



COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

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TO: City Council

FROM: Larry Kupferman, Director
Brian Pine, Assistant Director for Housing & Baseball

DATE: July 12, 2010

RE: Keeping Vermont Lake Monsters at Centennial Field

We have reviewed the resolution titled "Efforts in Support of the Lake Monsters, Centennial Field and Their Contributions to Burlington" and are encouraged that the Council shares our desire to preserve professional baseball in Burlington.

Mayor Kiss and CEDO have already been in contact with many of the key stakeholders involved in efforts to keep the Lake Monsters based at Centennial Field. Our research on successful stadium renovation projects or new construction of baseball parks has uncovered important considerations in the areas of public process, costs and financing. We also have attached a report on minor league baseball stadium construction that offers some useful information as we explore all of the options.

Public Process:

Most projects have some sort of Task force, charged with identifying the need, possible financing options and generally acting as advocates for the project in the public and political arenas. This is a complex issue and needs to have a task force that has certain skill sets and perspectives, along with being functional across all political perspectives and respected by the public.

Costs:

Examples of costs for renovations or new stadiums are often noted as a per seat cost and do not include access, parking or infrastructure to serve the ballpark. Most new ballparks or renovations in small markets aim for roughly 5,000 to 6,000 seats. The average cost of new baseball parks range from \$3,000 to \$7,000 per seat, while the average cost to renovate existing baseball parks range from \$4,000 to \$6,000 per seat. Of course this is all dependent on the scale and scope of the project.

Financing:

There are many examples of variations on Public Private Partnerships as well as a mix of public and private financing. The general breakdown is 85% public funding, 10% private, and 5% from the sale of naming rights.

One of the most intriguing ideas that we found was a plan to sell up to \$5 million in stock as part of a bid to raise funds for a new stadium. The money was needed to build a \$9.5 million, 3,900-seat stadium (parking is provided separately). As part of the public offering bid, backers converted the assets of the original ownership partnership, into \$2.9 million worth of stock. Shares were priced at \$10 each and sold in blocs of 100, with a maximum of 500,000 shares for sale. It will be a publicly owned team, being governed by a nonprofit board but continuing to have a majority of private owners who maintain controlling shares of the team. It's an ideal option for some team owners if it can be done - maintain control, get the money needed to renovate or build the park, and repay it only if you choose to buy the shares back.

Other possible financing mechanisms are listed below:

- Scratch-off baseball-themed lottery tickets
- Legislative action at the State level, particularly for a special assessment district spanning more than one community or county wide or larger.
- A special stadium tax; restaurants, hotels and rental cars
- Lease financing with team and concession rents
- Gross receipts
- Ticket surcharges
- Bonds
- Federal infrastructure improvements
- Parking fees
- Naming rights
- Luxury taxes on player salaries (mostly major league)
- Utility tax on non-residential utility users
- Stadium event revenue
- TIF *predicated on an increase of surrounding development and property values
- Advertising
- Municipal bonds (this is the primary public funding mechanism)

We are eager to find a solution to the challenges facing Centennial Field and are pleased that the Council considers this a priority initiative. If the Council decides to adopt the resolution as proposed, we will have a written report for the August 9 report-back deadline. However, due to vacation schedules, neither of us will be available to attend this meeting. Alternatively, we would suggest that Mayor Kiss convene a committee of stakeholders to more fully explore the options for financing the necessary improvements to Centennial Field and develop a comprehensive approach to addressing this challenge.