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March 19, 2021

## INDUSTRY NOTES

In this week's *Notes*, we share a recent study of the Atlanta Braves' Truist

Park's economic impact which finds that "in total, added tax collections fall well short of covering the public subsidies that fund the stadium." The study aligns with what we already know about publicly subsidized sports facilities, which in short, "relocate consumer spending as opposed to creating new investment and provide some seasonal, low-wage jobs. Given the cost of these monstrosities and the ludicrously friendly leases that their team-tenants sign, it's not even close to a worthwhile investment." The City of Oakland continues to move forward with the A's Howard Terminal project, despite clear historical evidence that Oakland taxpayers' return on investment for Howard Terminal could be very low and ignoring the fact that a new ballpark could be built at the Coliseum without negative impacts to the 80,000 jobs at the Port of Oakland.

Speaking to the Propeller Club of Northern California last week, Pacific Merchant Shipping Association (PMSA) vice president Mike Jacob said that the City of Oakland's DEIR is vague and inadequate, failing to provide full analysis of the project's impact on the Port of Oakland's maritime operations and failing to address the lack of compatibility measures for building a stadium and 3,000 luxury condos at the highly industrial site. Among the DEIR's most glaring omissions is the lack of a detailed analysis of the changes in harbor trucking patterns when the new complex displaces the staging of trucks that supports marine terminal container moves. Elimination of this critical staging site at Howard Terminal will increase area traffic, worsen air quality, and slow port operations. Additionally, the DEIR does not fully address pedestrian safety and traffic impacts caused by conflicts with Union Pacific's complex rail operations which frequently block entrance to Howard Terminal for extended periods of time.

Subscribe below for more media excerpts, industry highlights and other critical information about the status of the coalition and the ballpark proposal. If you'd like to get in touch, please email us at [info@eastoaklandstadiumalliance.com](mailto:info@eastoaklandstadiumalliance.com). Thanks for listening.

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East Oakland Stadium Alliance

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**MEDIA EXCERPTS**

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# Why Braves' Truist Park is latest ballpark to prove tax dollars should not be used on stadiums

A recent study of the ballpark's economic impact finds it lacking



**Dayn Perry, March 17, 2021 | CBS**

Here's how sports economists Roger Noll and Andrew Zimbalist summarized the findings of their seminal 1997 essay on the burgeoning trend of the publicly funded stadium or arena:

"The effect of stadiums on the cash flow of teams and cities suggest that new facilities rarely, if ever, are worthwhile. Sometimes they can be financially catastrophic.

Subsidized sports facilities do not exist because they are financially valuable assets in their own right. They exist, instead, because most cities have decided that a subsidized team is better than no team at all, and because scarcity in the number of teams gives owners the advantage in bargaining with cities."

While back yonder in '97 is positively antediluvian when it comes to sports content, Noll's and Zimbalist's observations on the folly of committing tax dollars to private-use sports facilities remains acutely true. Providing the latest object lesson on this front is the home of the Atlanta Braves, Truist Park (né SunTrust Park).

We know this because economist J.C. Bradbury of Kennesaw State University recently published a paper on the economic impact of Truist Park, which opened prior to the 2017 season under its former name. Here, broadly, is where the data led him:

"The findings indicate a net increase in taxable sales in the county; however, the magnitude is small and not statistically significant. Though an influx of net new spending is evident, approximately one-third of the project's sales derive from crowding out other local economic activity. In total, added tax collections fall well short of covering the public subsidies that fund the stadium."

This squares with what we know about publicly subsidized sports facilities. All it does is reallocate consumer spending as opposed to creating new investment and provide some seasonal, low-wage jobs. Given the cost of these monstrosities and the ludicrously friendly leases that their team-tenants sign, it's not even close to a worthwhile investment. In the case of the Braves, they

abandoned Atlanta and 20-year-old Turner Field for suburban Cobb County in large measure because the county agreed to commit hundreds of millions of tax dollars to the project. That tally is more than \$350 million (and probably growing), which means Cobb taxpayers will never come close to getting that back.

Such corporate welfare entails an obvious opportunity cost, and it often entails a giveaway of valuable land that could be devoted to far better uses (especially when cities and counties clear room, often via eminent domain, for massive "mallparks" as opposed to the old urban model in which ballparks were wedged into existing spaces). The usual vested interests -- i.e., team owners, league apparatchiks, and the local leaders who tap dance for their pleasure -- will distort the obvious truths and tell you why this project is different from the all other boondoggles of identical ilk. Don't ever listen to them.

But what about when they cite the miracles of Camden Yards in Baltimore? The set of circumstances isn't easily replicable, but the more important point is that the "economic engine" effect of Camden has been grossly overstated. Again, Noll and Zimablist in 1997:

"Sports facilities attract neither tourists nor new industry. Probably the most successful export facility is Oriole Park, where about a third of the crowd at every game comes from outside the Baltimore area. (Baltimore's baseball exports are enhanced because it is 40 miles from the nation's capital, which has no major league baseball team.) Even so, the net gain to Baltimore's economy in terms of new jobs and incremental tax revenues is only about \$3 million a year--not much of a return on a \$200 million investment."

As a matter of principle, those on the political left should be opposed to lavishing private businesses with public subsidies, while conservatives should be opposed to the tax increases that enable these sorts of projects. Yet they still keep happening. I'll repeat my call for local leaders to pressure each other to sign a pledge of some sort that declares if pro sports teams want their own place of business, then they should pay for it themselves. Without the ability to play cities against each other, teams would be forced to do just that. However, that kind of "responsible collusion" will almost certainly never come to pass.

Instead, counties and municipalities will continue getting burned, which is not surprisingly turning out to be the case with Cobb County, the self-defeating home of the Braves.

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**Oakland's Proposed New Ballpark and Condo complex  
"Long-Term Threat" to Port**



**Stas Margonis, March 17, 2021 | NewBallpark.org**

***PMSA's Jacob Warns Oakland A's Howard Terminal Ballpark and Condos Pose "Long-Term Threat" to Port of Oakland Maritime Operations***

Mike Jacob, vice president and general counsel, Pacific Merchant Shipping Association (PMSA), called the recently-released City of Oakland draft Environmental Impact Report (EIR) analyzing the Oakland A's proposed ballpark and condominium complex at the Port of Oakland's Howard Terminal "inadequate."

Jacob said the report was vague in its analysis of the complex's impact on harbor trucking, air quality and container rail movements.

Jacob warned that, if approved, the A's project poses "a long-term threat to growth at the Port of Oakland."

Nevertheless, the City of Oakland is moving forward with approving the complex at a time when the Port of Oakland:

- Attracted new container ship business from the Ports of Los Angeles and Long Beach
- Attracted its first port of call ocean carrier service from Asia with CMA
- Is the only the third port in the United States to handle 18,000 twenty-foot unit mega-container ships
- Is installing new mega-container ship to shore cranes at the Oakland International Container Terminal built in China by ZPMC.

Speaking to the Propeller Club of Northern California (PCNC), Jacob said that the City of Oakland's EIR failed to adequately take into account four crucial factors:

The impact that 3,000 new residential and condominium owners could play in opposing the growth of Port of Oakland terminal operations including opposing additional trucking and intermodal rail. The effect would be to "organize future opposition to growth" at Port of Oakland marine terminals where additional trucking and rail operations reflect positive developments. Unfortunately, such growth could be perceived as a negative development by future Howard Terminal condominium owners.

The failure of the EIR to provide a detailed analysis of the changes in harbor trucking patterns when the complex displaces the staging of harbor trucks currently at Howard Terminal that support marine terminal container moves. The EIR's shortcoming also fails to anticipate how the displacement of trucks will have a domino effect of spreading truck traffic on the roads leading to and from marine terminals with potential negative impacts on Port operations. In

addition, the complex threatens to drive truck traffic and parking back into nearby Oakland neighborhoods after the Howard Terminal truck staging area had eased the impact to neighbors.

The EIR's failure to anticipate the worsening level of air quality from displacing trucks at the Howard Terminal staging area. The level of air quality also is not adequately quantified or projected after trucking is uprooted. The EIR also fails to anticipate potential changes in air quality with re-routed trucks generating emissions moving through nearby Oakland neighborhoods and the respiratory effect on Oakland residents.

The EIR's analysis does not fully anticipate possible impact on intermodal Union Pacific rail operations moving containers to and from Port of Oakland marine terminals and is "half-baked." The EIR only looked at rail operations for one week in which the report noted that Howard Terminal was blocked by a train once for 87 minutes. Jacob said one week's EIR survey was inadequate to comprehend complex rail operations at the Port of Oakland and that Howard Terminal could be blocked more than once a week by trains.

According to the City of Oakland, the Oakland A's project proposes the following:

- Construction of an approximately 35,000-person capacity Major League Baseball park for the Oakland Athletics.
- Up to 1.77 million square feet of commercial development,
- Up to 3,000 residential dwelling units,
- A new hotel with approximately 400 rooms, and
- A new performance venue with a capacity of approximately 3,500 individuals.

#### **In response to Jacob's remarks:**

Rita Look, an Oakland resident, said she had been opposed to the ballpark complex at Howard Terminal from the inception and worried about the future of the Port of Oakland: "What's going to happen to the Port of Oakland?"

Susan Ransom, client services manager for Stevedoring Services of America (SSA) International which operates the Oakland International Container Terminal (OICT) said that SSA operates the largest container terminal at the Port of Oakland. It generates 6,000 container moves per day. Ransom said SSA is worried that the ballpark and condominiums will adversely impact its container handling operations and said that ocean carriers are refusing to sign long-term contracts with SSA out of concern that the ballpark and condominium complex will undermine terminal operations.

Evey Hwang, vice president San Francisco Division Alba Wheels Up, is a customs broker and the president of the Customs Brokers and Forwarders Association of Northern California. She was critical of the EIR for failing to anticipate the impact of new condominiums that are to be built in addition to the ballpark: "The EIR does not fully take into account what will happen when

the ballpark and condominiums transition the area from industrial to residential.”

The project site consists of approximately 55 acres that comprise the Charles P. Howard Terminal and adjacent parcels, located at the Port of Oakland along the Inner Harbor of the Oakland-Alameda Estuary. The site is bound generally by the Oakland Estuary Middle Harbor on the south; Jack London Square on the east; Union Pacific railroad tracks and Embarcadero West on the north; and the heavy metal recycling center, Schnitzer Steel, on the west.

*Public comments on the draft EIR must be submitted to the City of Oakland by April 12th.*

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