

Citizens for Governmental Transparency

Cobb County Board of Commissioners
100 Cherokee St.
Marietta, GA 30090

December 11, 2013

Re: Request answers to questions about Braves Stadium project

Dear Board of Commissioners:

“Citizens for Governmental Transparency” is an ad hoc committee comprised of individuals and organizations representing various interests in Cobb County. Additionally, we are residents and tax payers who believe that citizens should be appropriately informed and engaged when significant tax dollars are obligated or expended by our elected officials.

Although we include members who are both for and against the proposed Braves stadium deal, we are unified in our belief that serious questions remain unanswered and need to be addressed before Cobb County proceeds with a project that will require the use of significant county tax dollars. **Therefore, we the “Citizens for Governmental Transparency” respectfully request that the Cobb County Board of Commissioners provide answers to the questions posed in this letter by *December 27, 2013*** (sent via e-mail to cobbcoalition@gmail.com or call 404-573-1199 to arrange for a hard-copy pickup.)

General Concerns

The BOC asserts that building a \$672 million stadium, along with the \$400 million mixed-use development the Braves plan to build next to it, will bring in more property and sales taxes for the county and school district, resulting in a major net revenue gain for the county. In a 4 to 1 vote on November 26, the BOC backed that conclusion without qualification.

The information on the public record so far does not come close to proving the Commissioners’ rosy assertions. In fact, the hasty decision-making has left major gaps in the facts behind this complex transaction. No business would dare present its shareholders with a plan for such a major investment with such a dearth of facts to back its decision. The Commissioners have so far ignored the risks in favor of presenting a one-sided viewpoint.

We dispute Commissioner Lee’s assertion that Cobb residents will not be required to pay additional taxes. The assertion that the deal is certain to provide a cornucopia of revenue for Cobb County without requiring new taxes is more hyperbole than fact, more rhetoric than reality. We are convinced a strong argument can be made that local taxpayers will still end up bearing significant costs, and the county will have to raise property taxes.

Aside from the Commissioners’ hyperbolic rhetoric, the public’s knowledge of the deal rests almost entirely on the Memorandum of Understanding (MOU) reached between the parties. The MOU itself, of course, is not a formal contract. It’s a general plan of action, with many critical details left to be decided in further negotiations. There are three parties to the MOU:

- Cobb-Marietta Coliseum and Exhibit Hall Authority. According to public records, the seven-member appointed Authority is “a body corporate and politic created by the Georgia General Assembly in 1980 for the purpose of acquiring, constructing and maintaining facilities for the general purpose of promoting cultural growth, education and welfare.” We have been unable to find the names of the people who sit on this Authority.
- Cobb County, Georgia
- Atlanta National League Baseball Club, Inc.(ANLBC)

Other entities named in the MOU:

- The Cumberland Improvement District (CID) is not a formal party to the MOU but is assigned responsibilities. (A community improvement district pools money from area businesses for infrastructure projects).
- Similarly, an entity called BRED Co., LLC, is not a party to the MOU but is assigned benefits. BRED Co., LLC was created on August 30, 2013, as a limited partnership, which does not require divulging the names of the individuals involved. In fact, its officers have not been identified. The incorporation documents state that “ANLBC has caused BRED to enter into a contract granting BRED the right to purchase land in Cobb County (the “Site”)...”. ANLBC apparently has full control over BRED.

Questions #1:

What is the current state of play in the ongoing negotiations to flesh out the MOU? Who are the major participants? When will the BOC give a report on the discussions? If the negotiations are prolonged, will the BOC issue periodic updates, or will Cobb citizens once more be presented with a *fait accompli* and told to take it or leave it? What other projects is the Cobb-Marietta Coliseum and Exhibit Hall Authority involved in, and what are the names of its members? Why was BRED created? What is its role in the negotiations and in the future? Who are its officers? Why would the names of its officers be kept hidden, however legally justified?

The Atlanta Regional Commission

By any definition of the term, the Braves stadium move to Cobb County is a regional issue. The Atlanta Regional Commission (ARC) is responsible by law for overseeing regional issues, especially involving land use and transportation. In its mission statement, ARC states: “ARC is dedicated to unifying the region's collective resources to prepare the metropolitan area for a prosperous future. It does so through professional planning initiatives, the provision of objective information and the involvement of the community in collaborative partnerships...Only through a comprehensive and integrated process can the region maintain the economy and quality of life while meeting fiscal challenges and improving health and environmental conditions.”

We judge it *prima facie* indisputable that the stadium project should have been submitted to the Atlanta Regional Commission for review prior to its approval by the BOC. It was not.

Questions #2:

Why did the Cobb County Board of Commissioners decide to bypass the ARC in its decision-making on

the stadium? What precedent does this set for ARC and its component jurisdictions? Is the BOC confident that no laws were broken? Has it received specific legal advice on this issue? Did the BOC comply with the spirit of regional cooperation as well as the letter of the law in its decision to bypass the ARC?

Financing

The financing details of the project call for the Braves to pay for 55 percent of the costs and public funds for 45 percent. Cobb will rely on a mixture of taxes or taxpayer-backed bonds. The publicly touted sum of “\$300 million” as Cobb’s contribution is pure chimera. The county’s share in new and existing taxes goes a lot deeper, and we believe the county could ultimately pay double that amount. The plan calls for \$276 million to come from bonds to be repaid over 30 years. At current interest rates, the county estimates those payments at \$17.9 million per year or \$537 million over 30 years. The county has an additional \$24 million in up-front commitments (\$14 million for transportation improvements and a \$10 million contribution from the CID).

An existing tax on property owners set to expire in three years will instead continue as a funding source for the stadium. Specifically, Cobb would extend for an additional 30 years the parks bond taxes now due to expire in 2017 and 2018. The reasoning behind these levies is that the stadium, along with the \$400 million mixed-use development the Braves plan to build next to it, will bring in more property and sales taxes for the county and school district.

In addition, the MOU states that the county and the Braves will share equally the cost of capital maintenance, repairs and replacements to the stadium for at least 30 years. The MOU includes a long list of items covered by that provision, ranging from scoreboards to seats to parking-lot pavement, and places no cap on such costs. The Braves have estimated \$65 million over 30 years. According to some experts, that seems low. The county’s information to date lacks details on how it will pay for its portion of annual capital maintenance costs.

The Braves will keep all revenues generated by the stadium, parking lot fees and revenue from the retail and residential development that will be constructed along with the stadium.

Decades of empirical evidence and expert research call into question the BOC’s optimistic projections. In fact, most of those studies found that there is no appreciable economic development from sports stadiums. At best, stadium projects have created only modest increases in overall tax revenue and job creation, and the benefits were slow to materialize.

- The benefits of mixed-use developments were promised in connection with the construction of Turner Field and the Georgia Dome. The benefits never materialized.

A more pertinent example is the construction of a stadium in Gwinnett County for another Braves team—the former Richmond Braves. In a recent issue, Reason magazine summarized the disaster:

- Gwinnett officials said the stadium would pay for itself, but they had to approve a 3 percent car-rental tax to help repay the stadium debt, and even that might not be enough. The tax plus stadium-generated revenue won’t be enough to cover the debt when principal payments begin in 2014.
- Plans for major commercial development—300 hotel rooms, 600 residences, more than 300,000 square feet of retail space and twice that much office space—never materialized. As of this year, the principal developer had broken ground on fewer than 250 apartments—and was so

discouraged he wanted to sell part of his holdings to another developer who would build more apartments.

- “There may be non-economic benefits to hosting professional ball clubs, such as civic pride or a sense of regional identity. But the consultants...never say: ‘The stadium will be a money-loser, but at least you'll feel good about yourself.’ Instead, they routinely sell stadiums as almost miraculous economic cornucopias. Gwinnett is providing an object lesson in the virtue of reading those reports with a grain of salt.”

According to media reports, Holy Cross economics professor Victor Matheson, who has extensively studied the subject, argues that the economic impact of sports venues usually is a tiny fraction of what is promised. He acknowledged some baseball stadiums have spurred the type of development the Braves and Cobb envision, “but for every success story, you see (multiple) stories of stadiums that may work really well for the team but haven’t done anything for the neighborhoods.”

Questions #3:

When are details on public funding going to be made available? What are the sources and the facts behind the BOC’s assessment that the stadium will provide a net revenue gain for Cobb County? What studies were examined or will be commissioned? What are the projected taxes to be generated by the commercial activity, and for what time frame? What case studies of other cities that funded stadiums did the Commissioners examine before making their decision on November 26? If no case studies were analyzed, why not? What lessons have the Commissioners learned from the Gwinnett County experience? Were Prof. Matheson’s studies taken into account? Is the BOC satisfied that using the Cobb-Marietta Coliseum and Exhibit Hall Authority to issue the bonds meets all legal requirements? If—as happened with Gwinnett County’s stadium—projected revenues and tax benefits do not materialize, who makes up the shortfall? Are there any guarantees Cobb taxpayers will not be left holding the bag? (What’s Plan B?)

Transportation and Infrastructure

The stadium is to be built in one of the most congested transportation corridors in metro Atlanta—probably in the United States. But the MOU provides virtually no plans for dealing with the transportation issue. State involvement in transportation solutions will be mandatory—but the media quote state Department of Transportation officials as saying that nobody bothered to contact the DOT about the stadium proposal. Governor Deal was even more blunt: “With the potential location of it, there has to be some connectivity to that site. But that is way down the road. I have seen no plans, no requests have been made to the state. And it will be that way for a long time.”

A major gas pipeline runs through the proposed construction area and will have to be relocated. Expert CTG sources state the relocation costs are significant, but the pipeline is not mentioned in the MOU.

Questions #4:

Why were transportation issues neglected in preparing the MOU? What proposals are on the table to deal with all the infrastructure issues? Has DOT been brought into the process? What possible sensible conclusions can be made about the overall cost and benefits of the stadium until specific transportation solutions not only are proposed but are finalized? When will the public be informed about the Commissioners’ transportation proposals? What is the deadline for DOT signing off on them? Isn’t the

2017 deadline for completing the stadium totally out of synch with any realistic deadline for completing transportation improvements? If the stadium is built without proper transportation in place, wouldn't that create the potential for a major disaster? Where does mass transit (rail) figure in the planning?

Public Safety

Additional fire and police personnel will be required. Cobb County will bear the entire costs, and the funding will have to come from the General Fund, not from any of the money streams directly linked to the stadium project.

Questions #5:

Why does the MOU ignore the public safety issue? What are the projected costs? What is the overall impact on the net financial benefit to the county, especially on the funds projected to be available for education?

Incorporated Municipalities

Municipalities will not directly reap any of the projected benefits from the stadium project (e.g., funds for education), but their citizens will share the burden of any county taxes used to pay bond interest or infrastructure and public safety costs.

Questions #6:

Isn't this taxation without representation? Why should citizens of municipalities bear the burden of something from which they derive no direct benefits?

Jobs

The BOC touts the jobs that allegedly would be created by the stadium's construction. But the jobs directly connected with construction disappear in 2017.

Questions #7:

What is the projected number of permanent new jobs the Braves move will create? What types of jobs will they be? Where will the new employees live? How will they get to work?

Citizens' Additional Concerns

The media has reported that some Cobb citizens have voiced suspicions that insiders are getting rich from land deals near the planned stadium. Attention is focused particularly on the sale of three large pieces of property near the new stadium site adjacent to Circle 75 that traded hands nine days before the stadium announcement was made November 11.

Questions #8:

Has the BOC or any other Cobb County government entity examined these land deals for potential impropriety? Can the BOC provide assurances that it is satisfied these deals were legitimate and above board?

As representatives of countless citizens and registered voters in Cobb County, we hope that the Cobb Board of Commissioners will honor our request to provide answers to our questions. Cobb County government has enjoyed a reputation for making prudent and fiscally sound decisions. We trust that our Commissioners will uphold this tradition and not disappoint us by acting in haste and without the support of the citizens they swore to serve.

Sincerely,

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