

# How much will taxpayers have to pay for Oakland A's \$12 billion ballpark development to get built?

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Sep. 28, 2022



*A rendering of the Oakland A's plans to build a waterfront stadium at the Port of Oakland's Howard Terminal.*

Courtesy of the A's

From the start of the Oakland Athletics' years-long quest to build a new ballpark in the city, residents and officials wanted to know: How much will this project cost taxpayers?

Now, years into the team's bid to build a \$12 billion project that includes a 35,000-seat ballpark, housing, retail, a hotel and more, with the team pushing to get a vote on the project by year's end, it's still not clear exactly how much public money is involved.

While the team is "privately financing" the stadium, taxpayers are likely to put hundreds of millions of dollars into surrounding infrastructure if the project gets approved and built.

Concerns about the issue bubbled up when Oakland released a memo Sept. 20 that detailed the status of negotiations with the team and outlined a number of regional, state and federal grants the city is securing. Those government grants total \$321.5 million to help pay for offsite infrastructure. But that funding might not be enough.

Last July, Oakland officials committed to applying for public funds to pay for offsite infrastructure, which at the time, the A's estimated would cost \$495 million. The A's estimated that onsite infrastructure would cost \$360 million, which would be paid for through an infrastructure tax district.

But in the memo, Betsy Lake, an assistant to the city administrator, said the estimated costs of offsite infrastructure are expected to "significantly" exceed the A's earlier estimates and officials later said the city doesn't yet have an estimate of those costs.

The memo raises questions about the overall cost of the project and how much Oakland could be on the hook for. City leaders have been adamant that a final development agreement would not leave the general fund at risk. And any taxpayer funds put toward the project wouldn't be city tax dollars. Nonetheless, the amount of public funds that would be required could be significant. And if there are cost overruns, it's unclear how Oakland would pay for it.

Those offsite infrastructure upgrades include pedestrian grade separations, new bike lanes, sidewalk improvements and more. In addition, the ballpark would be surrounded by pedestrian streets with limited vehicle access, according to the environmental review. While transit options include BART, AC Transit, ferry service and bus shuttles, the city expects to build a transportation hub that would have raised pedestrian and bicycle crossings to the ballpark.

Supporters of the project argue those infrastructure upgrades would benefit the city and would be worth doing even if the ballpark is never built, but it's still a significant investment of taxpayer money, without which the project would likely be dead. Opponents argue the project asks too much from taxpayers.

"There is no question that (the city is) continuing to grasp the straws for how to use taxpayer money to pay for infrastructure onsite and offsite that otherwise should be paid for by the A's," said Mike Jacob, the vice president of the Pacific Merchant Shipping Association, which

represents port and shipping workers and has sued the city and the A's over the project's environmental review.

The A's total budget of \$12 billion for the project would make it one of the most expensive developments in the entire country. The team says \$12 billion will fund a ballpark with a capacity for 35,000 attendees, 3,000 residential units, up to 1.5 million square feet of commercial uses, up to 270,000 square feet for retail, an indoor performance center for up to 3,500 people, 400 hotel rooms and up to 18 acres of publicly accessible open space.

The ballpark alone is expected to cost more than \$1 billion. On-site project costs will be paid for through private financing and project-generated revenues — through the creation of an infrastructure financing district. The district requires the city and county to take the property tax from the project site to repay the A's for onsite infrastructure costs. The city says those property taxes would only exist if the project goes through.

Nola Agha, a professor of sports management at the University of San Francisco, analyzed the project in a report — commissioned by the project's opposition — that concluded the offsite infrastructure could cost about \$850 million. Agha estimates that onsite infrastructure costs could rise to \$603 million due to inflation.

In addition, she said the city is overly optimistic with its projections because it's assuming the full build out of the A's proposal, but it's possible that the A's never complete a full build out due to a recession or inflation. She said other sports stadiums nationwide, like the Brooklyn Nets, haven't finished building out what they promised.

Eight years after the Nets built their stadium and a year after their development was expected to be completed, only 2% of proposed retail, 14% of commercial space and 19% of all residential units were done, Agha wrote in her analysis.

“The city is paying the full amount for all this infrastructure regardless of what they actually build,” Agha said of Oakland.

The city and the A's are scrambling to come to an agreement before the end of the year when Schaaf terms out and the City Council's makeup changes, as two candidates are giving up their

seats to run. Aside from settling how the remaining offsite infrastructure will be covered, the city and the A's have yet to agree on affordable housing onsite and a non-relocation agreement to ensure the team stays in Oakland.

It's possible that a final agreement won't come before the City Council until next year. Last week, City Administrator Ed Reiskin said the details of the project are complex and emphasized that the city's negotiators are "doing everything in their power" to get a deal that would benefit Oakland.

"We continue to believe such a deal is possible," Reiskin said.

Here's a breakdown of possible public funding for the project:

**Grants the city has secured or is in process of securing:**

- Federal grants total: close to \$17 million, including a grant that focus on road , rail, transit and port projects and another that reduces traffic fatalities on public roads.
- State grants total: \$25.5 million, including a grant that encourages bicycling and walking and another for land-use, housing transportation, and land preservation projects.
- Other state funds: About \$259.5 million awarded to the Port of Oakland for infrastructure upgrades.
- City funds: About \$9.4 million to repave surrounding streets as part of a citywide repaving program.
- County funds: \$10.2 million to support transportation projects.

**Pending grant applications and funds:**

- Federal funds: \$182.8 million from the federal transportation department's Megaprojects grant program. Officials said the city was unlikely to get the full amount and might not get any of it.

- Local funds: \$1.5 million from the developers of 500 Kirkham St. , which the city will collect only if the development — now stalled — moves forward.

**Potential future grant opportunities:**

- Regional funds: \$55 million grant that the city can apply to later this year.
- Federal funds: \$25 million with applications due later this year.
- State grants: \$60 million with applications due later this year.

**Other potential taxpayer sources:**

Limited obligation bond: This bond could generate another \$150 million, which would raise money for infrastructure upgrades, then use hotel, sales and parking taxes generated by the project to pay off the debt. Officials said the bond would be different than a general obligation bond, which would put the city's general fund at risk.

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