



City of Mesa & Oakland Athletics

Memorandum of Understanding

December 20, 2012

Oakland Athletics

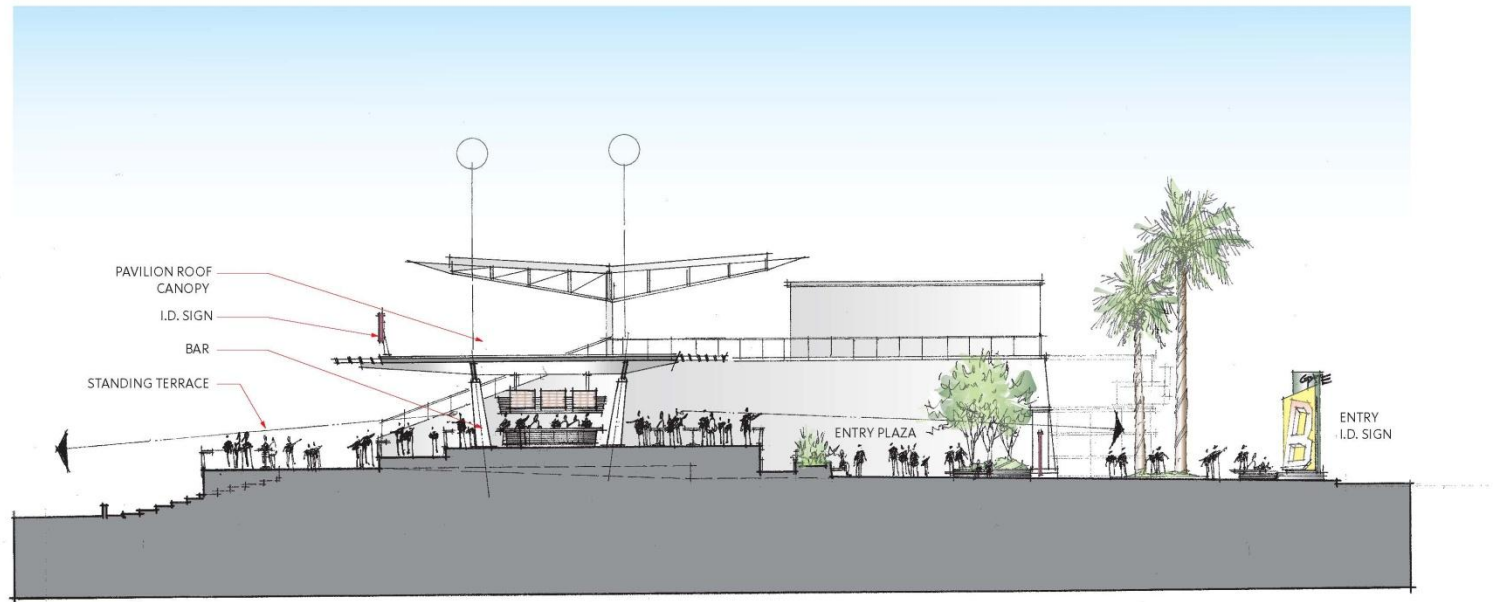
- Major league Baseball team
- Existing Arizona training location contract expires December 2014
- Oakland A's management approached Mesa earlier this year in effort to explore remaining in Arizona and Cactus League
- Oakland identified Hohokam Stadium and Fitch Park as possible location to conduct Spring Training games and operations starting 2015 if the City were to make certain renovations



Hohokam and Fitch Aerials



Preliminary Improvement Concepts



© 2012 GENSLER
05-8122-000

Gensler

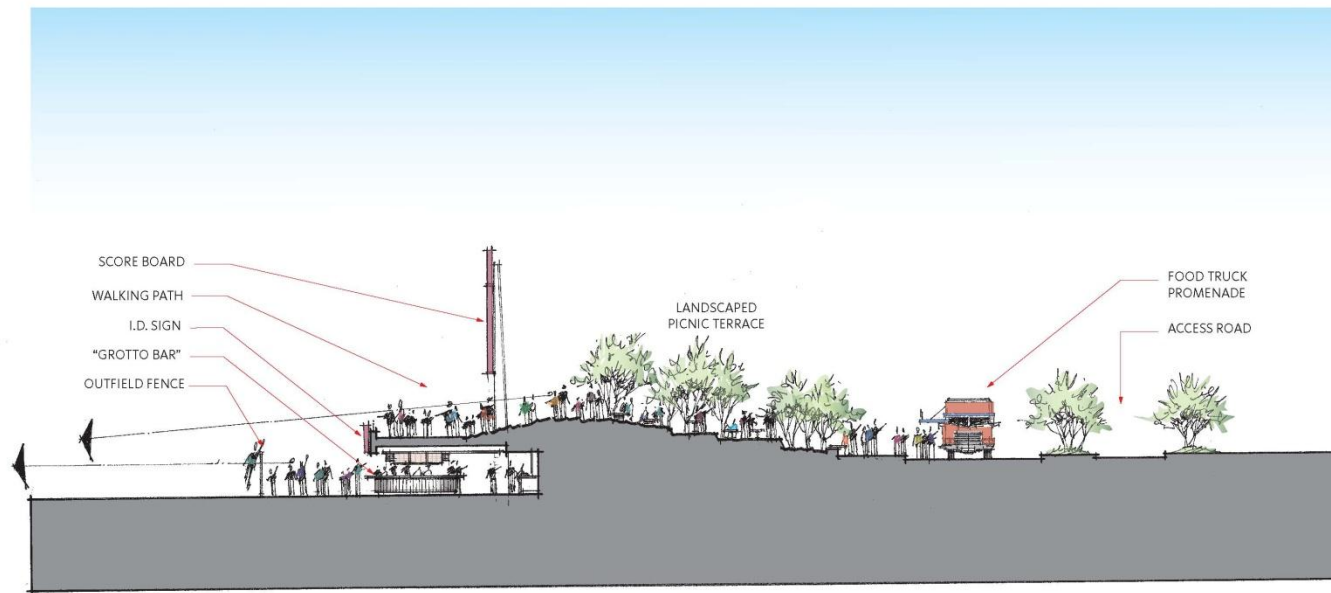
HOHOKAM STADIUM - MASTER PLAN
CROSS SECTION "A" - PROPOSED
OUTDOOR PAVILION

10' 20' 40'
1/16" = 1'

08/13/2012



Preliminary Improvement Concepts



© 2012 GENSLER
05-8322-000

Gensler

HOHOKAM STADIUM - MASTER PLAN
CROSS SECTION "B" - PROPOSED GROTTO BAR

10' 20' 40'
1/16" = 1'

08/13/2012



Preliminary Improvement Concepts



Memorandum of Understanding

Similar to Chicago Cubs agreement process, the City and Athletics propose to enter into a Memorandum of Understanding that will be the basis in drafting a final agreement

- Athletics commit that Mesa will be its sole Spring Training headquarters and will play at least 12 games annually

Initial Complex Funding:

- Mesa will fund up to first \$15 million in initial Complex improvement costs.
- Parties each pay 50% of costs (on a dollar-for-dollar basis) between \$15 million and \$20 million.
- Maximum City funding is \$17.5 million
- A's pay all costs above \$20 million.

Complex Improvements: To be commenced by January 2014 and completed in time for AIG no later than December 2014.

MOU Continued

Complex Improvements

- At each of the 10- and 20-year marks of the agreement (provided that A's exercises its option to extend the term beyond 20 years), Mesa and A's will jointly evaluate the Complex to identify additional improvements that Mesa will make to the facilities to keep them competitive throughout the Cactus League.
- Mesa will fund agreed upon improvements at year 10 & 20
- Each Party contributes \$25,000 annually to a Capital Improvement Fund.
- Agreed upon Interim improvements split 50/50

Length of Agreement

- 20 years with two (2) five year options

MOU Continued

Operations

- A's have exclusive use of HoHokam Park during Spring Training (Jan 15-April 15) and use of Fitch Park throughout Term (including exclusive use of certain parts)
- Mesa retains use of any part of the Complex during non-exclusive periods so long as there is no concurrent usage. The parties will keep a master calendar concerning A's and Mesa usage

Revenue

- A's retain all revenues derived from its operations and pay all costs incurred in generating those revenues
- Mesa retains all revenues derived from its own events at the Complex and pays all costs incurred in generating those revenues*

MOU Continued

Repairs and Maintenance

Entire Complex

- A's provides and funds all field maintenance for areas "inside the fences."
- Soccer field/parking field maintenance remains Mesa responsibility.
- Mesa provides and pays for all maintenance and repairs throughout Complex.
- Each Party provides and pays for security/traffic/parking personnel for its own events.

Hohokam

- Mesa and A's will split 50/50 for janitorial service at the Stadium during Spring Training. A's provide and pay for janitorial service for the home team clubhouse and office space during Spring Training.
- Mesa provides and pays for all utilities except that A's pay for its own telephone and internet during Spring Training.

MOU Continued

Repairs and Maintenance

Fitch

- A's provide and pay for its own telephone and internet costs in the main clubhouse building. Mesa pays such costs (if any) outside clubhouse walls.
- A's provide and pay for all janitorial service for main clubhouse building.
- Mesa will pay up to \$100,000 annually for all further individually-metered utilities (water, electric, gas, sewage) for main clubhouse building. A's will pay all costs above \$100,000 annually.
- Mesa provides and pays for all utilities and janitorial service outside main clubhouse walls (field lighting, water, etc.).

MOU Continued

Misc.

- Mesa and Oakland A's agree to work cooperatively to secure and incorporate ASTA funding to be used in assisting in renovation of Hohokam and Fitch facilities.
- MOU will automatically terminate February 15, 2013 or upon the City and A's entering into a final agreement, whichever occurs earlier

Fiscal Analysis

At Council's request staff completed a fiscal analysis analyzing the incremental impact of three operation and maintenance scenarios.

The three scenarios are:

- **Scenario A:** Operating and maintaining the facilities at a level necessary to recruit a new MLB Spring Training Team
- **Scenario B:** Operating and maintaining the facilities at a level commensurate with other similar Mesa Parks such as Quail Run or Red Mountain
- **Scenario C:** Operating and maintaining the facilities with the A's conducting Spring Training operations

Fiscal Analysis Findings

	<u>Scenario A:</u> <u>Run as a</u> <u>prospective</u> <u>facility</u>	<u>Scenario C: A's</u> <u>_____</u>	<u>Scenario B:</u> <u>(Run as</u> <u>Park)</u>
Total Direct Expenses	\$ 2,310,406	\$ 773,231	\$ 1,490,288

Oakland A's Spring Training Impact

(Among Out of Town Visitors)

- Importance of Spring Training Visitation: 92%
 - Cactus League average (CLA): 84%
- Average Length of Stay: 5 days
- Highest Avg. Room Rate Per Night: \$135
 - CLA: \$112
- Top percentage of visitors using Hotel, motel, or resort: 72%
 - CLA: 63%
- Top Cactus League Party Trip Daily Expenditures: \$489
 - CLA: \$300
- 2nd Highest Party Trip Total Expenditures: \$2,250
 - CLA: \$1,542
- All this activity equals increased city and retail/Hospitality benefits

Next Steps

- Parties will continue to work toward a final agreement in January
- Parties will meet and discuss with ASTA representatives
- Staff will begin drafting Request For Proposals (RFQ) documents for Design Team and Construction Manager At Risk (CMAR) recruitments

Questions?



Fiscal Analysis Findings

<i>(Current estimates shown)</i>	<u>Scenario A: No Spring Training (Run as a prospective facility)</u>	<u>Scenario B: With A's</u>	<u>Scenario C: No Spring Training (Run as Park)</u>
<u>Direct Expenses</u>			
<i>Personal Services</i>			
City Personnel	\$ 728,118	\$ 80,000	\$ 322,813
Temp Staff	\$ 313,968	\$ 20,000	\$ 30,000
<i>Other Services</i>			
Outside Contractor Repairs	\$ 30,000	\$ 17,259	\$ 30,000
Custodial	\$ 135,000	\$ 99,435	\$ 135,000
Fleet (Equipment Usage)	\$ 24,079	\$ -	\$ 24,079
Maintenance	\$ 130,000	\$ 30,000	\$ 130,000
Payment to Ovations	\$ 98,000	\$ -	\$ 98,000
<i>Utilities (E,W,G,S,GAR)</i>			
Fitch	\$ 168,879	\$ 100,000	\$ 126,660
HHK	\$ 354,498	\$ 354,498	\$ 265,873
Telephone (City: Local and Cell)	\$ 6,863	\$ 6,863	\$ 6,863
<i>Commodities</i>			
Materials and Supplies	\$ 296,000	\$ 40,176	\$ 296,000
<i>Capital Improvement Fund</i>			
Capital Outlay	\$ 25,000	\$ 25,000	\$ 25,000
Total Direct Expenses	\$ 2,310,406	\$ 773,231	\$ 1,490,288