COUNCIL AGENDA: 11/08/11
ITEM: 2

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: CITY COUNCIL AND DIRIDON AREA DEVELOPMENT AUTHORITY BOARD

FROM: Mayor Chuck Reed
Councilmember Rose Herrera
Councilmember Sam Liccardo

SUBJECT: **BASEBALL SITE OPTION AGREEMENT**

DATE: November 4, 2011

APPROVED: Chuck Reed **DATE:** 11/4/11
Rose Herrera (A.Q.)

RECOMMENDATION

1. Approve the sale of an option to purchase property as recommended in the October 24, 2011 staff report to City Council and the San Jose Diridon Development Authority Board;

2. Direct the transfer of funds from the sale of the property to the San Jose Redevelopment Agency; and

3. Reaffirm all prior resolutions adopted by the City Council and Redevelopment Agency Board in support of the A's moving to San José.

BACKGROUND

The transaction should be approved because the City of San José stands to gain substantial benefits from the sale of this property to the Athletics Investment Group (AIG). The option agreement will generate $50,000 that will be non-refundable. There are no other plans for use of the property during the option period. If no ballpark gets built, we will still own the property.

If a major league ballpark is built as envisioned, the benefits include:

- $1.5 million per year in General Fund revenues
- $1.5 million per year in other fund revenues
- $6.9 million in one-time funds for the Redevelopment Agency
- 1,000 permanent jobs
- a baseball team that will generate hundreds of millions of dollars of economic activity

The City needs more of two things: jobs and General Fund revenues. The project will provide both through the sale of property that is currently generating no General Fund revenues and no jobs.

For more than four years, Redevelopment Agency and the City staff have talked with representatives of AIG about a privately funded downtown ballpark and moving the Oakland Athletics baseball team to San José. While we wait for good news from the Commissioner of Major League Baseball, the City Council and Redevelopment Agency Board have taken actions to further establish our position as the ideal host city for the A's, including the acquisition of real property, approving Negotiating Principles, and accepting findings of economic studies, environmental reports, and recommendations of the Good Neighbor Committee. We recommend that City Council support another crucial step in the process by approving an Option Agreement for the sale of property to AIG.

This and subsequent actions will lead to significant economic benefits for San José. We would gladly welcome a $500 million private investment in a downtown ballpark that will generate jobs for hundreds of construction workers that would be on site for 3 years. We look forward to the day when downtown restaurants are patronized by and the streets are lined with A's fans. We would be happy to receive new General Fund revenues of $1.5 million annually, and it will be good news for 1,000 of our residents to have permanent jobs operating the ballpark and scheduled events. The County and public schools are also estimated to receive revenues upwards of $1.5 million annually. A new downtown ballpark would be a major catalyst for future private investment in the Diridon Station Area, provide enhanced public infrastructure, increase ridership of public transit systems, and strengthen downtown as Silicon Valley's urban center.