes of this report, this scenario is referred to as the Alternative Development Scenario. Under this scenario, it is assumed that approximately four office buildings with approximately 1.0 million square feet of office space and 43,000 square feet of retail space would be developed over a period of approximately 18 years. It has been assumed that every five years one of the four planned office buildings will become available with construction commencing in 2018. Full build-out of the Alternative Development Scenario is expected to be completed in the year 2035. Based on standard industry density ratios, it is assumed that each office building will be able to accommodate approximately one employee per 250 square feet of office space.

It can be argued that the Alternative Development Scenario, as presented, is very optimistic based on the historic absorption of office space in San Jose and the fact that a good portion of the 1.5 million square feet of new office space (Riverpark Towers, Oracle Building) or entitled property (Boston Properties) would need to be absorbed before new construction in the Diridon Area would be feasible. Moreover, any decision to move forward with an office and retail development would likely wait until all construction related to the high speed rail and BART was complete.

It is assumed the Alternative Development would be located on the parcel of land in the Diridon Area illustrated in the diagram on the following page.

Appendix I Economic Impacts of Alternative Development (cont'd)

Alternative Development Site



Office Buildings
 Parking

Specific assumptions related to the Alternative Development Scenario are presented in the following table.

Alternative Development Scenario Assumptions

Construction Start Date	2018
Construction Completion Date	2035
Number of Buildings	4 buildings
Office Space	986,467 sq. feet
Retail	43,333 sq. feet
Total Square Footage (1)	1,029,800 sq. feet
Parking Spaces	2,086 spaces
Parking Spaces per 1000 sq. feet	2.0

Other Assumptions:

- Parking Level Floor-to-Floor Heights: 10'-0"
- Retail Level Floor-to-Floor Heights: 20'-0"
- Office Level Floor-to-Floor Heights: 13'-0"
- All buildings include 2 levels of parking below grade.
- Building heights measured from grade to roof deck, not including mechanical penthouses.
- Typical Building Height, excluding mechanical penthouse, is 124'-0" for Phase 1

Appendix I Economic Impacts of Alternative Development (cont'd)

As with the proposed Ballpark Development Scenario, the Alternative Development Scenario would provide certain quantifiable benefits to the local and regional economies. The primary economic impact associated with the alternative development would be the disposable spending of each new employee that would reside in the City of San Jose. For the purpose of this analysis, it has been assumed that 50 percent of the employees are new to the City of San Jose and 50 percent of their spending occurs within the City.

As construction of the Alternative Development Scenario will occur over a 20-year period, the economic impacts presented herein are shown for a stabilized year of operations for the entire development, 2038. Furthermore, the economic impacts are presented in year 2009 dollars and were discounted at 3.0 percent annually.

The table on the following page summarizes the net new economic impacts to the City associated with the Alternative Development Scenario in a stabilized year of operations (2038), presented in 2009 dollars, and the net present value of those cumulative impacts over a 30-year and 50-year period.

Appendix I Economic Impacts of Alternative Development (cont'd)

Alternative Development Scenario ⁽¹⁾ Economic Impact Summary Net New Impacts (2009 Dollars) ⁽²⁾

Category	Stabilized Year ⁽³⁾	30-Year Net Present Value ⁽⁴⁾	50-Year Net Present Value ⁽⁴⁾
Net New Direct Spending ⁽⁵⁾	\$71,586,000	\$826,260,000	\$1,421,253,000
Total Output ⁽⁶⁾	\$104,097,000	\$1,201,511,000	\$2,066,717,000
Earnings	\$46,204,000	\$533,268,000	\$917,296,000
Indirect and Induced Jobs ⁽⁷⁾	690	n/a	n/a

Notes:

(1) Includes 1.0 million square feet of office space and 43,000 square feet of retail space. Construction of the alternative development will take place from 2018 to 2035. These impacts are excluded from this table.

(2) Presented in 2009 dollars, discounted at 3 percent annually.

(3) The year 2038 is presented as a stabilized year of operations.

(4) Net present value calculation assumes a discount rate of 5.2 percent.

(5) Net new direct spending represents the portion of gross direct spending that is considered to be newly created in the San Jose economy as a result of the alternative development's existence.

Assumes 50 percent of all employees in the office space are new to the City and 50 percent of their spending will take place within San Jose.

(6) Total net new output includes direct, indirect and induced spending. Net new total output is calculated by applying the appropriate output multipliers to each net new direct spending category. (Indirect spending is created as a result of the re-spending of direct expenditures throughout the local economy. Induced spending consists of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the alternative development.)

(7) Represents the number of full and part time jobs estimated to be created within San Jose as result of the operations of the alternative development. Total net new jobs are calculated by applying the appropriate employment multipliers to each net new direct spending category.

As illustrated, the impacts associated with the Alternative Development Scenario during a stabilized year of operations include approximately \$71.6 million in direct spending and approximately \$104.1 million in total output (direct, indirect and induced spending). These expenditure levels, in turn, are expected to support approximately 690 jobs that could generate approximately \$46.2 million in personal earnings during a stabilized year of operations.

Over a 30-year period, the present value of the cumulative net new impacts generated to the City of San Jose include approximately \$826.3 million in direct spending generating approximately \$1.2 billion in total output and \$533.3 million in personal earnings.

Appendix I Economic Impacts of Alternative Development (cont'd)

Over a 50-year period, the present value of the cumulative net new impacts generated to the City of San Jose include approximately \$1.4 billion in direct spending generating approximately \$2.1 billion in total output and \$917.3 million in personal earnings. The following table outlines the estimated number of jobs created as a result of the Alternative Development Scenario.

Alternative Development Scenario Employment Summary	
Average Annual Net New Jobs Created ⁽¹⁾	
Job Type	Average Annual Jobs
Construction Period Jobs <i>(During each of the 12 years of construction.)</i>	80
Annually Recurring Jobs ⁽²⁾ <i>(Direct, indirect and induced jobs.)</i>	2,663

Notes:

(1) Includes both full and part-time employees.

(2) Includes 1,973 net new direct development-specific jobs (50 percent of the anticipated office and retail development-specific employees) and 690 indirect and induced jobs.

It should be noted that the spending estimates for the Alternative Development Scenario do not include the spending of businesses that would occupy the potential office and retail space. This is because spending levels vary widely based on business types and it is difficult to estimate the amount of business spending that will take place with any reliable accuracy. For example, if the offices are occupied by professional services, the economic impact would be relatively low compared to the impacts if those same offices were occupied by driving industries.

Construction-Period Economic Impacts

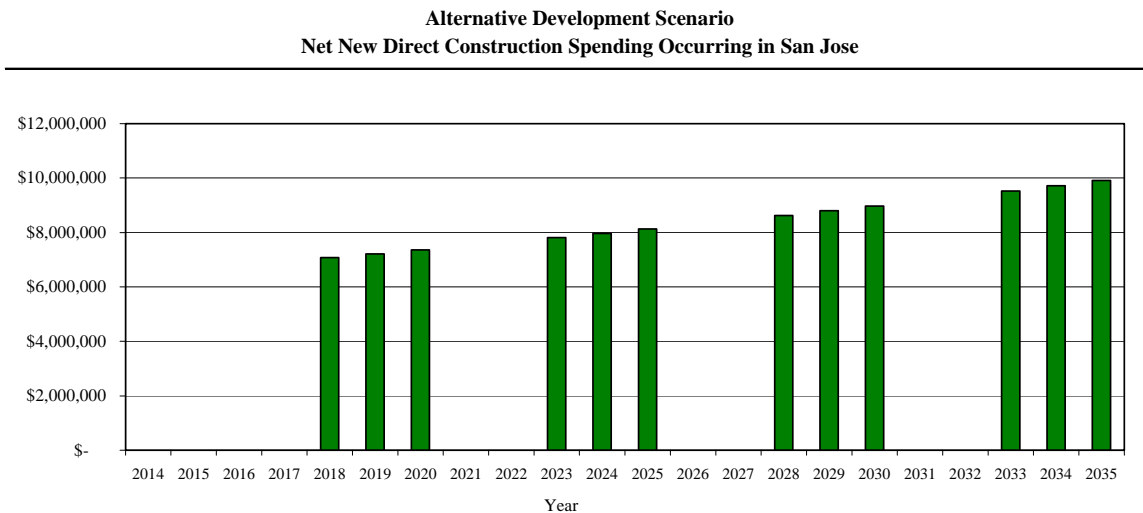
The economic impact of the construction phase of a project is determined by the volume and nature of construction and other development-related expenditures as well as the region in which they take place.

The economic impacts resulting from the Alternative Development Scenario construction expenditures depend on the nature of the spending and the extent to which the spending takes place locally. For the purposes of this analysis, a construction cost of \$300 per square foot (including all associated parking structures), in 2009 dollars, has been assumed for the construction of the office and retail space. This cost per square foot estimate excludes all soft construction costs and the cost of land. It is estimated that approximately 25 percent of labor spending and 20 percent of material spending related to the construction of the development will directly impact the San Jose economy.

Appendix I Economic Impacts of Alternative Development (cont'd)

It is anticipated that construction of the Alternative Development Scenario will commence in 2018 and be completed in 2035. As previously stated, it is envisioned that a total of approximately 1.0 million square feet of office and 43,000 square feet of retail space will be developed. It has been assumed that the first of the four planned office buildings will be constructed over a three year period starting in 2018 and ending in 2020. It is assumed that construction of the second office buildings will commence in 2023, two years after the completion of the first. Similarly, it is anticipated that construction on the third and fourth buildings would start two years after completion of the previous building, with construction of the all four buildings being completed in 2035. As it is assumed that the office and retail space will require some time to attract tenants, it was assumed that the first stabilized year of operations for the Alternative Development Scenario would be 2038, which is the year for which all associated impacts are presented herein.

The annual net new construction spending anticipated to take place in San Jose for the Alternative Development Scenario is presented in the chart below.



Note:

Assumes each building constructed over three-year periods commencing in 2018 with completion of all 4 office buildings in 2038.
The net new construction spending presented above does not represent total construction spending but rather the amount estimated to directly impact the City of San Jose.

Based on the assumptions for construction costs related to the Alternative Development Scenario, the total direct spending occurring within San Jose was calculated. The net new economic impacts to the City of San Jose resulting from the anticipated spending levels were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry. These impacts are summarized in the table on the following page.

Appendix I Economic Impacts of Alternative Development (cont'd)

Net New Construction Period Economic Impacts⁽¹⁾ Alternative Development Scenario (2009 Dollars)

<u>Category</u>	<u>Net Present Value⁽²⁾</u>
Net New Direct Spending	\$44,000,000
Total Output	\$67,102,000
Jobs ⁽³⁾⁽⁴⁾	80
Earnings	\$30,196,000
Tax Revenues	\$834,000

Notes:

(1) Assumes construction will begin in 2018 and be completed in 2035.

(2) Shown in 2009 dollars, discounted at 5.2 percent annually. Represents NPV of construction impacts over the eighteen-year construction period.

(3) Represents jobs created during each of the 12 years that construction occurs.

(4) Represents the average number of annually recurring full and part time jobs created during the construction period.

As shown, the net present value of the net new direct spending expected to occur between 2018 and 2035, the period in which construction of the Alternative Development is anticipated to take place, is estimated to be \$44.0 million. This level of direct spending is expected to generate approximately \$67.1 million in total output during the construction period. During the construction period, this level of economic activity is estimated to support 80 annual construction jobs and generate personal earnings of approximately \$30.2 million. Furthermore, the net present value of the net new City tax revenues generated during the construction period are estimated to be approximately \$834,000. Additional taxes generated during the construction period such as construction tax and conveyance tax are excluded from this discussion, but they are included in a table at the end of this section.

It should be noted that unlike the other economic impact figures presented in this report, the impacts related to the Alternative Development Scenario construction are not measured for the entire 50-year analysis. Rather, the construction related impacts presented herein represent the total impacts taking place only during the 18-year construction period, which is estimated to last from 2018 through 2035.

General Fund Revenues & City Costs

The following tables provide estimates for the annual revenue and cost impacts to the City's General Fund. All revenue and expenditure forecasts are presented in 2009 dollars for a stabilized year for the Alternative Development Scenario. In addition, the 30-year and 50-year net present value of the scenario has been provided in full detail. For the purpose of evaluating the value of the fiscal impact, this analysis considers the program absorption.

Appendix I Economic Impacts of Alternative Development (cont'd)

**Projection of Annual City General Fund Revenue Impact
Fiscal and Economic Impact Analysis
Alternative Development Scenario
City of San Jose, CA
(2009 Dollars)⁽¹⁾**

Revenue Source	Stabilized Year ⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾
Property Tax ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	\$313,000	\$3,903,000	\$6,036,000
Property Tax in Lieu of VLF ⁽⁸⁾	133,000	1,645,000	2,601,000
Total Property Taxes	\$446,000	\$5,548,000	\$8,637,000
Sales Tax ⁽⁹⁾			
Office and Retail Development ⁽¹⁰⁾	1.0% City share 358,000	4,029,000	7,008,000
Transient Occupancy Tax ⁽¹¹⁾	4.00% 40,200	474,000	809,000
	<i>Revenue Factor (\$2009)</i>		
Utility User Tax ⁽¹²⁾	<i>applied to daily population</i> \$71.46 ⁽¹³⁾ 141,000	1,662,000	2,833,000
Franchise Tax ⁽¹²⁾	<i>applied to daily population</i> \$35.54 ⁽¹³⁾ 70,000	826,000	1,409,000
Business License Tax ⁽¹²⁾	<i>applied to daily population</i> \$36.60 ⁽¹³⁾ 72,000	851,000	1,451,000
Conveyance Tax			
Secured Property Value	232,809,000	2,885,797,000	4,563,271,000
Annual Turnover Rate ⁽¹⁴⁾	0	0	0
Taxable Amount	11,640,450	144,289,850	228,163,550
Tax Rate		<i>\$3.3 per \$1,000 of value</i> ⁽¹⁵⁾	
General Fund Share ⁽¹⁶⁾	0	0	0
Total Conveyance Tax	3,700	46,000	72,000
Construction Tax ⁽¹⁷⁾	\$0.08 per square foot 0	36,000	36,000
Total Annual Revenue Impact to City General Fund	\$1,131,000	\$13,472,000	\$22,255,000
	Stabilized Year ⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾
Other Municipal Property Tax Revenues Generated			
Redevelopment Agency - Housing	\$481,000	\$6,005,000	\$6,671,000
Redevelopment Agency - Non-housing	524,000	6,760,000	7,469,000
City GO Bonds	74,000	928,000	1,469,000
County	549,000	7,060,000	10,277,000
Santa Clara Valley Water District	18,000	203,000	581,000
Bay Area Air Quality Management District	2,000	18,000	47,000
San Jose Unified School District	426,000	5,112,000	6,955,000
San Jose-Evergreen Community College	59,000	714,000	975,000
County Office of Education	85,000	1,043,000	1,609,000
ERAF & Offsets to State Funding for Schools	191,000	2,207,000	11,647,000
Total Property Tax Revenues ⁽²²⁾	\$2,409,000	\$30,050,000	\$47,700,000

Notes:

- (1) Presented in 2009 dollars, discounted at 3 percent annually.
- (2) The year 2038 is presented as a stabilized year of operations.
- (3) Net present value calculation assumes a discount rate of 5.2 percent.
- (4) Property tax rates based on currently projected tax rates obtained from the City of San Jose and the County of Santa Clara.
- (5) Allocation of property taxes has been adjusted to reflect the tax increment revenue distribution anticipated in the Diridon Project Area from 2009 to 2048.
- (6) In 2048 the Diridon Project Area will cease to collect tax increment. Therefore, current property tax rates are applied in years 2048 through 2063.
- (7) Property tax assessment is based on construction costs of \$300 per square foot. This assessed value excludes soft construction costs and land.
- (8) Property tax in lieu of Vehicle License Fees is assessed at a rate of \$0.57 per \$1,000 of assessed property value.
- (9) 1.0 percent City of San Jose Sales Tax levied on goods and services.
- (10) Net new sales taxes generated as a result of office and retail operations.
- (11) Based on 10 percent transient occupancy tax of which 6 percent is allocated to the TOT Fund and 4 percent of which is allocated to the City's General Fund.
- (12) service population.
- (13) Technical Memorandum "Updated Fiscal and Economic Impact Analysis of Major League Soccer Stadium" by Economic Planning Systems (March 2009).
- (14) Based on City of San Jose estimate.
- (15) The City receives \$3.30 per \$1,000 value of properties that are resold in conveyance tax.
- (16) Currently, 9.6 percent of the City's conveyance tax revenue can be used for parks operations and maintenance purposes.
- (17) construction.
- (18) Excludes tax increment revenues allocated to the City General Fund.

Appendix I Economic Impacts of Alternative Development (cont'd)

**Projection of Annual City General Fund Service Costs
Fiscal and Economic Impact Analysis
Alternative Development Scenario
City of San Jose, CA
(2009 Dollars)⁽¹⁾**

		Stabilized Year ⁽²⁾	30-Year Net Present Value ⁽³⁾	50-Year Net Present Value ⁽³⁾	
Service Population					
	office and retail employees	3,946	n/a	n/a	
	daytime service population	1,973	n/a	n/a	
Service Costs					
	<u>2009 Costs</u>				
	<u>Service Cost Factors</u>				
General Government ⁽⁵⁾	\$17.00 ⁽⁶⁾	per daytime service population	\$34,000	\$395,000	\$674,000
Finance ⁽⁷⁾	\$3.00 ⁽⁶⁾	per daytime service population	6,000	70,000	119,000
Economic Development ⁽⁸⁾	\$2.00 ⁽⁶⁾	per daytime service population	4,000	47,000	79,000
Police ⁽⁹⁾	\$160,856 ⁽⁶⁾	per officer with 1.19 per 1,000 daytime svc. pop'n	378,000	4,451,000	7,590,000
Fire ⁽¹⁰⁾	\$154,421 ⁽⁶⁾	per firefighter with 0.64 per 1,000 daytime svc. pop'n	195,000	2,298,000	3,919,000
Capital Maintenance					
General Services	\$16.00 ⁽⁶⁾	per daytime service population	32,000	360,000	636,000
Public Works	\$8.00 ⁽⁶⁾	per daytime service population	16,000	179,000	332,000
Transportation	\$14,333 ⁽⁶⁾	per road mile	no change	no change	no change
Community Service					
Library	\$10.56 ⁽⁶⁾	per resident	no change	no change	no change
Parks, Rec. & Neighborhood Services	\$15,000 ⁽⁶⁾	per acre of park	no change	no change	no change
Planning, Building and Code Enforcement	\$8.00 ⁽⁶⁾	per daytime service population	16,000	186,000	317,000
Total Annual City General Fund Costs			<u>\$681,000</u>	<u>\$7,986,000</u>	<u>\$13,666,000</u>

Notes:

- (1) Presented in 2009 dollars, discounted at 3 percent annually.
- (2) The year 2038 is presented as a stabilized year of operations.
- (3) Net present value calculation assumes a discount rate of 5.2 percent.
- (4) Represents the weighted average of daily employees assuming 200 full-time staff and 600 part-time employees on the assumed 84 event nights.
- (5) Includes city attorney, auditor, clerk, manager, mayor, council, emergency services, employee services and information technology.
- (6) Technical Memorandum "Updated Fiscal and Economic Impact Analysis of Major League Soccer Stadium" by Economic Planning Systems, Inc. (March 2009).
- (7) Includes independent police auditor.
- (8) Includes Redevelopment Agency expenses.
- (9) Includes salary, benefits, uniform, safety equipment, and an overhead cost equivalent to 10 percent of the expenditure per officer.
- (10) Includes salary, benefits, uniforms, safety equipment, and an overhead cost equivalent to 10 percent of the expenditure per firefighter.

Appendix II Major League Baseball Overview

The purpose of this section is to provide a general overview of Major League Baseball (“MLB”). The information presented in this section is divided into the following areas:

- League Overview;
- Fan Demographics;
- MLB Attendance;
- MLB Ballpark Development;
- MLB Ticket Prices;
- MLB Premium Seating;
- Media and Sponsorships;
- Franchise Valuations;
- Player Salaries; and,
- Review of Recently Planned/Built Ballparks.

League Overview

MLB has 30 teams that each play 162 games per year, divided between a 16-team National League and 14-team American League. Each league has three geographical divisions. Despite the two league structure, MLB operates as a single major professional sports league under the office of the Commissioner of Baseball.

MLB’s current league structure has been in place since 1998 when expansion teams began play in Arizona and Tampa. A divisional realignment was completed prior to the 1998 season to accommodate the new franchises and to align teams within similar time zones, potentially increasing regional rivalries, fan interest and the attractiveness of broadcasting rights. MLB’s current divisional alignment is summarized below.

Major League Baseball Division Alignment

American League		
East	Central	West
Baltimore Orioles	Chicago White Sox	LA Angels of Anaheim
Boston Red Sox	Cleveland Indians	Oakland Athletics
New York Yankees	Detroit Tigers	Seattle Mariners
Tampa Bay Rays	Kansas City Royals	Texas Rangers
Toronto Blue Jays	Minnesota Twins	
National League		
East	Central	West
Atlanta Braves	Chicago Cubs	Arizona Diamondbacks
Florida Marlins	Cincinnati Reds	Colorado Rockies
New York Mets	Houston Astros	Los Angeles Dodgers
Philadelphia Phillies	Milwaukee Brewers	San Diego Padres
Washington Nationals	Pittsburgh Pirates	San Francisco Giants
	St. Louis Cardinals	

Appendix II Major League Baseball Overview (cont'd)

According to the Collective Bargaining Agreement that expires in 2011, MLB teams pay 31 percent of their locally-generated revenues into a sharing fund each season. These funds are then evenly distributed among the 30 teams. Teams in larger markets such as New York or Chicago will typically contribute more to the revenue sharing fund than teams in Kansas City or Cincinnati, for example. The MLB also distributes a portion of their Central Fund among the 30 teams with teams having the lowest local revenue getting a larger proportion of the funds distributed. The Central Fund is comprised of revenues generated via sources such as national TV contracts and MLB website revenue.

In addition, Major League Baseball utilizes a luxury tax system to share revenue between the teams, wherein a team must pay a tax on the portion of their payroll that exceeds a pre-set limit. For example, in the 2008 season the New York Yankees paid \$26.9 million in luxury taxes for exceeding the payroll threshold of the luxury tax in 2008. The payroll threshold for the 2009 season is set at \$162 million and will increase to \$170 million for the 2010 and 2011 seasons. Luxury tax funds are distributed on a sliding scale with teams having the lowest payrolls receiving a higher proportion of the funds.

Fan Demographics

Major League Baseball appeals to a broad fan base that reaches across numerous demographic categories. In the table on the following page, MLB fans are indexed by level of interest, using gender, age and race as criteria for segmentation.

Appendix II Major League Baseball Overview (cont'd)

Major League Baseball Fan Demographics

		Level of Interest in MLB		
		Very	Somewhat	Slightly
Gender				
Men	% of U.S. Adults*	21%	42%	61%
	% of MLB Fans^	65%	61%	57%
Women	% of U.S. Adults	10%	26%	43%
	% of MLB Fans	35%	39%	43%
Age				
18-24	% of U.S. Adults	13%	29%	48%
	% of MLB Fans	11%	11%	12%
25-34	% of U.S. Adults	15%	32%	51%
	% of MLB Fans	17%	17%	18%
35-44	% of U.S. Adults	15%	34%	54%
	% of MLB Fans	19%	19%	20%
45-54	% of U.S. Adults	17%	37%	55%
	% of MLB Fans	21%	21%	21%
55-64	% of U.S. Adults	16%	35%	53%
	% of MLB Fans	15%	15%	15%
65+	% of U.S. Adults	16%	34%	48%
	% of MLB Fans	18%	17%	16%

* Percent of US residents in that demographic category who identify as an MLB fan.

^ Percent of self-identified MLB fans who are members of that demographic category.

Source: Sports Business Resource Guide & Fact Book 2009.

As illustrated above, approximately 61 percent of U.S. adult males and 43 percent of U.S. adult females identify themselves as at least slightly interested in MLB. Of those fans that identify themselves as very interested in Major League Baseball, approximately 65 percent are male versus 35 percent female.

Adults of all ages identify themselves as MLB fans, with all of the age categories in the table having at least 48 percent of their members as slightly interested in MLB. Of those fans that identify themselves as very interested in MLB, a high of 21 percent are aged 45 to 54, versus a low of 12 percent who are aged 18 to 24.

Appendix II Major League Baseball Overview (cont'd)

MLB Attendance

Attendance patterns vary significantly across Major League Baseball franchises. The following table presents MLB attendance statistics from the 2008 season, sorted by average attendance per game.

2008 Major League Baseball Attendance

Team	Total Attendance	Average Attendance	Attendance Rank	Seating Capacity	Percent of Capacity
New York Yankees	4,298,655	53,069	1	56,936 ⁽¹⁾	93%
New York Mets	4,042,047	51,165	2	57,333 ⁽²⁾	89%
Los Angeles Dodgers	3,730,553	46,056	3	56,000	82%
St. Louis Cardinals	3,430,660	42,353	4	46,900	90%
Philadelphia Phillies	3,422,583	42,254	5	43,000	98%
Los Angeles Angels	3,336,744	41,194	6	45,050	91%
Chicago Cubs	3,300,200	40,743	7	41,118	99%
Detroit Tigers	3,202,645	39,538	8	40,000	99%
Milwaukee Brewers	3,068,458	37,882	9	42,500	89%
Boston Red Sox	3,048,250	37,632	10	37,400	101%
San Francisco Giants	2,863,837	35,356	11	41,503	85%
Houston Astros	2,779,287	34,741	12	42,000	83%
Colorado Rockies	2,650,218	33,127	13	50,200	66%
Atlanta Braves	2,532,834	31,269	14	49,000	64%
Arizona Diamondbacks	2,509,924	30,986	15	48,500	64%
Chicago White Sox	2,501,103	30,877	16	40,615	76%
San Diego Padres	2,427,535	29,969	17	42,000	71%
Toronto Blue Jays	2,399,786	29,626	18	49,539	60%
Washington Nationals	2,320,400	29,005	19	41,888	69%
Seattle Mariners	2,329,702	28,761	20	47,000	61%
Minnesota Twins	2,302,431	28,425	21	46,564 ⁽³⁾	61%
Cleveland Indians	2,169,760	27,122	22	42,865	63%
Cincinnati Reds	2,058,632	25,415	23	45,000	56%
Baltimore Orioles	1,950,075	25,000	24	48,262	52%
Texas Rangers	1,945,677	24,320	25	49,178	49%
Tampa Bay Rays	1,780,791	22,259	26	36,973	60%
Oakland Athletics	1,665,256	20,558	27	35,067	59%
Pittsburgh Pirates	1,609,076	20,113	28	38,000	53%
Kansas City Royals	1,578,922	19,986	29	40,625	49%
Florida Marlins	1,335,075	16,688	30	38,560 ⁽⁴⁾	43%
Average	2,619,704	32,516		44,653	73%

(1) Capacity is representative of old Yankee Stadium.

(2) Capacity is representative of Shea Stadium.

(3) Capacity is representative of Hubert H. Humphrey Metrodome.

(4) Capacity is representative of Dolphin Stadium.

Note: Sorted by average attendance.

Source: Major League Baseball.

As shown above, MLB franchises averaged approximately 2.6 million fans over the course of the 2008 season. Per-game attendance ranged from a low of approximately 17,000 for the Florida Marlins to a high of approximately 53,000 for the New York Yankees. Average attendance as a percentage of total seating capacity ranged from a low of 43 percent for the Florida Marlins to a high of 101 percent for the Boston Red Sox (due to the sale of “standing room” tickets).

Appendix II Major League Baseball Overview (cont'd)

Attendance for MLB franchises often fluctuates from year to year. The following table details average attendance for each franchise over each of the past five seasons, sorted by five-year average.

Average Major League Baseball Attendance: 2004 to 2008

Team	2004	2005	2006	2007	2008	5-year Average
New York Yankees	47,788	50,502	52,392	52,279	53,069	51,206
Los Angeles Dodgers	43,065	44,489	46,401	47,617	46,056	45,526
St. Louis Cardinals	37,634	43,691	42,588	43,854	42,353	42,024
Los Angeles Angels	41,675	42,033	42,059	41,551	41,194	41,702
New York Mets	28,979	35,374	43,327	47,579	51,165	41,285
Chicago Cubs	39,138	38,749	39,040	40,153	40,743	39,565
San Francisco Giants	40,208	39,271	38,639	39,792	35,356	38,653
Philadelphia Phillies	40,626	33,316	34,200	38,374	42,254	37,754
Houston Astros	38,121	34,626	37,318	37,288	34,741	36,419
Boston Red Sox	35,028	35,159	36,189	36,679	37,632	36,137
San Diego Padres	37,243	35,429	32,836	34,445	29,969	33,984
Seattle Mariners	36,305	33,648	30,634	32,993	28,761	32,468
Detroit Tigers	23,962	25,306	32,048	37,619	39,538	31,695
Atlanta Braves	29,399	31,514	31,881	33,891	31,269	31,591
Milwaukee Brewers	25,461	27,296	28,835	35,421	37,882	30,979
Chicago White Sox	24,437	28,923	36,511	33,140	30,877	30,778
Texas Rangers	31,818	31,565	29,490	29,795	24,320	29,398
Baltimore Orioles	34,344	32,404	26,581	27,060	25,000	29,078
Arizona Diamondbacks	31,105	25,416	25,829	28,708	30,986	28,409
Washington Nationals	n/a	33,728	26,580	24,217	29,005	28,383
Colorado Rockies	29,595	23,929	25,979	28,978	33,127	28,322
Toronto Blue Jays	23,457	24,876	28,422	29,143	29,626	27,105
Minnesota Twins	23,597	25,114	28,210	28,349	28,425	26,739
Cincinnati Reds	28,237	23,988	26,353	25,414	25,415	25,881
Cleveland Indians	22,400	24,861	24,666	28,448	27,122	25,499
Oakland Athletics	27,179	26,038	24,402	23,276	20,558	24,291
Pittsburgh Pirates	21,107	23,003	23,269	22,141	20,113	21,927
Kansas City Royals	21,031	17,356	17,157	19,961	19,986	19,098
Florida Marlins	16,139	22,871	14,372	16,919	16,688	17,398
Tampa Bay Rays	16,139	14,232	16,925	17,130	22,259	17,337
Montreal Expos*	9,356	-	-	-	-	-
Average	30,152	30,957	31,438	32,740	32,516	31,688

* Relocated to Washington after the 2004 season.

Note: Sorted by five-year average.

Source: Major League Baseball.

As depicted above, MLB teams have drawn an average of nearly 31,700 fans per game over the past five seasons, with a high of approximately 51,200 for the New York Yankees and a low of approximately 17,300 for the Tampa Bay Rays.

Appendix II Major League Baseball Overview (cont'd)

MLB Ballpark Development

Due to the current economic structure of MLB, the ability of a franchise to generate revenues locally, from local media agreements as well as ballpark revenues, plays a significant role in the financial viability of a franchise. Facility-generated revenues such as ticket sales, premium seating, naming rights, sponsorships and other such revenues typically comprise the largest portion of a team's revenues. In order to maximize franchise revenues, many teams have worked toward the development of new ballparks.

MLB Ballpark Summary

It is widely considered that the modern era of ballpark development began in 1992 with the opening of Oriole Park at Camden Yards. The table on the following page provides a breakdown of MLB ballpark development, including facilities built or renovated since 1992, ballparks currently under development and teams with no announced development plans.

Appendix II Major League Baseball Overview (cont'd)

MLB Ballpark Summary

Team	Stadium	Construction	Roof Type	Year Opened	Capacity	Other Tenants
Facilities Built Since 1992						
Number of Teams		19				
Percentage of Teams		63%				
New York Yankees	Yankee Stadium (<i>new</i>)	New	Open-air	2009	51,000	none
New York Mets	Citi Field	New	Open-air	2009	42,500	none
Washington Nationals	Nationals Park	New	Open-air	2008	41,888	none
St. Louis Cardinals	Busch Stadium	New	Open-air	2006	46,900	none
San Diego Padres	Petco Park	New	Open-air	2004	42,000	none
Philadelphia Phillies	Citizens Bank Park	New	Open-air	2004	43,000	none
Cincinnati Reds	Great American Ballpark	New	Open-air	2003	45,000	none
Milwaukee Brewers	Miller Park	New	Retractable	2001	42,500	none
Pittsburgh Pirates	PNC Park	New	Open-air	2001	38,000	none
Detroit Tigers	Comerica Park	New	Open-air	2000	40,000	none
Houston Astros	Minute Maid Park	New	Retractable	2000	42,000	none
San Francisco Giants	AT&T Park	New	Open-air	2000	41,503	none
Seattle Mariners	Safeco Field	New	Retractable	1999	47,000	none
Arizona Diamondbacks	Chase Field	New	Retractable	1998	48,500	none
Atlanta Braves	Turner Field	New	Open-air	1997	49,000	none
Colorado Rockies	Coors Field	New	Open-air	1995	50,200	none
Cleveland Indians	Progressive Field	New	Open-air	1994	42,865	none
Texas Rangers	Rangers Ballpark in Arlington	New	Open-air	1994	49,178	none
Baltimore Orioles	Oriole Park at Camden Yards	New	Open-air	1992	48,262	none
Facilities Renovated Since 1992						
Number of Teams		7				
Percentage of Teams		23%				
Kansas City Royals	Kauffman Stadium	Renovated	Open-air	2009	40,625	none
Tampa Bay Rays	Tropicana Field	Renovated	Dome	2006-2007	36,973	none
Toronto Blue Jays	Rogers Centre	Renovated	Retractable	2006	49,539	CFL, CIS, NCAA ⁽¹⁾
Los Angeles Dodgers	Dodger Stadium	Renovated	Open-air	2005	56,000	none
Boston Red Sox	Fenway Park	Renovated	Open-air	2003-2009	37,400	none
Chicago White Sox	US Cellular Field	Renovated	Open-air	2001-2009	40,615	none
Los Angeles Angels	Angel Stadium of Anaheim	Renovated	Open-air	1997	45,050	none
Facilities Planned/Under Construction						
Number of Teams		2				
Percentage of Teams		7%				
Florida Marlins	New Marlins Ballpark	New	Retractable	2012	37,000	none
Minnesota Twins	Target Field	New	Open-air	2010	40,000	none
Teams with No Announced Plans						
Number of Teams		2				
Percentage of Teams		7%				
Oakland Athletics	Oakland-Alameda County Coliseum		Open-air	1966	35,067*	NFL ⁽²⁾
Chicago Cubs	Wrigley Field		Open-air	1914	41,118	none

(1) Other tenants include the Canadian Football League's Toronto Argonauts, the Canadian Interuniversity Sport's Vanier Cup and the NCAA International Bowl.

(2) Other tenant includes the NFL's Oakland Raiders.

* The majority of the upper deck is closed for baseball games. NFL football capacity is 63,026.

Note: Sorted by year.

Of the 30 MLB franchises, 26 teams (approximately 86 percent) are currently playing in ballparks that have been opened or significantly renovated since 1992. Two franchises have new ballparks currently under construction, which would leave the Oakland Athletics and Chicago Cubs as the only two franchises whose ballparks have not been built or significantly updated in the modern era of ballpark development. Additionally, when the new ballparks for the Minnesota Twins and Florida Marlins open in 2010 and 2012 respectively, the Toronto Blue Jays and Oakland Athletics would be the only remaining MLB franchises that do not play in baseball-only ballparks. The Tampa Bay Rays have also developed plans to replace Tropicana Field with a new ballpark, however the project has been delayed indefinitely due to a lack of a viable site or public financing support.



Appendix II Major League Baseball Overview (cont'd)

MLB Ballpark Financing

Financing for MLB ballpark development has typically involved both private and public sources. The following table summarizes construction costs for each ballpark opened since 1992, with a breakdown of the percentage public and private funding for each facility.

MLB Ballpark Development Cost Summary

Stadium	Team	Opening Year	Original Cost (millions)	Adjusted ⁽¹⁾ Cost	Financing Participation Dollars ⁽²⁾	
					Public	Private
Yankee Stadium	New York Yankees	2009	\$1,358.2	\$1,368.6	\$1,055.7	\$299.5
Safeco Field	Seattle Mariners	1999	\$511.0	1079.3	\$372.0	\$139.0
Chase Field	Arizona Diamondbacks	1998	\$354.6	958.3	\$238.0	\$116.6
Citi Field	New York Mets	2009	\$932.5	939.7	\$177.2	\$755.3
Nationals Park	Washington Nationals	2008	\$692.8	833.0	\$661.8	\$31.0
Minute Maid Park	Houston Astros	2000	\$299.0	829.3	\$220.0	\$79.0
Busch Stadium	St. Louis Cardinals	2006	\$388.0	802.1	\$89.2	\$298.8
Target Field	Minnesota Twins	2010	\$559.4	785.5	\$392.0	\$167.4
Great American Ballpark	Cincinnati Reds	2003	\$296.7	765.7	\$266.7	\$30.0
Turner Field ⁽³⁾	Atlanta Braves	1997	\$260.0	761.9	\$209.0	\$51.0
Petco Park	San Diego Padres	2004	\$449.4	756.2	\$386.5	\$62.9
Progressive Field	Cleveland Indians	1994	\$230.0	745.0	\$160.0	\$70.0
Miller Park ⁽⁴⁾	Milwaukee Brewers	2001	\$295.0	712.6	\$248.0	\$47.0
New Marlins Ballpark	Florida Marlins	2012	\$515.0	697.0	\$360.5	\$154.5
Coors Field	Colorado Rockies	1995	\$231.0	671.4	\$190.0	\$41.0
Rangers Ballpark in Arlington	Texas Rangers	1994	\$191.5	654.5	\$143.5	\$48.0
Comerica Park	Detroit Tigers	2000	\$260.0	649.6	\$115.0	\$145.0
Oriole Park at Camden Yards	Baltimore Orioles	1992	\$234.0	632.6	\$210.6	\$23.4
Citizens Bank Park	Philadelphia Phillies	2004	\$346.0	629.9	\$195.8	\$150.2
PNC Park	Pittsburgh Pirates	2001	\$228.6	599.6	\$188.6	\$40.0
AT&T Park	San Francisco Giants	2000	\$290.0	421.1	\$15.0	\$275.0
Average		2002	\$424.9	\$775.8	\$280.7	\$144.0
Average (Excl. Yankee Stadium)		2001	\$378.2	\$746.2	\$242.0	\$136.3

(1) Original cost adjusted to 2009 dollars via the Turner Construction Cost Index. Projected cost of stadiums opening after 2009 have not been adjusted due to lack of future indices.

Costs were then normalized and adjusted using the ACCRA Cost of Living Index and are presented in San Jose dollars.

(2) Dollars shown represent proportions as it relates to original cost.

(3) Public cost allocation represents the contribution of the Atlanta Committee of the Olympic Games.

(4) Private sector contribution adjusted to reflect annual operating subsidy received by Brewers.

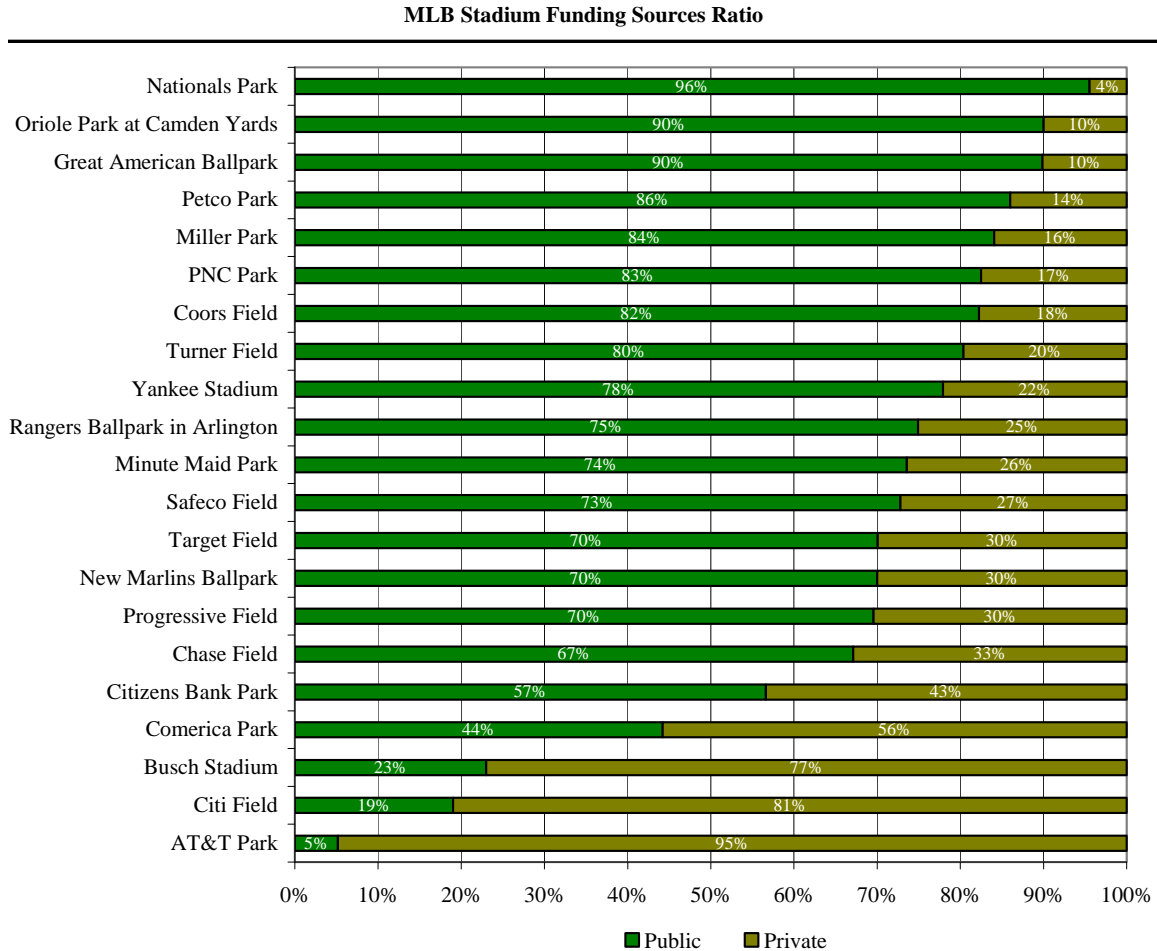
Note: Sorted by adjusted cost.

Source: Municipal authorities, facility management, public records, and industry publications. Amounts have not been audited or otherwise verified.

In order to provide a comparative analysis of the development costs, the original ballpark construction costs were adjusted using construction cost indices and then normalized and adjusted to San Jose dollars using the ACCRA cost of living index. On average, the adjusted construction cost of new ballparks since 1992 has been approximately \$746 million in 2009 San Jose dollars (excluding Yankee Stadium). Adjusted ballpark construction costs have ranged from a high of approximately \$1.4 billion for Yankee Stadium to a low of \$421.1 million for AT&T Park.

Appendix II Major League Baseball Overview (cont'd)

The following chart illustrates the public/private contribution ratios for stadium funding for each of the MLB stadiums.



Source: Municipal authorities, facility management, public records, and industry publications.
 Amounts have not been audited or otherwise verified.

As shown above, public funding was a major contributor to MLB stadium financing. On average, 67 percent of funding for MLB stadiums came from public sources. Approximately 33 percent of funding was provided by private sources.

Appendix II Major League Baseball Overview (cont'd)

Impact of New MLB Ballparks on Attendance

The development of a new ballpark can have a significant impact on a franchise's attendance. The following table summarizes the changes in average per-game attendance that has resulted from the development of new MLB ballparks since 1992.

Impact of New MLB Ballparks on Attendance

Team	New Stadium	Year Open	Prior Year Attendance	First Year Attendance	First-Year Change	Fifth Year Attendance	Fifth-Year Change
Cleveland Indians	Progressive Field	1994	26,888	39,121	45%	42,806	59%
San Francisco Giants	AT&T Park	2000	25,659	40,973	60%	40,208	57%
Philadelphia Phillies	Citizens Bank Park	2004	28,973	40,626	40%	42,254	46%
Baltimore Orioles	Oriole Park at Camden Yards	1992	31,515	44,047	40%	44,475	41%
Milwaukee Brewers	Miller Park	2001	19,427	34,704	79%	27,296	41%
Seattle Mariners	Safeco Field	1999	32,735	36,004	10%	43,740	34%
Texas Rangers	Rangers Ballpark in Arlington	1994	27,711	39,733	43%	36,141	30%
San Diego Padres	Petco Park	2004	25,024	37,243	49%	29,969	20%
Houston Astros	Minute Maid Park	2000	33,000	37,730	14%	38,121	16%
Cincinnati Reds	Great American Ballpark	2003	23,199	29,077	25%	25,414	10%
Pittsburgh Pirates	PNC Park	2001	21,591	30,430	41%	23,003	7%
Atlanta Braves	Turner Field	1997	35,818	42,771	19%	34,858	-3%
Detroit Tigers	Comerica Park	2000	25,018	30,106	20%	23,962	-4%
Washington Nationals	Nationals Park	2008	24,217	29,005	20%	n/a	n/a
St. Louis Cardinals	Busch Stadium	2006	43,691	42,588	-3%	n/a	n/a
Average		2000	28,298	36,944	34%	34,788	27%

Note: 1. Citi Field (2009) and Yankee Stadium (2009) have been excluded as the New York Mets and New York Yankees have yet to complete a full season in their new ballparks.

2. Coors Field (1995) and Chase Field (1998) have been excluded as the Colorado Rockies and Arizona Diamondbacks were expansion franchises.

3. Sorted by fifth-year change.

4. Excludes Yankee Stadium (2009), Citi Field (2009), Target Field (2010) and new Marlins ballpark (2012).

Source: Major League Baseball.

As shown in the table above, 14 of the 15 new MLB ballparks listed above experienced an attendance increase in their first year of operations. On average, first-year ballparks experienced a 34 percent increase in per-game attendance. On a 5-year basis, just three ballparks have experienced a decrease in average per-game attendance. The average fifth-year attendance increase associated with new ballparks is 27 percent. The higher attendance figures of the first year relative to the fifth year can be attributed to the honeymoon period in which new ballparks experience increased attendance from people who would not normally attend games.

MLB Ticket Prices

Ticket prices vary greatly among the various MLB ballparks. The price range offered by each franchise is dependent on a variety of factors, including specific market characteristics as well as the inclusion or exclusion of seat licenses for specific seating areas. The table on the following page presents the range of ticket prices for each MLB franchise, including individual game tickets and season ticket packages. It should be noted that the prices shown do not include premium seating ticket prices.

Appendix II Major League Baseball Overview (cont'd)

Major League Baseball Ticket Prices

Team	Average Per-Game Ticket Price	Single-Game		Season Tickets	
		Low	High	Low	High
Boston Red Sox	\$48.80	\$12	\$325	\$1,710	\$7,290
Chicago Cubs	\$42.49	\$16	\$70	\$240	\$2,790
New York Mets ⁽³⁾	\$36.58	\$11	\$105	\$1,109	\$13,095
New York Yankees ⁽⁴⁾	\$34.05	\$12	\$400	\$972	\$26,325
Chicago White Sox	\$30.28	\$17	\$51	\$1,134	\$3,726
Los Angeles Dodgers	\$29.66	\$6	\$75	\$486	\$4,050
St. Louis Cardinals	\$29.32	\$13	\$90	\$972	\$3,240
Oakland Athletics	\$29.20	\$9	\$48	\$584	\$3,280
Houston Astros	\$28.73	\$7	\$52	\$913	\$4,233
Toronto Blue Jays	\$28.37	\$9	\$60	\$636	\$4,293
Philadelphia Phillies	\$28.14	\$16	\$60	\$1,458	\$4,860
San Diego Padres	\$27.43	\$10	\$65	\$972	\$3,240
Cleveland Indians	\$25.72	\$8	\$75	\$567	\$4,455
Seattle Mariners	\$25.29	\$7	\$55	\$1,053	\$3,240
Detroit Tigers	\$25.28	\$5	\$65	\$405	\$4,860
Washington Nationals	\$25.00	\$7	\$105	\$810	\$4,050
Baltimore Orioles	\$23.85	\$8	\$45	\$729	\$3,645
San Francisco Giants	\$22.06	\$20	\$105	\$840	\$2,772
Los Angeles Angels	\$20.78	\$12	\$150	\$656	\$2,200
Minnesota Twins ⁽²⁾	\$20.68	\$7	\$50	\$250	\$3,402
Milwaukee Brewers	\$19.88	\$14	\$48	\$729	\$5,022
Colorado Rockies	\$19.50	\$6	\$49	\$648	\$2,835
Cincinnati Reds	\$19.41	\$7	\$77	\$592	\$4,257
Florida Marlins ⁽¹⁾	\$18.69	\$12	\$93	\$547	\$4,994
Texas Rangers	\$18.01	\$15	\$109	\$405	\$8,100
Kansas City Royals	\$17.54	\$9	\$240	\$567	\$2,754
Tampa Bay Rays	\$17.23	\$6	\$75	\$650	\$7,200
Pittsburgh Pirates	\$17.07	\$9	\$210	\$399	\$1,944
Atlanta Braves	\$17.05	\$12	\$70	\$830	\$4,980
Arizona Diamondbacks	\$15.96	\$5	\$200	\$415	\$7,055
Average	\$25	\$10	\$107	\$743	\$5,273

(1) Prices represent those for Dolphin Stadium.

(2) Prices represent those for Hubert H. Humphrey Metrodome.

(3) Prices represent those for Citi Field.

(4) Prices represent those for the new Yankee Stadium.

Note: Sorted by average per-game ticket price.

Note: Oakland Athletics ticket prices represent current ballpark, rather than projections for new ballpark.

Sources: Team Marketing Report, 2009 Revenues From Sports Venues.

As shown above, the average MLB franchise has individual ticket prices ranging from \$10 to \$107, with an average ticket price of \$25 in 2008. For season tickets, the average prices range from \$743 to \$5,273. Some teams, such as the Baltimore Orioles, Colorado Rockies, Milwaukee Brewers and Oakland Athletics, offer a relatively small range of ticket prices. Others, such as the Boston Red Sox and New York Yankees, offer a wide range of ticket prices.

Appendix II Major League Baseball Overview (cont'd)

MLB Premium Seating

Premium seating amenities, such as private suites and club level seating are significant sources of revenue for MLB franchises. The following table summarizes the premium seating inventories for each MLB ballpark, sorted alphabetically by team.

Major League Baseball Premium Seating

Team	Private Suites			Club Seats		
	Quantity	Low Price	High Price	Quantity	Low Price	High Price
Arizona Diamondbacks	70	\$95,000	\$125,000	4,500	\$2,241	\$9,960
Atlanta Braves	59	\$210,000	\$308,000	5,372	\$2,656	\$2,656
Baltimore Orioles	75	\$90,000	\$180,000	4,000	\$2,673	\$2,835
Boston Red Sox	40	\$250,000	\$350,000	406	\$12,150	\$22,275
Chicago Cubs	67	\$110,000	\$182,000	-	-	-
Chicago White Sox	102	\$110,000	\$300,000	1,822	\$2,896	\$3,058
Cincinnati Reds	57	\$52,000	\$150,000	3,000	\$4,110	\$5,730
Cleveland Indians	122	\$54,000	\$139,000	2,064	\$4,941	\$4,941
Colorado Rockies	52	\$81,000	\$128,000	4,400	\$2,835	\$3,078
Detroit Tigers	108	\$100,000	\$125,000	2,000	\$4,050	\$4,860
Florida Marlins	183	\$50,000	\$300,000	10,209	\$1,250	\$3,250
Houston Astros	62	\$84,000	\$112,000	5,000	\$3,320	\$3,984
Kansas City Royals	19	\$53,000	\$60,000	2,487	\$4,455	\$5,670
Los Angeles Angels	74	\$57,000	\$189,000	5,000	\$1,640	\$3,444
Los Angeles Dodgers	33	\$150,000	\$300,000	565	\$2,592	\$2,592
Milwaukee Brewers	70	\$95,000	\$102,000	3,500	\$3,200	\$4,200
Minnesota Twins	72	\$110,000	\$110,000	3,400	\$3,888	\$4,860
New York Mets	54	\$250,000	\$500,000	4,600	\$4,860	\$40,095
New York Yankees	67	\$600,000	\$850,000	4,374	\$8,100	\$202,500
Oakland Athletics	143	\$30,000	\$150,000	9,000	\$1,260	\$1,510
Philadelphia Phillies	71	\$115,000	\$200,000	3,600	\$4,200	\$9,000
Pittsburgh Pirates	65	\$60,000	\$150,000	3,374	\$2,430	\$10,125
San Diego Padres	50	\$85,000	\$170,000	6,580	\$2,916	\$3,888
San Francisco Giants	67	\$75,000	\$120,000	5,300	\$4,500	\$7,500
Seattle Mariners	69	\$100,000	\$189,000	4,271	\$2,997	\$3,483
St. Louis Cardinals	63	\$105,000	\$185,000	3,600	\$7,290	\$8,910
Tampa Bay Rays	63	\$60,000	\$140,000	3,600	\$2,430	\$8,910
Texas Rangers	129	\$75,000	\$175,000	5,699	\$3,888	\$8,100
Toronto Blue Jays	120	\$60,000	\$235,000	5,700	\$2,933	\$4,127
Washington Nationals	66	\$150,000	\$400,000	2,500	\$3,645	\$4,455
Average	76	\$117,200	\$220,800	4,135	\$3,800	\$13,800

Note: Sorted alphabetically.

Note: Oakland Athletics premium seating information represents current ballpark, rather than projections for a new ballpark.

Source: 2009 Revenues From Sports Venues.

As shown in the table above, all 30 MLB teams offer private suites. The average MLB franchise has 76 luxury suites that range in price from approximately \$117,000 to \$221,000 per season. The Oakland Athletics have the lowest priced private suite in the league (\$30,000 annually), whereas the New York Yankees have the highest priced suite (\$850,000 annually).

Appendix II Major League Baseball Overview (cont'd)

Club level seating is offered in 29 of the 30 MLB ballparks. On average, MLB franchises that offer club seats have 4,135 club seats that range from \$3,800 to \$13,800 per season. The Florida Marlins offer the lowest priced club seating (\$1,250 annually), and the New York Yankees offer the highest priced club seats (\$202,500 annually).

Media and Sponsorship

Major League Baseball's 29 U.S.-based teams are all located within the nation's 40 largest media markets, including eight teams that are located in the nation's four largest markets (New York, Los Angeles, Chicago and San Francisco). In addition, the Toronto Blue Jays are located in Canada's largest media market.

MLB currently has national TV contracts with FOX, TBS and ESPN, with all three contracts running through the 2013 season. FOX owns the exclusive rights to televise the World Series and the All-Star Game, the American League Championship Series (ALCS) and National League Championship Series (NLCS) in alternating years, and 26 regional Saturday Game of the Week broadcasts. MLB's deal with FOX was undisclosed, however it was an extension of a previous deal that was worth \$2.4 billion over six years. TBS owns the rights to televise a Sunday afternoon Game of the Week, as well as the ALCS and NLCS in alternating years, and the exclusive rights to the Division Series in both leagues. TBS' contract terms with MLB are believed to be similar to those agreed upon by FOX. ESPN has the right to televise MLB games on Sunday, Monday and Wednesday evenings, under an eight year, \$2.4 billion contract.

MLB launched its own cable TV network, MLB Network, in January 2009, following in the foot steps of the other American major league sports, the NBA, NFL and NHL. MLB Network provides 24-hour coverage of Major League Baseball, including live games on Thursday and Saturday nights. According to industry sources, MLB expects the network to be profitable by the end of 2009, with projected revenue from cable subscriber fees and advertising of more than \$210 million by 2015.

Major League Baseball Advanced Media (MLBAM) is a subsidiary of Major League Baseball that was established in 2000 to operate MLB's internet and interactive media initiatives. Today, MLBAM operates MLB.com and websites for all 30 MLB teams, MiLB.com, MLB Radio and MLB.TV, a subscription service that allows users to view live games via the internet.

MLB does not disclose league sponsorship revenue, however sponsorship valuation firm IEG estimates that MLB and its 30 teams will generate global sponsorship revenue in excess of \$510 million in 2009. In 2008, overall revenue generated by MLB was approximately \$6.5 billion.

Appendix II Major League Baseball Overview (cont'd)

One of the largest sources of local sponsorship revenue for Major League Baseball franchises can be the sale of ballpark naming rights. There are currently 19 MLB ballparks for which naming rights have been sold, as shown in the following table.

MLB Ballpark Naming Rights

Stadium	Team	City	Total Cost (millions)	Years	Annual Average	Expiration Year
Citi Field	New York Mets	Queens, NY	\$400.0	25	\$16.0	2028
Minute Maid Park	Houston Astros	Houston, TX	\$178.0	28	\$6.4	2029
Citizens Bank Park	Philadelphia Phillies	Philadelphia, PA	\$95.0	25	\$3.8	2029
Progressive Field	Cleveland Indians	Cleveland, OH	\$57.6	16	\$3.6	2023
U.S. Cellular Field	Chicago White Sox	Chicago, IL	\$68.0	23	\$3.0	2025
Petco Park	San Diego Padres	San Diego, CA	\$60.0	22	\$2.7	2025
Great American Ballpark	Cincinnati Reds	Cincinnati, OH	\$75.0	30	\$2.5	2032
Chase Field	Arizona Diamondbacks	Phoenix, AZ	\$66.4	30	\$2.2	2028
Comerica Park	Detroit Tigers	Detroit, MI	\$66.0	30	\$2.2	2030
AT&T Park	San Francisco Giants	San Francisco, CA	\$50.0	24	\$2.1	2024
Miller Park	Milwaukee Brewers	Milwaukee, WI	\$41.2	20	\$2.1	2020
PNC Park	Pittsburgh Pirates	Pittsburgh, PA	\$40.0	20	\$2.0	2021
Safeco Field	Seattle Mariners	Seattle, WA	\$40.0	20	\$2.0	2019
Rogers Centre	Toronto Blue Jays	Toronto, ON	\$17.7	10	\$1.8	2014
Tropicana Field	Tampa Bay Rays	St. Petersburg, FL	\$46.0	30	\$1.5	2026
Coors Field	Colorado Rockies	Denver, CO	\$15.0	Indef.	n/a	Indef.*
Busch Stadium	St. Louis Cardinals	St. Louis, MO	n/a	20	n/a	2025
Target Field	Minnesota Twins	Minneapolis, MN	n/a	25	n/a	2034
Land Shark Stadium ⁽¹⁾	Florida Marlins	Miami, FL	n/a	1	n/a	2010
Average			\$82.2	22	\$3.6	2025
Median			\$58.8	24	\$2.2	2025

(1) Marlins will move into a new stadium in 2012, and thus obtain a new naming rights deal.

* Coors was granted naming rights in return for their \$15 million contribution to stadium construction.

Source: SportsBusiness Journal.

As shown in the table above, on average, MLB ballpark naming rights have been sold for a total cost of approximately \$82 million over 22 years, an annual average of approximately \$3.6 million. Citi Field, home of the New York Mets, has the most valuable naming rights deal on both an average annual basis and a total basis. Coors Field, home of the Colorado Rockies, has the smallest naming rights deal, at \$15.0 million.

Franchise Valuations

As a result of ballpark development, and the growth of revenue streams such as broadcast rights and naming rights, MLB franchise values have generally risen over the past 25 years. The table on the following page presents a summary of current MLB franchise revenues, operating income and estimated value.

Appendix II Major League Baseball Overview (cont'd)

Major League Baseball Franchise Valuations

Team	Revenues	Operating Income	Current Value
New York Yankees	\$375	-\$3.7	\$1,500
New York Mets	\$261	\$23.5	\$912
Boston Red Sox	\$269	\$25.7	\$833
Los Angeles Dodgers	\$241	\$16.5	\$722
Chicago Cubs	\$239	\$29.7	\$700
Los Angeles Angels of Anaheim	\$212	\$10.3	\$509
Philadelphia Phillies	\$216	\$16.3	\$496
St Louis Cardinals	\$195	\$6.6	\$486
San Francisco Giants	\$196	\$22.4	\$471
Chicago White Sox	\$196	\$13.8	\$450
Atlanta Braves	\$186	\$4.7	\$446
Houston Astros	\$194	\$17.0	\$445
Seattle Mariners	\$189	\$3.8	\$426
Washington Nationals	\$184	\$42.6	\$406
Texas Rangers	\$176	\$17.4	\$405
San Diego Padres	\$174	\$22.9	\$401
Baltimore Orioles	\$174	\$27.2	\$400
Cleveland Indians	\$181	\$19.5	\$399
Arizona Diamondbacks	\$177	\$3.9	\$390
Colorado Rockies	\$178	\$24.5	\$373
Detroit Tigers	\$186	-\$26.3	\$371
Minnesota Twins	\$158	\$26.8	\$356
Toronto Blue Jays	\$172	\$3.0	\$353
Milwaukee Brewers	\$173	\$11.8	\$347
Cincinnati Reds	\$171	\$17.0	\$342
Tampa Bay Rays	\$160	\$29.4	\$320
Oakland Athletics	\$160	\$26.2	\$319
Kansas City Royals	\$143	\$9.0	\$314
Pittsburgh Pirates	\$144	\$15.9	\$288
Florida Marlins	\$139	\$43.7	\$277
Average	\$194	\$16.7	\$482

Notes: 1. All dollar figures in millions.

2. Team values based on current stadium deal, unless new stadium is pending.

3. Operating income represents earnings before interest, taxes, depreciation, and amortization.

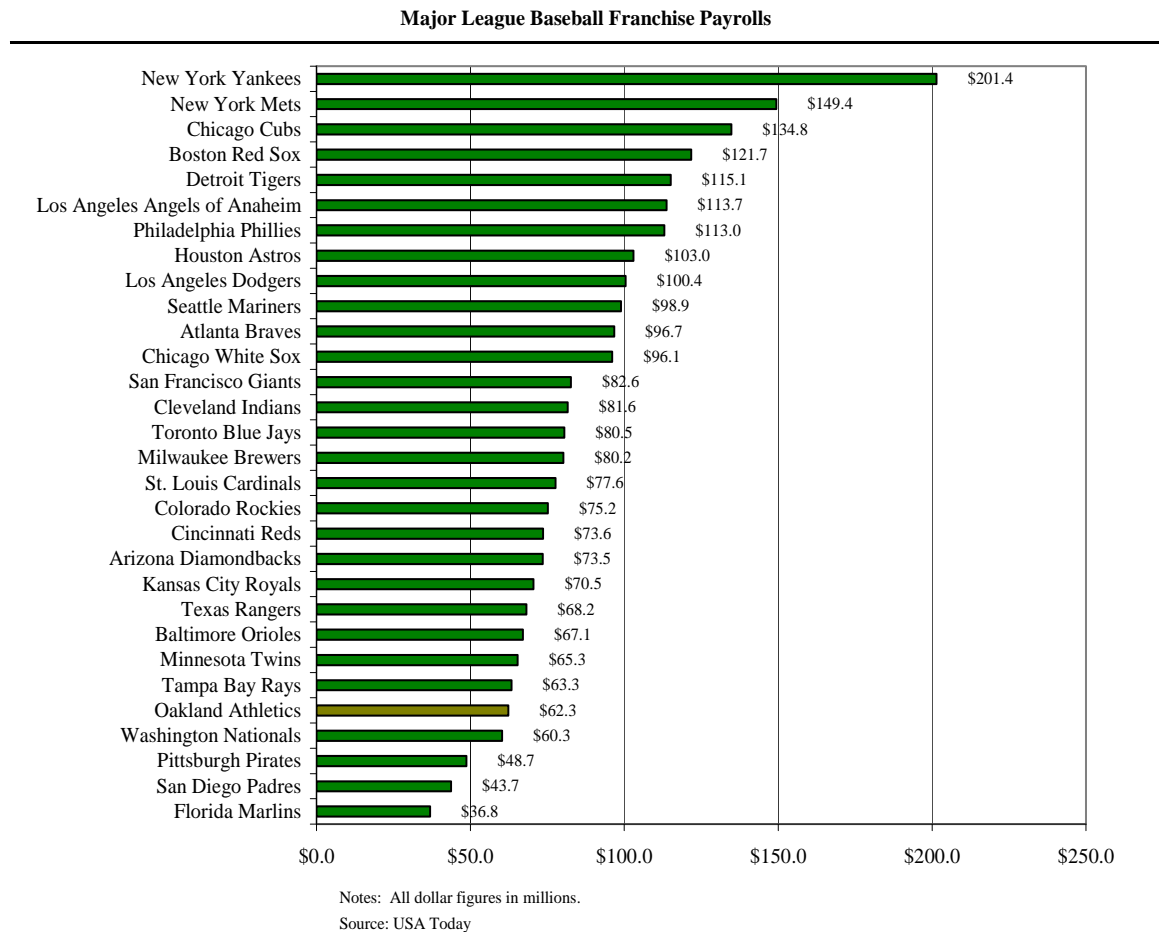
Source: Forbes

As shown above, the average MLB franchise has annual revenues of approximately \$194 million and operating income of approximately \$17 million, with a total franchise value of approximately \$480 million. The New York Yankees are the most valuable franchise (\$1.5 billion), whereas the Florida Marlins are the least valuable franchise (\$277 million). It should be noted that the above information was obtained from Forbes' annual team valuation study. The information was assumed to be accurate and was not audited or verified by CSL.

Appendix II Major League Baseball Overview (cont'd)

Player Salaries

Player salaries are typically an MLB franchise's largest operating expense. The following table summarizes the 2009 payroll for each franchise.



As shown, the average franchise payroll is approximately \$89 million, however there is a wide disparity between the highest and lowest payrolls. The New York Yankees have the highest a total payroll of \$201.4 million, whereas the Florida Marlins have a payroll of \$36.8 million, which represents a difference of nearly \$165 million.

Appendix II Major League Baseball Overview (cont'd)

Review of Recently Built/Planned Ballparks

The purposes of this section is to present an overview of recently built and planned MLB ballparks to provide a benchmark from which to assess the potential operational performance and event levels of the proposed MLB ballpark to be located in San Jose. An assessment of the physical and operational characteristics of comparable ballparks is a critical component in assessing the market potential of the proposed ballpark.

To date, six new ballparks have been built since 2004. In addition, two MLB markets are in the process of developing new ballparks. As a result, the case studies presented herein provide both historical and projected perspectives from which to evaluate the potential operational performance and event levels of the proposed ballpark in San Jose. Physical, financial, and funding statistics were reviewed for the following comparable ballparks:

- Busch Stadium;
- Citi Field;
- Citizens Bank Park;
- Marlins Ballpark;
- Nationals Park;
- PETCO Park;
- Target Field; and,
- Yankee Stadium.

Busch Stadium



Location:	St. Louis, MO
Year Opened:	2006
Baseball Capacity:	46,900
Suites:	63
Club Seats:	3,600
Owner:	Team
Operator:	Team
Cost:	\$388 million
Financing:	23%
	77%

Busch Stadium is located in St. Louis, Missouri and was completed in 2006. The open-air stadium features a retro design with grass turf and seats 46,900 patrons. The St. Louis Cardinals are the sole tenant of the team-owned and operated facility.

Premium seating at Busch Stadium includes 63 private suites that range in price from \$105,000 to \$185,000 annually. Leases are sold on ten year terms and the suites seat between 10 and 24 patrons. The Stadium has 3,600 club seats which range in price from

Appendix II Major League Baseball Overview (cont'd)

\$7,290 to \$8,910 per year, while season tickets range from \$972 to \$3,240. Single-game tickets cost between \$13 and \$90 per game.

For the 2008 season, Busch Stadium drew over 3.4 million attendees to its 81 home games, ranking it 4th in the league. Average attendance for the season was 42,353, which is approximately 90 percent of capacity.

Team bonds funded \$200 million of the \$388 million stadium, while team equity funded \$50 million. County loans provided \$45 million, state tax credits provided \$30 million, and the Missouri DOT provided \$12.5 million. Revenues from the sale of personal seat licenses funded \$40 million and earning on interest funded the remaining \$10 million.

Naming rights were sold to Anheuser-Busch for 20 years, expiring in 2025. The price of the naming rights is undisclosed.

Citi Field



Location:	New York, NY
Year Opened:	2009
Baseball Capacity:	42,500
Suites:	54
Club Seats:	4,600
Owner:	City
Operator:	Team
Cost:	\$932.5 million
Financing:	19% Public 71% Private

Citi Field is located in New York City and was completed in 2009. The open-air stadium features a natural grass field and a retro design, which seeks to emulate ballparks from the 1920s. Citi Field has a seating capacity of 42,500. The New York Mets are the sole tenant of the city-owned and team-operated facility.

Premium seating at Citi Field includes 54 private suites that range in price from \$250,000 to \$500,000 annually. Leases are sold on three to ten year terms and the suites seat between 12 and 24 patrons. The ballpark has 4,600 club seats which range in price from \$4,860 to \$40,095 per year, while season tickets range from \$1,109 to \$13,095. Single-game tickets cost between \$11 and \$105 per game.

Naming rights were sold to Citibank for \$400 million over 25 years, expiring in 2028, making this the largest naming rights deal in existence in the United States.

Appendix II Major League Baseball Overview (cont'd)

Approximately \$650 million of the funds used to construct Citi Field were procured through a publicly-issued bond offering, however the Mets have pledged to repay the debt via annual payments in lieu of taxes (PILOT). According to this PILOT program, instead of paying taxes on ballpark revenue, the Mets will make annual debt service payments.

Citizens Bank Park



Location:	Philadelphia, PA
Year Opened:	2004
Baseball Capacity:	43,000
Suites:	71
Club Seats:	3,600
Owner:	Team
Operator:	Global Spectrum
Cost:	\$346.0 Million
Financing:	57% Public 43% Private

Citizens Bank Park is located in Philadelphia, Pennsylvania and opened in 2004. The open-air stadium features a Kentucky Blue Grass playing field and a retro design. Citizens Bank Park has a seating capacity of 43,000. The Philadelphia Phillies are the sole ballpark tenant. The facility is owned by the team and operated by Global Spectrum.

Premium seating at Citizens Bank Park includes 71 private suites that range in price from \$115,000 to \$200,000 annually. Leases are sold on a four to ten year basis and the suites seat between 16 and 23 patrons. The park has 3,600 club seats which range in price from \$4,200 to \$9,000 per year, while season tickets range from \$1,458 to \$4,860. Single-game tickets cost between \$16 and \$60 per game.

For the 2008 season, the Phillies drew over 3.4 million attendees to its 81 home games, ranking it 5th in the league. Average attendance for the season was 42,254, putting the venue at 98 percent capacity.

The Phillies contributed \$172 million of the stadium's \$346 costs, while public sources funded the remaining \$174 million.

Naming rights were sold to Citizens Bank for \$95 million over 25 years. The naming rights deal expires in 2029.

Appendix II Major League Baseball Overview (cont'd)

Marlins Ballpark



Location:	Miami, FL
Year Opened:	2012
Baseball Capacity:	37,000
Suites:	60
Club Seats:	3,000
Owner:	County
Operator:	Team
Cost:	\$515.0 Million
Financing:	70% Public 30% Private

The new Marlins ballpark will be located in Miami, Florida and is expected to be complete in 2012. The 37,000-seat facility will feature a retractable roof, making it the sixth retractable-roof venue in the league. The Marlins are expected to be the sole tenant of the County-owned, team-operated facility.

Premium seating will consist of 60 private suites and 3,000 club seats, although pricing has not yet been determined.

The financing agreement with the City of Miami and Miami-Dade County requires the Marlins to contribute \$155 million towards construction of the ballpark, as well as change the team's name from Florida Marlins to Miami Marlins prior to beginning play in the new ballpark. The City will contribute \$13 million, and the County has pledged \$347 million, approximately \$297 million of which will be backed by tourist tax dollars.

Nationals Park



Location:	Washington D.C.
Year Opened:	2008
Baseball Capacity:	41,888
Suites:	66
Club Seats:	2,500
Owner:	DCSEC
Operator:	Team
Cost:	\$692.8 Million
Financing:	96% Public 4% Private

Nationals Park is located in Washington D.C. and was completed in 2008. The open-air stadium features a modern design with natural grass turf and seating for 41,888 patrons. The Washington Nationals are the sole tenant of the facility. Nationals Park is owned by the D.C. Sports and Entertainment Commission ("DCSEC") and is operated by the team.

Appendix II Major League Baseball Overview (cont'd)

Premium seating at Nationals Park consists of 66 private suites that range in price from \$150,000 to \$400,000 annually. Leases are sold on a five to ten year basis and the suites seat between 15 and 24 patrons. The Park has 2,500 club seats which range in price from \$3,645 to \$4,455 per year, while season tickets range from \$810 to \$4,050. Single-game tickets cost between \$7 and \$105 per game.

For the 2008 season, Nationals Park drew over 2.3 million attendees to its 80 home games, ranking it 19th in the league. Average attendance for the season was 29,005, putting the venue at 69 percent capacity.

Nationals Ballpark was developed for approximately \$693 million with the majority of the funding provided by the District of Columbia. The team provide cash contributions totaling \$31 million, whereas the District contributed \$39 million in 2005 tax revenues, \$28.7 million in interest earnings, \$51 million in additional cash contributions, and more than \$543 million in ballpark revenue bonds, backed by rent payments, ballpark-related sales taxes, parking taxes, utilities taxes and a new tax on businesses with gross receipts over \$5 million. The Nationals will pay annual rent of \$3.5 million over the course of a 30-year lease agreement, during which time the team will operate the ballpark and retain all revenues, including naming rights.

PETCO Park



Location:	San Diego, CA
Year Opened:	2004
Baseball Capacity:	42,000
Suites:	50
Club Seats:	6,580
Owner:	City / Team
Operator:	Team
Cost:	\$449.4 Million
Financing:	86% Public 14% Private

PETCO Park is located in San Diego, California and was completed in 2004. The open-air stadium departed from the popular retro ballpark architecture and instead features a sandstone and stucco exterior designed to mimic the nearby geographical landscape. PETCO Park contains 42,000 seats and is home to the San Diego Padres. The park is 70 percent owned by the City and 30 percent owned by the team, while the team retains full management rights.

Premium seating at PETCO Park includes 50 private suites that range in price from \$85,000 to \$170,000 annually. Leases are sold on a three to seven year basis and the

Appendix II Major League Baseball Overview (cont'd)

suites seat between 16 and 22 patrons. The park has 6,580 club seats which range in price from \$2,916 to \$3,888 per year, while season tickets range from \$972 to \$3,240. Single-game tickets cost between \$10 and \$65 per game.

For the 2008 season, the Padres drew over 2.4 million attendees to its 81 home games, ranking it 17th in the league. Average attendance for the season was 29,969, putting the venue at 71 percent capacity.

Development of Petco Park cost approximately \$449 million. The City of San Diego issued \$225 million in municipal bonds secured by hotel/motel taxes. The Centre City Development Corporation provided another \$21 million from existing funds and \$29 million from tax increment revenues generated by the ballpark and associated redevelopment project. The San Diego Unified Port District also contributed \$21 million.

The Padres committed to providing \$115 million to the project. However, the City committed to provide the team with a subsidy equal to 30 percent of the ballpark's annual operating expenses, not to exceed \$3.5 million, increased annually for CPI. It is estimated that this commitment offsets approximately \$59.3 million of the Padres original \$115 million commitment.

In return for operating control of the stadium, the Padres must pay annual rent to the City of \$500,000 per annum, inflating annually. The City will have the right (without rental obligation) to hold or authorize City or third party events on 240 dates per year, while the Padres will have the right to hold Padres events (including games, concerts, fantasy camps, etc.) on 125 dates each year. The City will receive all revenue from City-related events. The Padres are liable for property taxes on their ownership interest in the ballpark.

Naming rights were sold to Petco Animal Supplies for \$60 million over 22 years. The naming rights deal expires in 2025.

Appendix II Major League Baseball Overview (cont'd)

Target Field



Location:	Minneapolis, MN
Year Opened:	2010
Baseball Capacity:	40,000
Suites:	72
Club Seats:	3,400
Owner:	County
Operator:	Team
Cost:	\$559.4 million
Financing:	70% Public 30% Private

Target Field will be located in Minneapolis, Minnesota and is expected to be completed by 2010. The open-air stadium will feature neither a retro design nor modern design, but rather geographic-specific style that includes local limestone and fir trees. Although a retractable roof was cost prohibitive, the players and spectators are protected from the winter elements via a canopy as well as a heated field and viewing areas. The Minnesota Twins will be the sole tenant of the 40,000-seat venue. Hennepin County will be the owner and the team will operate the facility.

Premium seating at Target Field will include 72 private suites. Although suite terms are not yet finalized, it is anticipated that suite will cost an average of \$110,000 per year. The ballpark will feature 3,400 club seats which will require a membership fee of between \$1,000 and \$2,000.

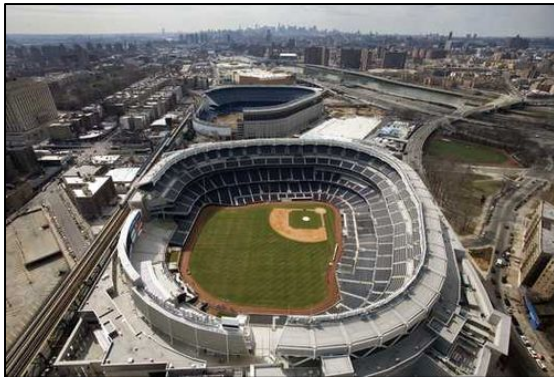
Estimated construction and development costs for Target Field equal \$559.4 million. The Twins contributed \$130 million in up-front cash, as well as an additional \$37.4 million towards cost overruns. Hennepin County contributed \$392 million that was provided via a County-wide sales tax increase. The Twins will operate the County-owned facility and pay 100 percent of all ballpark operating expenses. The County is projected to collect over \$10 million annually in ballpark-related sales taxes and player income taxes.

As part of the ballpark development agreement, the team also committed \$1 million annually for capital improvements, which will be matched dollar-for-dollar by Hennepin County, and \$250,000 annually for youth activities and amateur sports initiatives, which will be matched by a \$4 million annual contribution from Hennepin County. Should the franchise be sold during the ballpark's 30-year lease agreement, the Twins will share up to 18 percent of franchise sales proceeds with the County.

Naming rights were sold to Target Corporation for 25 years. The terms of the deal are undisclosed.

Appendix II Major League Baseball Overview (cont'd)

Yankee Stadium



Location:	Bronx, NY
Year Opened:	2009
Baseball Capacity:	51,000
Suites:	67
Club Seats:	4,374
Owner:	Team
Operator:	Team
Cost:	\$1.4 billion
Financing:	78% Public 22% Private

Yankee Stadium is located in New York City and was completed in 2009. The open-air stadium features a retro design with grass turf and seats 51,000 patrons. The New York Yankees are the sole tenant of the team-owned and operated facility.

Premium seating at Yankee Stadium includes 67 private suites that range in price from \$600,000 to \$850,000 annually. Leases are sold on a five to ten year basis and the suites seat between 16 and 22 patrons. The Stadium has 4,374 club seats which range in price from \$8,100 to \$202,500 per year, while season tickets range from \$972 to \$26,325. Single-game tickets cost between \$12 and \$400 per game.

Funding for Yankee Stadium was provided in large part via PILOT (payments in lieu of taxes) revenue bonds issued by the City of New York. To retire the PILOT bonds, the City forgoes the receipt of tax revenues related to Yankee Stadium, and rather these payments are applied towards debt service. In all, the City contributed approximately \$1.06 billion in funding for the project, including \$942.5 million in 2006 PILOT bonds, \$259 million in 2009 PILOT bonds and \$46.4 million in interest earnings. The Yankees contributed \$77 million in cash and \$225.5 million in equity contributions, totaling \$302.5 million. The Yankees signed a 40-year operating lease agreement on the ballpark, with the option to extend for up to five consecutive ten-year terms. The team retains all revenues (including naming rights) in excess of operating costs and PILOTs and makes an annual lease payment to the City of just \$10 per year, which enables the team to attain revenue sharing funds from Major League Baseball.