



**Community Needs
Not
Corporate Welfare**

Address: P.O. Box 6244
Santa Clara, CA 95056-6244

Website: <http://www.santaclaraplaysfair.org/>

Email: info@santaclaraplaysfair.org

FPPC ID: #1300389

Home address of group representative:
1009 Las Palmas Drive
Santa Clara, California 95051-5308

August 11, 2010

Hon. Mayor Patricia Mayor and City Council
City of Santa Clara
1500 Warburton Avenue
Santa Clara, California 95050-3713

Dear Mayor Mahan and Members of the Santa Clara City Council:

Concerning the \$444,000,000 public subsidy for the San Francisco 49ers, our understanding is that the Disposition and Development Agreement, or DDA, will be the binding agreement between our city and the 49ers as that money is used to help build the team's stadium for them.

The greatest problem with the DDA, however, is its predecessor, the "Term Sheet", which was approved by a majority of you on June 2nd, 2009.

This Term Sheet is grossly deficient. It leaves our city at a serious disadvantage when one considers the expenditure of public funds we're actually making for the 49ers' stadium subsidy. Specifically, the following sections, in our view, call for serious revision or in fact deletion altogether:

1. See Section 9.1. **The San Francisco 49ers, in point of fact, assume NO liability for stadium operating cost overruns.** They instead reserve to themselves the right to determine what is and is not reimbursable to a Santa Clara Stadium Authority.

As the 49ers themselves derive far more benefits from this subsidized stadium than Santa Clara will, it is incumbent on the team to ensure that the stadium operates year-round in the black – rather than making it drain the resources of any “Santa Clara Stadium Authority.”

2. See Section 4.3(a). **The 49ers pay a miserable \$180,000 in Fixed Ground Rent to our General Fund in the first year of a highly back-loaded lease. That rent payment only goes to \$1 million in the year 2024.** Our City gets only \$8M in Fixed Ground rent over the entire base stadium lease! In that same interval (please see last page), the Great America Theme Park operator will pay us nearly ten times as much as the 49ers ever will. Coupled with the “sweetheart Training Center lease” (see #5. below), this is an unreasonable and unjustifiable subsidy of the San Francisco 49ers by our city. In view of our city’s ongoing General Fund deficits, the San Francisco 49ers should be paying far more into our General Fund than they are – not getting still more breaks on their rental of city land.

3. See Section 16.1. **The right of sublease to any second NFL team – for example, to the Oakland Raiders – is reserved strictly to the San Francisco 49ers alone.** This right – and the lease dollars it will pay – should be granted to the Stadium Authority, and not to the 49ers.

4. See Section 2.4. **Silicon Valley Power, our electric utility, is being charged \$20,000,000 to move the Tasman Electric Substation** – all because a 14-acre stadium is being crammed onto a 17-acre site. The 49ers should be paying the \$20M for that unnecessary move – not us – and the \$20 million should be used to bolster our utility’s Cost Reduction Fund.

5. See Section 17.3. **The Term Sheet continues the sweetheart Training Center lease ripoff** (paying a paltry \$26,000 per year!) by extending it to match the stadium lease. Instead: Both sets of lease terms should be completely renegotiated. The City of Santa Clara – *and not the 49ers* – paid for the infrastructure around the Training Center. We’re entitled to far more than we’re getting for it now.

6. See Section 8.1. **Dispute resolution will be through a completely meaningless “mediation” process**, with the 49ers under no obligation to negotiate in good faith. In fact, that process gives the team every reason to delay the resolution of substantive issues endlessly. If an impasse were to concern issues of maintenance and renovation: The Santa Clara Stadium Authority would find itself unable to proceed with needed projects which the 49ers would veto repeatedly. *This alone is an invitation to the same sort of decrepitude now being used as an excuse for the abandonment of Candlestick Park. It should be unacceptable to all of us as Santa Clarans.*

7. See Section 4.3(b). **The 49ers are not only being given 50% of the proceeds from Non-NFL events – they even reserve the right to deduct 50% of their Fixed Ground Rent from the Performance-Based Ground Rent.** If it's "performance-based," it's performance based – no set-offs of this kind should be allowed. And if it's not an NFL event: The Santa Clara Stadium Authority should get it all.

8. See Section 14.2. If we decide to demolish the stadium in the year 2053, **the 49ers seize the Stadium Authority's Capital Expenditure Reserve for themselves.** Far from handing this fund to the team: It should revert to our City's General Fund – not to the pockets of the 49ers. The team should pay to level any stadium in Santa Clara out of their own pockets.

In sum: The Term Sheet is not only unfavorable to our city and its Agencies, but it in fact gives far too much power and control to the San Francisco 49ers. Its worst clauses, above, should in no way inform the DDA.

We urge our elected leaders not to settle for the mere crumbs that the stadium deal offers Santa Clara – but instead, that they give Santa Clarans a far better deal than the Term Sheet of last June 2nd.

Sincerely,



William F. "Bill" Bailey, Treasurer

Santa Clara Plays Fair

williamfbailey@yahoo.com

WFB/

cc: City Manager
City Clerk
City Attorney

