



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: December 10, 2014 REPORT NO: 14-076
ATTENTION: Honorable Council President and Members of the City Council
Docket of December 15, 2014
SUBJECT: The San Diego Padres Bid to Host the 2016 Major League Baseball All-Star Game in the City of San Diego
REFERENCE: None

REQUESTED ACTIONS

- 1) Authorize City General Fund departments, including but not limited to the Police Department, Fire-Rescue Department, Park and Recreation Department and Special Events Department to waive the cost of City services associated with the provision of police, fire, permitting, and other operational services to support the All-Star Game and related events up to an aggregate of \$1.5 million to be calculated using City Council approved rates and fees in effect at the time services are provided, conditional upon selection of the San Diego Padres to host the five-days of events that include the 2016 All-Star Game; and
- 2) Require the San Diego Padres to pay for the cost of City services associated with the All-Star Game and related events provided by Enterprise Fund departments for services that may be required such as code enforcement, building permit, and building inspection to be calculated using City Council approved rates and fees in effect at the time services are provided; and
- 3) Should the cost of General Fund City services associated with the provision of police, fire, permitting, and other operational services to support the All-Star Game and related events exceed \$1.5 million, require the San Diego Padres to pay for the cost of such City services to be calculated using City Council approved rates and fees in effect at the time services are provided.

STAFF RECOMMENDATION

Approve the requested actions.

SUMMARY

In November 2014, the San Diego Padres submitted a bid proposal to Major League Baseball to host the 2016 All-Star Game at Petco Park, and related events at other locations over a five-day

period. With its iconic setting in downtown San Diego and 42,000 seats, open-air atmosphere, year-round temperate climate, and recent state of the art upgrades, Petco Park is an ideal location to host the All-Star Game and to promote San Diego as a tourist destination.

Major League Baseball and the San Diego Padres have asked the City of San Diego to support hosting of the event in San Diego through the waiver of General Fund department fees associated with the provision of police, fire, permitting, and other operational services to support the All-Star Game and its related activities up to an aggregate of \$1.5 million due, in part, to: 1) the one-time nature of the event; 2) the positive economic impact anticipated to be generated for the region; and 3) the potentially unique public safety needs due to world affairs and the international nature of the All-Star Game. The City's support will be considered by Major League Baseball in its selection of the host city for the 2016 All-Star event series and is considered to be an important competitive element of the bid proposal submitted by the Padres..

If the 2016 All-Star event series is held in San Diego, the City will receive the benefit of being the host city for the 2016 All-Star Game with national and international media exposure promoting San Diego as a tourist destination. San Diego residents will be able to experience the excitement and civic pride of being the host city to the well-known All-Star Game, and will have the opportunity to participate in events over the five days. The events will also draw out-of-town visitors, and generate Transient Occupancy Tax (TOT) and sales tax revenues.

BACKGROUND

Major League Baseball's All-Star Game is an annual baseball game played between players from the National League and the American League. The internationally recognized game is held every July during the All-Star break at a ballpark selected by Major League Baseball. The San Diego Padres hosted the All-Star Game at Jack Murphy Stadium (now Qualcomm Stadium) in 1978 and 1992. Hosting the 2016 All-Star Game at Petco Park would be the first time the prestigious event would be held in San Diego since the Padres opened Petco Park eleven years ago.

Should the San Diego Padres be selected to host the All-Star Game, there are a number of events San Diegans and visitors would have an opportunity to participate in over a five-day period. These events comprise the All-Star Summer event series and include the: All-Star Fan Fest, a five day interactive event; All-Star Futures Game; All-Star Legends Game; All-Star Workout Day and Home Run Derby; All-Star Red Carpet Parade; and the All-Star Game itself.

If selected, the San Diego Padres will be solely responsible for organizing and implementing these events, including securing venues and required permitting. Similar to the organizational structure of other events of national and international stature, it is important to the Padres to have a Host Committee made up of an identified group of individuals and organizations in the community who are committed to volunteering to fulfill various functions and obligations. These functions and obligations include marketing, coordination and support of the All-Star Game and

related events. The Padres will identify individuals in the community to participate on the volunteer Host Committee.

FISCAL CONSIDERATIONS

Media Exposure

While it is difficult to calculate the value of the media exposure generated by the All-Star Game, the level of national and international promotion of San Diego as a tourist destination is an important facet of the San Diego Tourism Authority’s (SDTA) overall marketing effort and has long-term positive benefits to San Diego that should be considered a value and benefit to the City. According to Major League Baseball, in 2014, the All-Star Weekend events had a combined total TV audience of over 42.5 million people and over 12 hours of direct national broadcast time. Also, in 2014, the All-Star Game was viewed by more than 27 million people in the United States. Additionally, the All-Star Game was broadcast in 13 languages to 223 countries and territories around the world. It is anticipated that a future game in San Diego would experience a similar broadcast pattern.

Transient Occupancy Tax

The SDTA estimates the 2016 All-Star Game and All-Star Summer event series in San Diego could bring an estimated 160,000 people to the internationally recognized game and its related events. SDTA estimates approximately 100,000 of these attendees would be from the San Diego region. SDTA also estimates that as many as 60,000 of these attendees would be from outside the San Diego region and would generate 47,000 room nights, resulting in an estimated \$1.2 million in TOT revenue for the General Fund.

Average Daily Rate	Anticipated Room Nights	Total Room Night Revenue	Total TOT to General Fund
\$275	16,000	\$4.4M	\$470K
\$225	31,000	\$7.0M	\$730K
TOTAL	47,000	\$11.4M	\$1.2M

Sales Tax

Based on information from other cities that have recently hosted the All-Star Game and San Diego’s experience as a major tourist destination, it is estimated that the All-Star Summer series of events would generate \$1 million in sales tax revenue to the General Fund. Sales tax revenue is difficult to estimate in the front end of a major event. However, based upon the 5 days of All-Star Summer events combined with San Diego’s popular tourist destinations such as the San Diego Zoo, Sea World, cultural institutions, and beaches, all of which provide additional activities and reason to extend tourist expenditures, the estimate of \$1 million is a reasonable estimate. In addition, staff asked other recent host cities to provide direct sales tax revenues. Kansas City (2012) and Minneapolis (2014) provided the numbers of \$1 million and \$850,000, respectively.

Overall Economic Impact

It is estimated by the SDTA that the All-Star Summer series of events could generate an \$80 million economic impact for the region. Major League Baseball has published the following economic impact information for cities that have recently hosted the All-Star Game:

Event Year	Host City	Economic Impact
2015	Cincinnati, Ohio	Report Pending
2014	Minneapolis, MN	\$70M
2013	New York, NY	\$185M
2012	Kansas City, MO	\$60M
2011	Phoenix, AZ	\$67M
2010	Anaheim, CA	\$85M

Charitable Donations

Major League Baseball historically has donated one-third of the gate receipts from the All-Star Workout Day (which includes the Home Run Derby) to local charities identified by the host team, in this case the San Diego Padres. In 2016, it is expected that this donation should be at least \$1.5 million and may be as much as \$2 million. Should the Padres be awarded the 2016 All-Star game, the team has committed to work with the City to identify local charities that will receive this impactful support.

Cost of City Services

City staff has extensive experience in successfully providing public safety and other operational support services for major events. Based on this experience, City staff have developed a cost estimate range of \$600,000 to \$1.5 million for the provision of police, fire, permitting, and other operational services that may be provided by General Fund departments. (Attachment A).

It should be noted that some events require services such as code enforcement, building permit, and building inspection which are provided by Enterprise Fund department. Enterprise Fund departments must be fully cost-recoverable for the services provided and therefore the cost of these fees cannot be waived. It is not known at this time whether or not the All-Star Summer series of events will require Enterprise Fund department services.

The cost of General Fund department City services to support the All-Star Game and the All-Star Summer event series may vary greatly depending upon: 1) the final number, scope, and location of events; 2) future homeland security requirements; and 3) unknown circumstances related to then-current local, national and world affairs. Therefore, while City staff will make every reasonable effort to stay within the cost estimate range, consistent with best practices for safety

and security at an event of this type, the City does not guarantee that the cost of providing the required services will remain in the estimated range.

Summary

The San Diego Padres have worked diligently for many years to bring the prestigious All-Star Game to Petco Park. The All-Star Game and its associated All-Star Summer event series would offer unique experiences to San Diegans and international recognition through the national and international broadcast of the game, while generating an estimated \$1.2 million in TOT and \$1 million in sales tax for the General Fund. It is also estimated by the SDTA that the event could generate \$80 million in economic impact to the region.

To support hosting of the All-Star Game in San Diego, Major League Baseball and the San Diego Padres have asked the City of San Diego to waive the cost of General Fund department fees associated with the provision of police, fire, permitting, and other operational services to support the All-Star Game and its related activities up to an aggregate of \$1.5 million.

Should the City Council adopt the requested actions, the City would waive up to \$1.5 million in fees associated with the police, fire, permitting, and other operational services provided by General Fund Departments. The City will not waive fees for services provided by an Enterprise Fund department for services such as code enforcement, building permit, and building inspection that might be required to support the All-Star Game and therefore would require the Padres to be responsible for those costs. Finally, the Padres would be responsible for any General Fund department costs associated with the provision of police, fire, permitting, and other operational services to support the All-Star Game and its related activities that exceed \$1.5 million.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

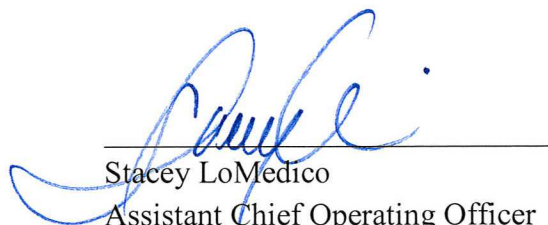
None

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Baseball fans, tourism industry, San Diego businesses and residents.



Carolyn Wormser
Director of Special Events



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Attachment: A Estimated Cost of General Fund Department City Services