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S.F. on the sidelines: 49ers in the South Bay

Sunday, May 23, 2010

San Francisco should not give up on keeping the 49ers. Even if Santa Clara voters approve Measure J on June 8, there are plenty of reasons to question whether the team can put together the financing for a $937 million football stadium next to the Great America amusement park.

"We are of the opinion that it would be so difficult to get that (Santa Clara) project financed and completed unless two teams go into that stadium ... and we cannot imagine that occurring within any reasonable period of time," said Carmen Policy, the former 49ers president who now consults for the Lennar Corp., which includes a stadium as an option for its development of the abandoned Hunters Point Naval Shipyard.

Our preference remains for the 49ers to build a new stadium in the city they have called home since 1946. As a result, we have chosen not to make a recommendation on Measure J, because an opposing position could be dismissed as provincial or protectionist - and a supporting position would be encouraging one of the city's most popular institutions to ignore its still-viable opportunity to stay here.

Instead, our focus is on what needs to be done in San Francisco to keep its options open. On June 3, the city's Planning Commission is scheduled to review an environmental impact report for Lennar's comprehensive redevelopment plans to bring housing and commerce to the old shipyard site. One scenario would include a football stadium, the other would not. The city should keep this plan moving forward.

"We will have a place for them in San Francisco," said Kofi Bonner, regional vice president for Lennar Homes. Lennar's stadium option would include about 20 acres for the venue itself - which is larger than the Santa Clara site - in addition to vast parking areas that would have a dual use as recreational fields on nongame days.

If the stadium were not part of the plan, Lennar would build about 1,700 homes on the land, reducing density on the Candlestick Point part of the development. Because the project is split into phases, Lennar could hold a site for the stadium until about 2017, Bonner said.

The passage of Measure J would not necessarily put the Santa Clara project on a fast track. The 49ers have promised that the team and the NFL would directly contribute nearly $500 million toward the stadium - and would cover cost overruns. But the NFL contribution remains a big if.

In recent years, the NFL has made significant loans to teams building new stadiums - such as $300 million toward a joint Giants-Jets stadium that is to open in New Jersey this fall - with the repayment coming from the visiting teams' share of club-seat revenue. But that fund has run dry - and such tapping of ticket revenues is subject to the league's collective bargaining agreement with the players, which expires next year. Those negotiations are expected to be intense, with players pushing for a greater share of revenue.

The potential absence of league help is just one of the question marks about financing. NFL teams have also seen a precipitous drop in corporate interest in purchasing the naming rights to new venues. Also, there is no guarantee that 49ers fans would be willing to shell out thousands of dollars for personal seat licenses - especially if the team were to encounter losing seasons on the field.

Jed York, the 49ers president, has suggested that Oakland would be the backup site if the Santa Clara measure is rejected. Policy scoffed.

"I just don't see the San Francisco 49ers playing in Oakland," Policy said. "I don't think that's a digestible concept."

A shared 49ers-Raiders stadium, which would greatly increase the financing prospects, is highly unlikely under the term sheet that Santa Clara has presented to voters. The second team would be a tenant of the 49ers, and would not really experience much of a new stadium windfall. It's hard to imagine that such an arrangement would hold any appeal for Raiders boss Al Davis.

A new San Francisco stadium would confront some of the same challenges as Santa Clara's plan. But it would also have distinct advantages, such as the possibility of leveraging federal help for the redevelopment of a Navy shipyard, recasting the deal as a partnership to increase the odds of a two-team scenario and enlisting more robust NFL support for a waterfront site in a destination city that could host multiple Super Bowls.

San Francisco is not out of the game yet.

Does Santa Clara plan add up?
Both the 49ers and the elected officials promoting their plan to build a new football stadium in Santa Clara insist that it is financially sound and poses no risk of becoming a burden to taxpayers. Still, a new stadium authority owned and controlled by the city would be putting up $330 million that is supposed to be paid back through a ticket tax and the sale of stadium naming rights, personal seat licenses and concession rights.

Among the question marks:
Revenue projections. Will the stadium authority really be able to raise $330 million to recover its contribution? The once-booming market for naming rights has vaporized - in fact, new stadiums for the Dallas Cowboys and the New York Giants and Jets have yet to find a taker. Will 49er fans be willing to shell out thousands of dollars for seat licenses? If those revenues come up short, the 49ers are supposed to make up the difference, or the project will be scrapped.

Sales responsibility. As Roger G. Noll, a Stanford economist and one of the leading experts on stadium deals noted in an Insight piece last week, "A scary feature of the Santa Clara proposal is that it repeats a flaw in the (Oakland) Coliseum plan: the stadium authority, not the team, will sell the seat licenses."

Redevelopment money. The deal calls for a contribution of $42 million in redevelopment funds. But the state has just received the legal OK to raid local redevelopment funds. Some or all of that money may not be available.

Parking and traffic. The 49ers are counting on using thousands of parking spaces from nearby businesses. If those spaces were not available on weekdays, the team said it might need to forgo Monday or Thursday games.

One team or two? Just about everyone agrees the stadium financing would be far easier with two teams. But the deal is structured to make the second team subordinate to the 49ers. Does anyone seriously believe that Al Davis would bring his Raiders to Santa Clara in such a situation? Also, would Santa Clara residents embrace the doubling of stadium impacts during the football season?

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