
THE MAXWELL SCHOOL OF SYRACUSE UNIVERSITY

TO: CITIZENS' STADIUM ADVISORY GROUP
CC: KEVIN FAULCONER, MAYOR OF SAN DIEGO
FROM: JOSHUA RAMIREZ, GRADUATE STUDENT
JUSTIN SMITH, GRADUATE STUDENT
SUBJECT: RECOMMENDATIONS FOR SAN DIEGO CHARGERS STADIUM PROPOSAL
DATE: MAY 4, 2015

OVERVIEW & SUMMARY OF RECOMMENDATIONS

The Chargers football team has been a mainstay in San Diego since the 1960's, and in many ways the team is an intricate part of local popular culture and society. As they seek a new stadium, should public funding be awarded and if so, what kind and how should it be determined? These questions are answered based on three principles: 1) previous citizen group findings, 2) appropriate balance between efficiency and equity when using public funds, and 3) inclusion of economic and not purely political decision points. Included in this memo are seven recommendations from scholarly work as well as relevant research specific to the Chargers and San Diego. In summary, we conclude no public subsidy be given to the Chargers; but if public officials decide to publicly fund a new stadium, we evaluate which sources of revenue are appropriate. For example, user-fees like Personal Seat Licenses and broad-based taxes like a sales tax are preferred over Transient Occupancy Taxes or sin taxes which can have unintended consequences. The final recommendation is San Diego's actions should be independent from those being taken in Los Angeles. We conclude by stating if a sound public finance proposal and more than 65% in public funds—approximately a \$752 million check—is not enough to satisfy the Chargers, then they should pack their bags and find another home.

BACKGROUND: THE SITUATION IN SAN DIEGO

The San Diego Chargers, an NFL team owned by the Spanos family, have played in Qualcomm Stadium for nearly 40 years. In 1997, the San Diego City Council approved a \$78 million renovation, most of which was paid for using lease-revenue bonds. The renovation increased the seating capacity of the stadium from 60,000 to 71,500, built 61 new skyboxes, and added new video-boards. As part of the deal, the City agreed to purchase unsold general admission tickets up to 60,000 for each home game.¹ Since 2002, the Spanos family has pushed San Diego to come up with a plan for a new, publicly funded arena.

In 2002, Mayor Dick Murphy created the Citizens' Task Force on Chargers Issues to address the Chargers' long-term utilization of Qualcomm Stadium. The Task Force completed several assignments, including fiscally responsible recommendations for how the City could keep the Chargers in San Diego and maintain public support. Ultimately, the Task Force advocated that no public money be used to build a new stadium and government funds should only go towards building roads and other infrastructure associated with the new facility.²

¹ Citizens' Task Force on Chargers Issues

² Citizens' Task Force on Chargers Issues

Since then, the Chargers have promoted several different proposals for a new stadium, although the team never seems to have had enough leverage to prompt action. Now, the Chargers are threatening to relocate to Los Angeles if an agreement cannot be reached on a new stadium. Earlier this year, as you know, San Diego Mayor Kevin Faulconer created a nine-member Citizens' Stadium Advisory Group charged with creating a proposal for a new Chargers stadium.¹

In February 2015, the San Diego Chargers and Oakland Raiders announced they collaborated on a plan to construct a privately financed, \$1.7 billion stadium in Carson, California. The teams would share the stadium if they both relocate to the Los Angeles market. However, both teams have emphasized they will continue to work on securing new stadiums in their home markets until the end of 2015.² This announcement has accelerated the timeline for the Citizens' Stadium Advisory Group to generate a proposal that will keep the Chargers in San Diego.

The NFL And Artificial Scarcity

There are only 32 teams in the NFL, although many experts believe the United States could support 40-50 NFL teams. Like a cartel, however, the NFL has the power to limit the number of teams in its league, and it does so in order to keep the demand for franchises high. Cities compete to attract teams, with each city's bid comprising its willingness to pay for a team, not the amount actually needed to make a team operable.³

Although all teams share the revenue generated from television contracts equally, teams with stadiums in larger markets can generate more revenue through luxury seating, in-stadium advertising, and the sale of food and beverages than teams in smaller markets. Therefore, owners of teams in smaller or medium-sized markets like San Diego can extract benefits from their host cities by threatening to move to larger markets, such as Los Angeles.⁴

Analyzing The Economic Benefits Of Stadiums

Proponents of publicly financed sports stadiums have a strong incentive to claim stadiums are catalysts for economic development in order to justify large public subsidies. This purported economic development comes in the form of new jobs, changes in development patterns, and increased local revenue. However, according to Andrew Zimbalist and Roger G. Noll (1997), "A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment."⁵ The disconnect between the supposed economic effects of stadiums and the actual effects stem from deficiencies in the proponents' assumptions.

Economic impact studies of sports stadiums often fail to account for the effects of substitution, crowding out, and leakages.⁶ In cities without a professional sports team, residents still spend money on recreation activities. The substitution effect occurs when adding a sports team to a region merely changes how a consumer spends his or her

¹ Garrick

² Williams

³ Zimbalist and Noll

⁴ Citizens' Task Force on Chargers Issues

⁵ Zimbalist and Noll

⁶ Baade, Baumann and Matheson

discretionary income without leading to a change in the amount spent.¹ If a consumer spends money on attending an NFL game instead of another activity, this does not translate to an increase in economic growth.

Another source of bias is known as crowding out, which occurs when congestion related to a large sporting event leads to local residents staying away from the area near the sports venue.² Nearby attractions, such as a museum or a shopping mall, may see a decrease in economic activity during these games. Thus, an influx of visitors to a sporting event may just offset displaced economic activity that would have occurred anyways.

Money that is spent in communities hosting sporting events may not go to local taxpayers. For example, hotels near a stadium may increase their rates to take advantage of the influx of visitors during games. While the hotel's revenue will increase, the wages paid to hotel workers will remain the same. This is known as leakage, because income earned from capital is less likely to stay in an area than labor income.³ Accounting for the substitution effect, crowding out, and leakage is likely to result in a decrease in the estimated impact of a new sports stadium.

It is important to note there are cases in which a sports stadium can potentially have a positive impact on a metropolitan economy, although the context is important. An analysis by scholar Charles Santo (2005) found that, "stadiums in downtown settings are potentially beneficial, as are stadiums built to host new teams."⁴ Downtown stadiums are more likely to generate additional spending before and after games than suburban stadiums. Thus a stadium built downtown, in conjunction with a downtown revitalization effort, could bring in new money for an area. However, the mayor's stadium task force has recommended building the new Chargers' stadium near the existing stadium site in Mission Valley. This is outside of the downtown area and thus it is unlikely a new stadium will bring in any additional revenue to the San Diego area, unless in addition to the stadium other portions of the stadium site are also redeveloped to include commercial and/or housing components.

Analyzing The Intangible Benefits Of Stadiums

As the evidence against the economics of stadiums has reached mainstream media, proponents of stadiums have started focusing on the quality of life benefits that stadiums and sports teams provide. The argument is the benefits associated with hosting a sports team are not limited to the fans that attend games. These public benefits can include civic pride and the reputation benefits associated with 'big league city' status.⁵

Does the absence of a professional sports team create the perception that a city is second-rate? We contend given the diversity of its economy and its numerous tourist attractions, San Diego is a 'big league' city with or without the Chargers. Its excellent climate, beaches, and attractions such as SeaWorld and Comic-Con draw tourists

¹ Swindell and Rosentraub

² Baade, Baumann and Matheson

³ Baade, Baumann and Matheson

⁴ Santo, 2005

⁵ Santo

from across the country. In 2013, 13.4 million leisure visitors stayed overnight in San Diego, spending a total of \$4.87 billion.¹ If the Chargers leave San Diego for Los Angeles, the city will still be viewed as a great place to live and visit.

A PUBLICLY FINANCED STADIUM IN SAN DIEGO

The City of San Diego should not use any public funds to finance a new stadium for the Chargers. The Chargers' recent announcement that it is collaborating with the Oakland Raiders on a proposal for a privately funded stadium in Carson reinforces the notion that NFL teams seek subsidies because it is in their self-interest, not because such subsidies are necessary. Given the typical host city finances 65% of a new NFL stadium and estimates for the total cost of a new Chargers' stadium ranges from \$700 million and \$1.5 billion, we assert the economic costs of a new stadium outweighs any intangible benefits the City may receive.^{2 3}

TAX AND FINANCING OPTIONS

Even though we agree with the 2003 Citizens' Task Force on Chargers Issues regarding a subsidy to the Chargers, a thorough analysis of current concerns includes new stadium tax and financing options. As a general principle, it is important to focus on a proper balance between equity and efficiency when raising public revenue.⁴ The five recommendations below outline financing options based on standards of fairness, effectiveness, and user-benefits.

*RECOMMENDATION 1: Personal Seat Licenses (PSL) and other ticket surcharges are the most equitable source of funding and ought to be fully utilized.⁵ From a user-benefit and fairness perspective, those who attend football games have a responsibility to pay more of the cost; by attending games in a new stadium, they're receiving a great deal of the return.⁶ However, PSLs aren't sufficient to fully-fund a billion dollar stadium; one estimate shows the Chargers can raise between \$100 million to \$150 million in PSLs.⁷ If the Chargers raised the NFL average of \$109 million in PSLs, over 30 years it would allow for \$9 million to be available for debt financing annually or 15% of the estimated necessary public contribution to keep them from leaving San Diego (see **APPENDIX A**). Theoretically, a stadium can be financed solely with PSLs; the Carolina Panthers did it in 1995, however, it could raise an average team's ticket prices by 67.3%.⁸ This steep price seems unfeasible and would likely reduce demand for tickets. Realistically, other sources of revenue must be identified in addition to PSLs.*

RECOMMENDATION 2: Increasing the Transient Occupancy Tax (TOT) will discourage casual travelers from visiting San Diego and should be avoided to escape unintended consequences.⁹ The tourism industry in San Diego attracts 33.8 million visitors to the County of San Diego, half of which stay overnight;¹⁰ and from FY 2004-

¹ San Diego Tourism Authority, 2013

² National University System Institute for Policy Research

³ Williams, Stadium Advisory Group Meets with San Diego City Council for First Time

⁴ Baade and Matheson

⁵ Baade and Matheson

⁶ Baade and Matheson

⁷ National University System Institute for Policy Research

⁸ Baade and Matheson

⁹ Baade and Matheson

¹⁰ San Diego Tourism Authority

2013, the City of San Diego collected nearly \$1.4 billion in TOT revenue.¹ After increasing the TOT in 1994 from 9% to 10.5%,² it's unclear what another proliferation in the TOT would specifically do to the tourism industry. Yet, if a new stadium in Mission Valley doesn't bring any new economic impact and there's a potential risk of losing revenue both at the City and within the industry, why would this option be on the table? With regard to the aforementioned principle, escalation of the TOT will place an unfair burden upon the tourism industry because their clients can (and likely will) change their preferences based on higher hotel and motel prices. While most tourists don't make vacation decisions based on which city has lower hotel taxes, they will stay in the hotel with lower rates when all else is equal. Consumer preferences can be observed when the market price rises as a result of an increased TOT.

*RECOMMENDATION 3: Raising sin taxes can be efficient but since not every consumer is a football fan, it is not equitable; thus, increases in sin taxes have to be prevented.*³ Sin taxes, or the taxation of unhealthy goods to help prevent overconsumption due to higher prices,⁴ are extremely popular sources of revenue because their demand is inelastic.⁵ Or in other words, no matter how high a price, people will pay a premium for inelastic goods because the items are viewed as necessary. However, there are two reasons NOT to use sin taxes as a part of potential new stadium financing options: 1) sin taxes can be regressive, thus poorer populations will bear a larger burden of a new stadium and 2) if public administrators deem a higher sin tax advantageous to society, then its revenue can be used for other general purposes⁶ geared toward a healthier lifestyle or perhaps even more pressing citywide needs. Essentially, building a new stadium does not alter the optimal sin tax level. If TOT and sin taxes are not good tax-financing options, are there any?

*RECOMMENDATION 4: Moderately increasing the sales tax can be considered since it is efficient and achieves horizontal equity.*⁷ On average over the past ten years, the City of San Diego received \$244 million in sales tax revenue as its share from the State of California.⁸ Compared to sin taxes, which target a specific group or groups of people, augmenting the sales tax is unbiased across all units of society;⁹ in addition, it is easy to collect which makes it efficient. A downside of the sales tax is its regressivity, but if the City of San Diego can work with multiple jurisdictions¹⁰ within the County of San Diego and build broad-based support to pass a region-wide sales tax increase, then the rate can be smaller since the tax base will be larger. San Diego County has a history of passing sales tax increases for public goods; in 2004 voters successfully authorized TransNet: a half-cent sales tax for regional transportation projects. The vote passed 67% to 33% in the City of San Diego (see **APPENDIX D** for a breakdown). This type of democratic process may also help lawmakers determine if building a stadium is in fact a

¹ City of San Diego

² City of San Diego

³ Baade and Matheson

⁴ O'Donoghue and Rabin

⁵ Baade and Matheson

⁶ Baade and Matheson

⁷ Baade and Matheson

⁸ City of San Diego

⁹ Baade and Matheson

¹⁰ Baade and Matheson

public good. Based on SANDAG's region-wide sales tax revenue (**APPENDIX A**), a 1/10 cent sales tax increase could raise approximately \$47.8 million or 81% of the stadium's estimated public finance share (**APPENDIX A**).

The previously articulated recommendations are somewhat standard approaches to new stadium financing, however it's acceptable to be marginally creative.

***RECOMMENDATION 5:** Seek a change in California law to allow state income tax revenue from Chargers' related activities to help finance the debt of a new stadium for the duration of any municipal bonds.¹ This kind of action is not unprecedented. Following the 2002 Major League Baseball (MLB) season, it was announced the Montreal Expos would relocate to a new city, and Portland, Oregon made a competitive bid.² To attract the Expos, the Oregon State Legislature designated income taxes from future MLB salaries to subsidize a new stadium; they estimated this action could pay for approximately 33% of the stadium.³ Even though this proposal failed in Portland when the Expos became the Washington Nationals, it worked in Arizona for a new football stadium.*

Since on average NFL team payrolls increase by 18% in the years following a new stadium—after Qualcomm's upgrades in 1997 Chargers payroll increased by 65% the next year (See **APPENDIX C**)—this recommendation cites the user-benefit principle as justification for an income tax recapture model. In Glendale, AZ, a “rebate of NFL related income taxes” was enacted to help pay for the Cardinals' stadium in 2006 which ultimately helped contribute 68% in public funds for the University of Phoenix Stadium.⁴ Assuming a 4.54% Arizona income tax and a 13.3% California income tax at the top tiers⁵ and that 28.2% of players' income is taxable,⁶ then expected annual recapture of income taxes would be \$1.9 million in Arizona and \$5.4 million in San Diego (**APPENDIX B**). This equates to about 9% of the estimated public contribution (**APPENDIX A**). Because team payroll will likely increase for the Chargers if a new stadium is build, (**APPENDIX C**), the State of California and City of San Diego can negotiate an agreeable revenue sharing plan. Moreover, San Diego State University—member of the California State University system—will likely play their home football games at a new Chargers stadium; thus, income tax sharing with the state can't be out of the question. With support from key stakeholders in the California Legislature, especially the San Diego delegation, this concept can progress from imaginative to reality.

To summarize, the public financing options for a new Chargers stadium given an estimated public contribution of 65% could look like the table below. They reflect Recommendations 1, 2, and 5, respectively. As a lump sum payment, the public's contribution in this proposal equals \$752.4 million in present value. Note: this kind of proposal still requires an annual private contribution of \$28.7 million or \$347.6 million in a one-time payment (in present value). As noted in **APPENDIX A** and **APPENDIX H**, these numbers assume a \$1.1 billion stadium, financing over a 30-year period, and a discount rate of 7.25%.

¹ Santo

² Santo

³ Santo

⁴ Minnesota Vikings

⁵ The Tax Foundation

⁶ IRS

Efficient and Equitable Public Finance Plan for New Chargers Stadium

Revenue Source	Annual Amt Available for Debt Payment	
Personal Seat Licenses Over 30 Yrs	\$9,031,357.10	
Sales Tax Increase (0.1%)	\$47,770,427.26	80.87%
Income Tax Recapture	\$5,362,330.79	
TOTAL	\$62,164,115.15	105.23%

Sources: SANDAG, SDCERS, National University System Institute for Policy Research, Williams

TAXPAYER APPROVAL THROUGH ECONOMIC PREFERENCES

Ultimately, the City of San Diego (and the State of California) cannot make tax and stadium financing decisions solely on how much money the Chargers demand; the City also needs to consider how much taxpayers are willing to pay in the form of a public subsidy. Technically, if the Chargers’ demands are met by the public’s willingness to pay (supply), then the Chargers will get a new stadium and taxpayers will be happy. Yet when externalities distort the “market,” there can be winners and losers. As an economic principle, this section and its two recommendations will stress the significance of market equilibrium and the consequences when it’s not achieved.

RECOMMENDATION 6: *New stadium subsidies can’t begin and end with what the Chargers demand; a taxpayer willingness to pay study should also be included as a factor.*¹ A March SurveyUSA News Poll shows 52% of San Diegans prefer stadium revenue to be generated by the user-benefit principle, 18% favor TOT revenue, and 13% support an infrastructure district.² (See **APPENDIX E** for results.) However, this poll does not quantify the amount citizens and taxpayers would be willing to pay to support a stadium so these findings must be read with caution because they do not describe economic preferences.

Since 1992, all 32 NFL stadiums have been rebuilt, remodeled, or are currently in the process and it has cost taxpayers at least \$4.8 billion (see **APPENDIX F**), but team demand for stadiums is only one side of the economic equation. How much were residents of those 18 cities willing to pay or supply in public subsidies to build a new stadium? It’s unclear, however when Portland was bidding to attract the Montreal Expos, they measured their citizens’ willingness to pay and determined they were comfortable subsidizing 21% of the cost of a new stadium, or about \$74 million.³ Any public contribution beyond the \$74 million would be an inefficient amount. The question is: how much are San Diegans willing to pay for a new Chargers stadium? Any amount above the community-wide mean willingness to pay (aggregated in net present value) would be inefficient and highly discouraged.

If the cost of a new stadium is \$1.1 billion (average of current known estimates) and the estimated public contribution is expected to be 65%, then citizens should be asked if they would be willing to pay an additional \$18.75 per person for the next 30 years to keep the Chargers in San Diego. Households should be prepared to pay an additional \$53.45 every year to cover public financing for 30 years. While willingness to pay is difficult to capture, certainly a study can be done to determine if citizens are willing to pay taxes and subsidies in the realm necessary or

¹ Baade and Matheson

² SurveyUSA

³ Santo

if citizens simply root for the team but aren't ready to write an annual check to the Spanos family. (See **APPENDIX G** for additional details and a breakdown of the per-person and per-household willingness to pay price.)

***RECOMMENDATION 7:** Sound public finance policies in San Diego should not be manipulated by higher bids in the Los Angeles market.* While this recommendation may seem intuitive, it's imperative public administrators in San Diego not get caught in a bidding war for the Chargers. In fact, it is quite possible the Chargers want to avoid a move to the Los Angeles market because of the added costs it will bring to the team.¹ A 2012 NFL article estimated the Chargers would need to pay \$22 million back to the city in order to recoup costs from the 1997 renovation.² In addition to the financial cost, there's the added cost of the NFL losing the San Diego market;³ while not as large as the Los Angeles market, San Diego does have a large media market and is a desirable place for a football team and Superbowls. Thus, the NFL has an incentive to keep the Chargers in San Diego. Public administrators need not assume the Chargers have the upper hand simply because of ongoing stadium negotiations with Los Angeles. A fiscally sound decision regardless of negotiations in LA would be in the best interests of San Diego citizens and taxpayers.

CONCLUSION

While we implore the Citizens' Stadium Advisory Group to reject any public financing of a new Chargers' stadium in San Diego, we recognize any deal negotiated between the Chargers and San Diego will likely include some degree of public funding. To this end, our recommendations utilize sound public finance principles to advocate policies in San Diego's best interest. By maximizing PSLs, increasing the regional sales tax by 0.1%, and negotiating an income tax recapture, the City of San Diego can raise \$62 million annually over 30 years. This investment is enough capital to finance 68% of a \$1.1 billion stadium. If public officials and the Chargers mutually agree San Diego is the best place for the team, then certainly a \$752 million check from taxpayers should be enough to keep them in America's Finest City.⁴ And if the Spanos family disagrees, then the Chargers should start looking for a good moving company.

¹ Galatiolo

² Breer

³ Breer

⁴ See Appendix H

APPENDIX A

PUBLIC FINANCING OPTIONS

Revenue Source	Annual Amt Available for Debt Payment	
Income Tax Recapture	\$5,362,330.79	
Sales Tax Increase (0.1%)	\$47,770,427.26	80.87%
Personal Seat Licenses Over 30 Yrs	\$9,031,357.10	
TOTAL	\$62,164,115.15	105.23%

Sources: SANDAG, SDCERS, National University System Institute for Policy Research, Williams

These numbers assume the SDCERS discount rate of 7.25%, a present value stadium cost of \$1.1 billion, 30-year financing, and a 65% public contribution. The Income Tax Recapture is further explained in an additional appendix. The Sales Tax Increase projections are based on sales tax revenue generated from SANDAG's TransNet; past regional revenues can be seen in the table below.

TransNet Sales Tax Revenue

Year	Sales Tax Rate	Revenue Collected
2005	0.50%	\$229,576,284.00
2006	0.50%	\$244,103,489.00
2007	0.50%	\$248,467,503.00
2008	0.50%	\$244,535,119.00
2009	0.50%	\$239,071,064.00
2010	0.50%	\$208,504,753.00
2011	0.50%	\$223,939,663.00
2012	0.50%	\$239,071,064.00
2013	0.50%	\$249,520,133.00
2014	0.50%	\$261,732,291.00

APPENDIX B

INCOME TAX RECAPTURE

Team	Top Income Tax Rate	2015 Salary Cap	Est. Taxable Income	apture
Arizona Cardinals	4.54%	\$148,515,866.00	\$41,881,474.21	,418.93
San Diego Chargers	13.30%	\$142,972,612.00	\$40,318,276.58	\$5,362,330.79

Source: Tax Foundation, NFL Players Association, IRS

Income Tax Recapture is assuming the percent of all players on the team have a taxable income of 28.2%; given the expected payroll and the number of players on each team, historical IRS records indicates this is a safe assumption.

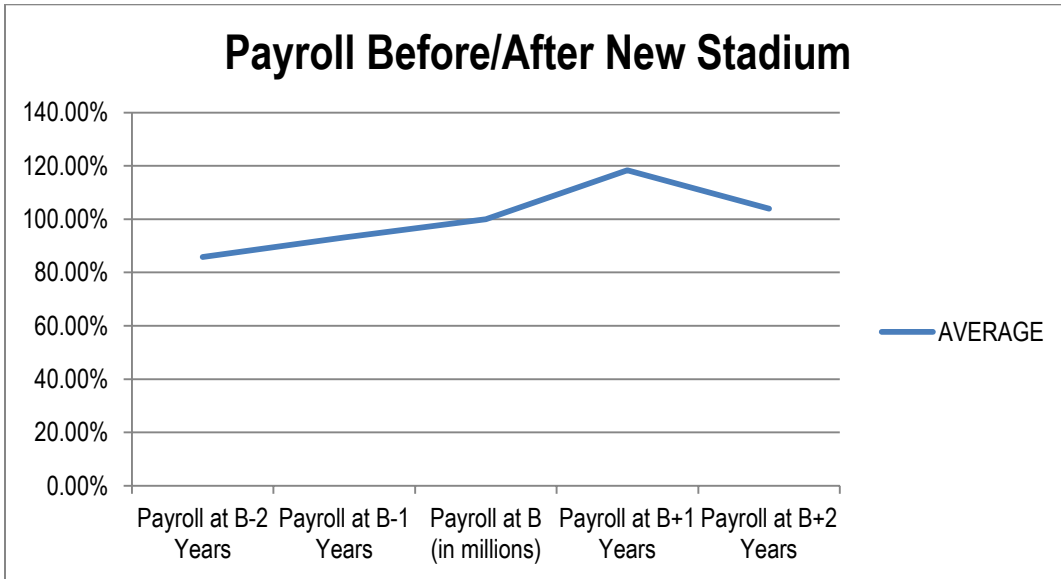
APPENDIX C

PAYROLL BEFORE AND AFTER A NEW STADIUM (millions)

Team	Built (B)	B 2 Years	B 1 Years	Payroll at B Years	B+1 Years	B+2 Years
Baltimore Ravens	1998	\$38.90	\$44.10	\$53.80	\$65.00	\$54.80
		88.21%	81.97%	100.00%	120.82%	84.31%
Buffalo Bills	1999	\$39.70	\$66.40	\$70.80	\$54.60	\$51.60
		56.07%	93.79%	100.00%	77.12%	72.88%
Chicago Bears	2003	\$76.50	\$71.90	\$82.80	\$81.40	
		92.39%	86.84%	100.00%	98.31%	
Cincinnati Bengals	2000	\$63.80	\$60.00	\$54.20	\$82.00	\$57.90
		117.71%	110.70%	100.00%	151.29%	106.83%
Denver Broncos	2001	\$62.70	\$50.20	\$102.60	\$62.60	\$64.80
		61.11%	48.93%	100.00%	61.01%	63.16%
Green Bay Packers	2003	\$69.00	\$50.00	\$77.20	\$83.00	
		89.38%	64.77%	100.00%	107.51%	
New England Patriots	2002	\$51.30	\$65.80	\$46.20	\$82.10	\$71.50
		111.04%	142.42%	100.00%	177.71%	154.76%
Oakland Raiders	1998	\$48.90	\$45.70	\$58.40	\$64.40	\$49.10
		83.73%	78.25%	100.00%	110.27%	84.08%
Philadelphia Eagles	2003	\$70.90	\$81.90	\$77.40	\$84.50	
		91.60%	105.81%	100.00%	109.17%	
Pittsburgh Steelers	2001	\$65.90	\$58.50	\$77.70	\$85.30	\$63.60
		84.81%	75.29%	100.00%	109.78%	81.85%
San Diego Chargers	1997	\$35.50	\$43.20	\$43.00	\$71.30	\$50.60
		82.56%	100.47%	100.00%	165.81%	117.67%
Seattle Seahawks	2002	\$47.80	\$81.00	\$58.30	\$84.20	\$86.90
		81.99%	138.94%	100.00%	144.43%	149.06%
Tampa Bay Buccaneers	1998	\$44.90	\$49.60	\$56.10	\$58.30	\$58.10
		80.04%	88.41%	100.00%	103.92%	103.57%
Tennessee Titans	1999	\$38.40	\$64.30	\$64.70	\$55.50	\$70.10
		59.35%	99.38%	100.00%	85.78%	108.35%
Washington Redskins	1997	\$46.80	\$36.00	\$44.00	\$66.70	\$53.00
		106.36%	81.82%	100.00%	151.59%	120.45%
AVERAGE	2000.1	\$53.40	\$57.91	\$64.48	\$72.06	\$61.00
		85.76%	93.19%	100.00%	118.30%	103.91%

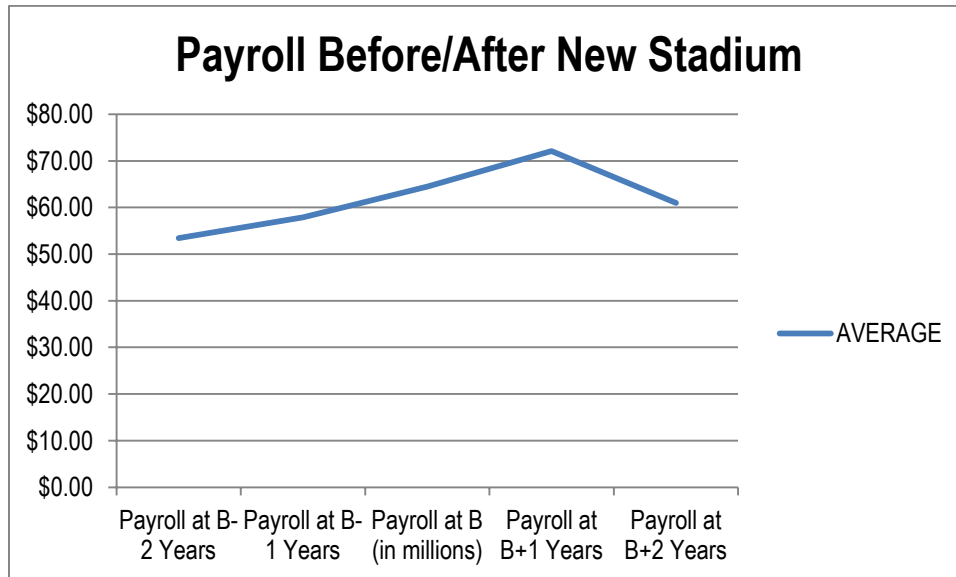
Source: Baade and Matheson

GRAPH C.1



Source: Baade and Matheson

GRAPH C.2



Source: Baade and Matheson

APPENDIX D

TRANSNET 2004: CITY OF SAN DIEGO RESULTS

Council District	Registered Voters	YES		%	NO		%	TOTAL
		Polls	Absentee		Polls	Absentee		
1	106,009	35,557	15,400	68.22%	16,435	7,302	31.78%	74,694
2	109,336	32,488	12,576	66.36%	16,497	6,352	33.64%	67,913
3	79,994	25,150	9,049	69.24%	11,433	3,760	30.76%	49,392
4	64,084	18,936	7,683	73.87%	6,845	2,570	26.13%	36,034
5	91,072	29,613	14,208	68.84%	13,556	6,282	31.16%	63,659
6	88,335	26,723	11,813	64.77%	14,844	6,118	35.23%	59,498
7	81,214	24,462	10,907	67.26%	12,342	4,873	32.74%	52,584
8	52,155	17,539	4,565	75.47%	5,734	1,449	24.53%	29,287
No Dist.	841,101	261,813	124,115	65.91%	136,516	63,123	34.09%	585,567
TOTAL	1,513,300	472,281	210,316	67.01%	234,202	101,829	32.99%	1,018,628

Turnout	67.31%
Yes	67.01%
No	32.99%

Source: County of San Diego

APPENDIX E

PARTIAL RESULTS FROM 3/12/2015 SURVEYUSA POLL

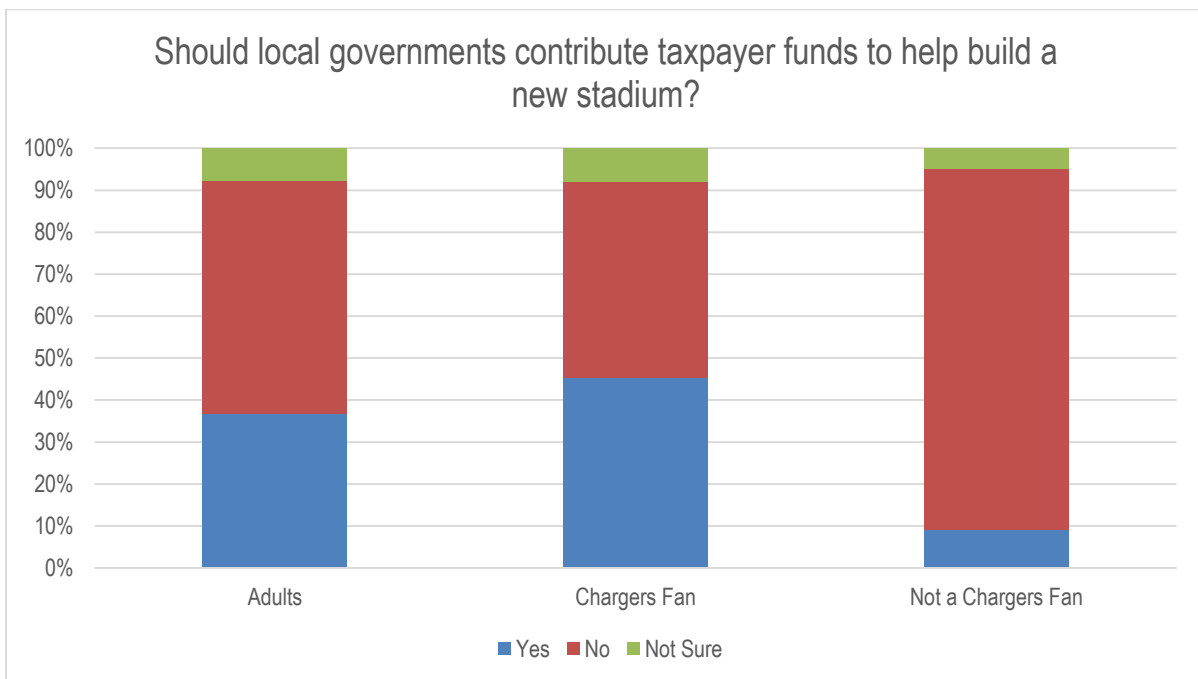
Q.1: Should local governments contribute taxpayer funds to help build a new Chargers stadium?

Group	Yes	No	Not Sure	Total
Adults	37%	56%	8%	100%
Chargers Fan	45%	46%	8%	100%
Not a Chargers Fan	9%	85%	5%	100%

Margin of Sampling Error: ± 4.4%

Source: SurveyUSA

GRAPH E.1



Source: SurveyUSA

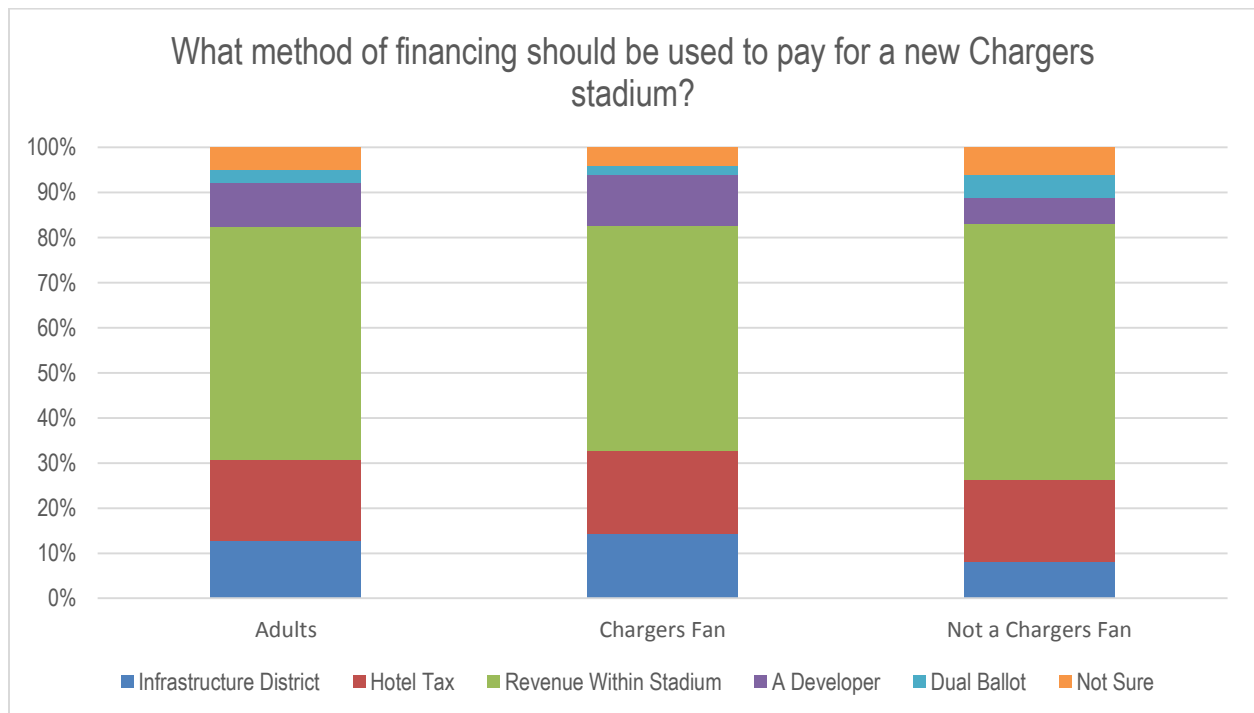
Q.4: If a new stadium is built, which of these methods would you most want to see used to pay for it? An infrastructure district, which uses the increases in property tax revenue once a stadium is built to pay back bond investors? A hotel tax? Revenue generated within the stadium, from things like personal seat licenses, naming rights, and profits from tickets, sky boxes, and concessions? A developer who can afford to put up the upfront costs of construction and not be reimbursed until increased tax revenue is coming in? Or a "dual ballot" approach, where there are 2 separate votes that only require a simple majority: one vote for a tax increase, and a second vote to advise the city to spend some of the new money on a stadium?

Group	Infrastructure	TOT	Revenue In Stadium	Developer	Ballot	Unsure	Total
Adults	13%	18%	52%	10%	3%	5%	100%
Chargers Fan	14%	18%	49%	11%	2%	4%	100%
Not a Chargers Fan	8%	18%	56%	6%	5%	6%	100%

Margin of Sampling Error: ± 4.5%

Source: SurveyUSA

GRAPH E.2



Source: SurveyUSA

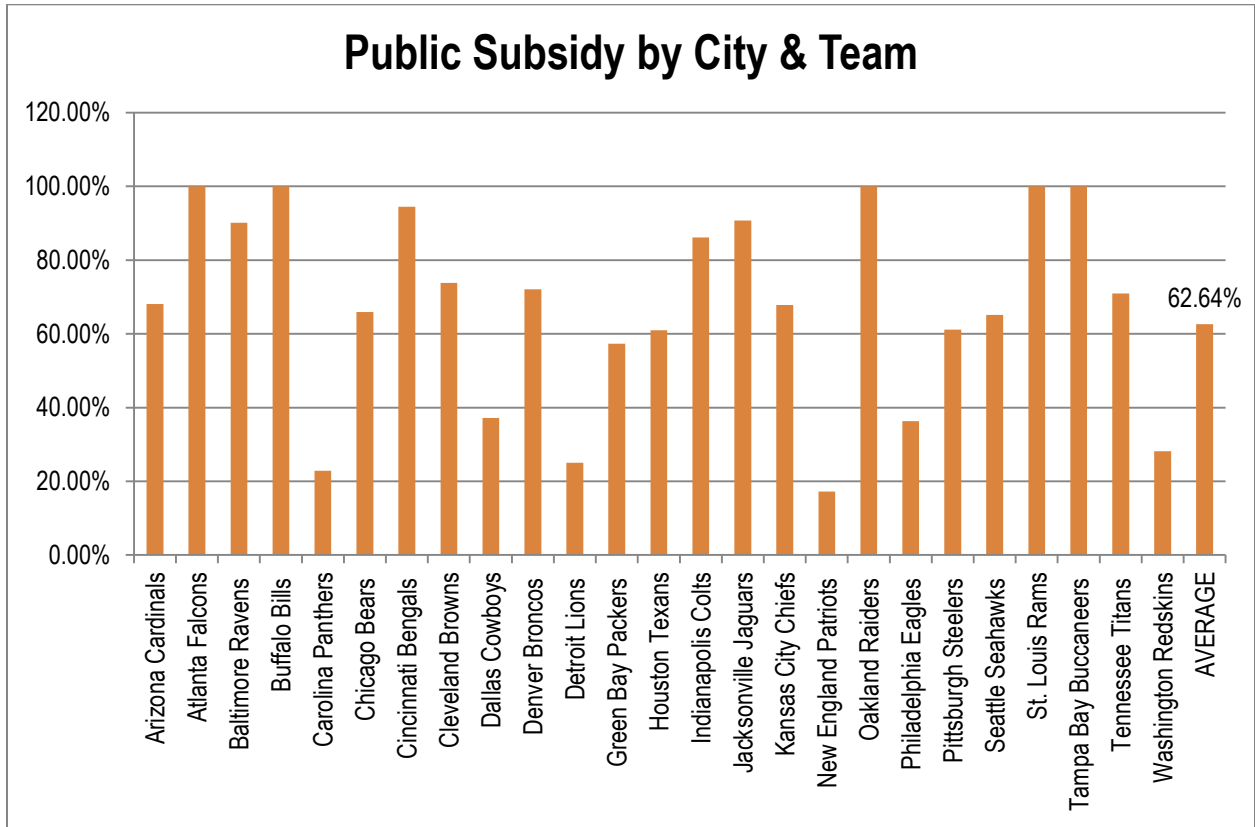
APPENDIX F

NFL TEAMS, STADIUMS & PUBLIC SUBSIDIES

Team	Year Built	Total Cost	Private	Public	PSL	Public Share
Arizona Cardinals	2006	\$455.70	\$145.40	\$310.30	\$0.00	68.09%
Atlanta Falcons	1992				\$0.00	100.00%
Baltimore Ravens	1998	\$226.00	\$22.40	\$203.60	\$106.00	90.09%
Buffalo Bills	1999				\$0.00	100.00%
Carolina Panthers	1995				\$267.00	22.90%
Chicago Bears	2003	\$587.00	\$200.00	\$387.00	\$97.00	65.93%
Cincinnati Bengals	2000	\$449.80	\$25.00	\$424.80	\$37.00	94.44%
Cleveland Browns	1999	\$271.00	\$71.00	\$200.00	\$59.00	73.80%
Dallas Cowboys	2009	\$1,194.00	\$750.00	\$444.00	\$651.00	37.19%
Denver Broncos	2001	\$400.80	\$111.80	\$289.00	\$0.00	72.11%
Detroit Lions	2002	\$440.00	\$330.00	\$110.00	\$0.00	25.00%
Green Bay Packers	2003	\$295.20	\$126.10	\$169.10	\$127.00	57.28%
Houston Texans	2002	\$474.00	\$185.00	\$289.00	\$108.00	60.97%
Indianapolis Colts	2008	\$719.60	\$100.00	\$619.60	\$0.00	86.10%
Jacksonville Jaguars	1995				\$0.00	90.70%
Kansas City Chiefs	2011	\$388.40	\$125.00	\$263.40	\$0.00	67.82%
Miami Dolphins	2015				\$0.00	
Minnesota Vikings	2016				\$125.00	
New England Patriots	2002				\$0.00	17.20%
New Orleans Saints	2011				\$0.00	
NY Giants	2009	\$1,600.00	\$1,600.00	\$0.00	\$439.00	0.00%
NY Jets	2009	\$1,600.00	\$1,600.00	\$0.00	\$375.00	0.00%
Oakland Raiders	1998				\$171.00	100.00%
Philadelphia Eagles	2003	\$518.00	\$330.00	\$188.00	\$86.00	36.29%
Pittsburgh Steelers	2001	\$280.80	\$109.20	\$171.60	\$56.00	61.11%
San Diego Chargers	1997				\$0.00	
San Francisco 49ers	2014				\$500.00	
Seattle Seahawks	2002	\$461.30	\$161.00	\$300.30	\$28.00	65.10%
St. Louis Rams	1995				\$129.00	100.00%
Tampa Bay Buccaneers	1998	\$194.00	\$0.00	\$194.00	\$0.00	100.00%
Tennessee Titans	1999	\$291.70	\$84.80	\$206.90	\$137.00	70.93%
Washington Redskins	1997	\$250.50	\$180.00	\$70.50	\$0.00	28.14%
AVERAGE	2002.8	\$554.89	\$312.84	\$242.06	\$109.31	62.64%

Sources: Baade and Matheson; Minnesota Vikings 2013 & 2012

GRAPH F.1



Sources: Baade and Matheson; Minnesota Vikings 2013 & 2012

APPENDIX G

WILLINGNESS TO PAY

Category	Population	Willingness to Pay
Citizens	3,150,178	\$18.75
Household	1,105,120	\$53.45

Sources: SANDAG, National University System Institute for Policy Research

Willingness to Pay assumes a \$1.1 billion stadium cost and a 65% public contribution. Housing and income breakdowns from SANDAG are below. To arrive at willingness to pay, first multiply \$1.1 billion by 65% to acquire total estimated public contribution; then calculate an annual debt service payment assuming a 7.25% discount rate, 30 year term, and \$715 million estimated public contribution in present value. Finally, divide the annual debt service payment (approximately \$59 million) by number of citizens and number of households, as shown in the population column. This yields the projected willingness to pay as shown in the table.

Housing

Housing Type	Housing Units	Households
Single Family - Detached	548,524	527,498
Single Family - Multiple Unit	157,087	147,409
Multi-Family	420,975	391,306
Mobile Home and Other	42,509	38,907
TOTAL	1,169,095	1,105,120

Source: SANDAG

Household Income

Income Range	Percent of Total Households
\$200,000 +	9%
\$150,000 - 199,999	7%
\$125,000 - 149,999	6%
\$100,000 - 124,999	9%
\$75,000 - 99,999	13%
\$60,000 - 74,999	11%
\$45,000 - 59,999	12%
\$30,000 - 44,999	13%
\$15,000 - 29,999	12%
Less than \$15,000	8%
TOTAL	100%

Source: SANDAG

APPENDIX H

TOTAL PUBLIC-PRIVATE STADIUM FINANCING PLAN

Financing Source	Annual Debt Payment	Total Cost Over 30 Years (PV)	Percentage of Stadium Financing
Public	\$62,164,115.15	\$752,413,481.12	68.40%
Private	\$28,717,465.76	\$347,586,518.88	31.60%
TOTAL	\$90,881,580.91	\$1,100,000,000.00	100.00%

Source: SANDAG, SDCERS, National University System Institute for Policy Research, Williams

This breakdown of costs is based on a present value stadium cost of \$1.1 billion, 30-year financing, and a 7.25% discount rate.

APPENDIX I

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