

January 21, 2014

To: City Council, City of Columbia

From: Wiley Cooper
5314 Colonial Drive
Columbia, SC 29203

Re: The Baseball Contract

I would really like to support a baseball stadium and baseball team at Bull Street, to take my grandchildren to games, and to see the Bull Street project develop as quickly, as well, and as expeditiously as feasible. However, it is only feasible in which all sides are clear about the finances, obligations, opportunity costs and in which the private, not the public sector, assumes the major responsibility and has real skin in the game from the beginning. Critical questions remain:

1. **Parking facility:** According to the signed contract with Mr. Hughes not only is the city committed to fund the building of a parking garage if a stadium is built but *"Developer shall have the option to defer construction of the first Parking Facility (and the second); however, the City's commitment to provide for this Parking facility shall become a vested right of Developer upon the satisfaction of one of these conditions."* In other words, the city is on the hook for the parking facility, but the developer can delay indefinitely. The city must come up with the \$10-15 million for the parking facility, infrastructure for the part of the development that would directly impact the stadium, and the costs of building the stadium. However, Mr. Hughes, except for the "donated" land, has no skin in the game!
2. The city's real commitment in dollars is at present unknown. The contract with Mr. Hughes requires only that *"the City agrees to consider financing methodologies which could provide approximately \$20 million to construct the new stadium and necessary improvements."* That plus the parking facility and infrastructure improvements is the minimum. However, the minimum cost floated for the stadium is \$32 million. Hardball has floated at least three different figures as to what they would be willing to come up with, ranging from 0 to half the cost. The feasibility study calls for 17% to come from private sources. What sources?
3. Where is the \$50 million to \$110 million that the city will be on the hook for coming from?
 - T.I.F?: There will be no taxable income coming from the ballpark! The success of a T.I.F. depends on other successful development. Besides, only \$31 million is available to put into a T.I.F., and approvals from county and school district would probably be required. If either bonds or a T.I.F. is considered, why not make the actual building of the stadium contingent on not only the required baseball contracts, but on Mr. Hughes coming up with taxable development contracts which could be contingent on the stadium being built?

- H-Tax: The Mayor has said "no" to that one, rightly I think. So that's out.

- Cash: \$24 million cash is not obligated. We could use some of that, but at what opportunity cost? If we do, where do we find the money to do the required sewer improvements to avoid the massive Federal penalties facing the city, to pay a fair raise for police and firemen, and for real emergencies? What portion of the \$24 million is truly available, and what is restricted by state law and city action? Present city policy is that 11% of the budget is required to be kept in cash; a proposal already submitted to you raises that to 15% to 25%.

- General Obligation Bonds, backed up by the water-sewer system or simply the faith and credit of the city: again, how about the federally required sewer and water improvements facing the city, other infrastructure needs, equipment, etc?

-ALL: how can the city be assured of having the money to pay back whatever it borrows, to replenish the reserve fund, or to regain the necessary flexibility to address emerging needs, opportunities, or emergencies?

4. Why the hurry? Hardball has declined publicly to promise a team by 2015, the stated reason for setting a March 1 date. What do we lose if the stadium is ready a year later, or three months later, or whatever? Our city has entered repeatedly into unwise contracts because of "hurry, hurry, hurry or we will lose it." Many of those poorly written and conceived contracts have failed; others have not brought the returns to the city that would have been received if the city were in such an unseemly hurry.

5. What if the stadium becomes a "stranded asset", ie. does not draw, or Mr. Hughes is unable to come up with the business, professional, retail and residential infrastructure to make Bull Street go forward in an expeditious way. For example, in Ft. Wayne the city gets \$1.00 after the first 165,000 or so tickets are sold. What if only 120,000 tickets are sold for several years because there is nothing around the stadium? Yes, you will still have a baseball team, but you won't have the money to pay off your bonds or reduce your TIF or replenish the reserve fund. Although the Ft. Wayne project finally succeeded, it is only within the last two years receiving the money to "pay the mortgage"! Again, neither Mr. Hughes nor Hardball has significant money in the game - only the city.

6. I mentioned opportunity costs. What will our city have to forego in order to pay for the stadium? For how long and at what cost to our citizens?

7. Timely transparency, or the lack of it: This is shaping up to look disturbingly like other recent initiatives in which vital information was not shared until the last moment, certain council members received critical information in a more timely manner while others were left without it, and the schedule and the opportunity for public response was set in such a way that the citizens and the council had the least possible opportunity to make an informed decision. A perfect example is the severely truncated schedule for informing the public, this public hearing at 12:00 noon when most citizens are at work and cannot spare the (likely) afternoon that it will take to ask questions or pose concerns, and yesterday's delivery of the full 2-00

plus page "study" to Council and on-line. That's not the way to run a city where success requires an informed citizenry that is comfortable in trusting its government.

8. The stadium is expected to be "an entertainment venue", not simply a place to watch baseball. According to the "feasibility study" and Hardball, the area from which the stadium will draw is expected to be 10 or 15 miles, depending on who's talking. Hardball specifically stated that they expected to take dollars that are now going to restaurants, caterers, other entertainment venues like Frankie's Fun Park and Edventure, and other family entertainment options. They further state that on days when there's not a baseball game (all but 70 days a year), they expect to draw weddings, concerts, conventions, scouting events, etc. What happens to business that now goes to USC venues, the Convention Center, the Township Auditorium, the Art Museum, the zoo, private businesses offering the same service? The truth is, money and jobs will primarily be redirected, not created. Hardball has recently stated it will bring six people with them, add four local full-time people, with all other jobs being part-time - groundskeepers, hot dog hawkers, and the like at minimum wages. Is that the jobs we're looking for? Hardball representatives also admitted in a public conversation that the maximum number of hotel rooms they expect per gam is 41, consisting of players, umpires, two or three reporters. Really now, how significant is 41 rooms in Columbia, SC?

PLEASE delay this decision until you are satisfied that the deal that the city makes is profitable not only for Mr. Hughes, Hardball, and others, but for the City of Columbia and the citizens you represent. Further, please place the primary responsibility for negotiation or for choosing negotiators and for presenting a plan with the City Manager who is according to the form of government the citizens chose in November is the proper person to come up with a proposal. We're talking about over 30 years of obligations here; let's get it right.

Thank you for reading this; I'd be honored to talk with you at any time about it.