

The Billionaires York \$222 Million Subsidy Request From Your Money Seven Months Later How Our City Council Has Served Us Based on A “Guess” and a Comment

by, Byron Fleck & Karen Hardy¹

“It’s something we’ve never done before. So six months at best was a guess.”

Santa Clara Mayor Mahan offering an explanation why the City feasibility study (originally projected to be completed at the end of July, then end of September) may now slip to the end of the year, or later.²

Guess? A “guess” is flipping a coin. A “guess” might be something you do in the absence of fact. A “guess” might be something you do when the consequence of a wrong “guess” is inconsequential.

A “guess” is a gamble.

We do not think it much to ask that when our Mayor and City Council decide to spend our money, they do so based on something more than a “guess.”

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http://www.mercurynews.com/search/ci_6796073?IADID=Search-www.mercurynews.com-www.mercurynews.com

Here are the consequences of “The Guess.”... over just the last seven months.

- The subsidy request from your money to the billionaire York family swelled from \$160 million³ (\$6,000 per Santa Clara household) to \$222 million⁴ (\$8,000 per Santa Clara Household), a **40% overrun**.

-The cost for the “Feasibility Study” jumped from \$200,000 to \$315,000, a **60% overrun**. The City Manager warned the Council that more overruns are likely.⁵

-The projected date for the completion of the “Feasibility Study” slipped from the end of July, to the end of September to, now, possibly, the end of 2007. Five months late, **after** an originally projected six month period. A **delay overrun of 70%**.

These facts, of course, beg the question, “If our City Council can’t get the numbers right without double-digit overruns, how will they do building and operating an \$854 million stadium?”

Scary.

That, unfortunately, is just the beginning. More consequences of “The Guess” follow.

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³ See video, <http://cbs5.com/video/?id=24296@kpix.dayport.com>

⁴ <http://www.ci.santa-clara.ca.us/pdf/collateral/Implementation-plan.pdf> See, p.15

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<http://www.ci.santa-clara.ca.us/pdf/collateral/49ers-20070710-Agenda-Report-Additional-Legal-and-Fiscal-Services.pdf> See, p. 1,2.

On January 2, 2007, the Santa Clara City Council made a promise to each resident. They unanimously adopted a set of guidelines to protect residents in evaluating the billionaires' subsidy request. They promised to follow them.

Here is how our Santa Clara City Council has performed on the most significant guidelines.⁶ We thought you should know.

1. No use or obligation of General Fund monies of the City of Santa Clara.

This is deception. "General Fund," "Redevelopment Fund," or "Utility Fund." Regardless of "Fund", these are all your monies. Want proof? When there is a utility rate increase by the Santa Clara Electric Utility, who pays that increase? You do. It is your money. It is your Electric Utility.

We now know that the billionaire's York proposal, as discussed below, expressly intends to raid your Redevelopment and Utility funds.

2. No tax increase put on Santa Clara residents, businesses or ratepayers to fund a stadium project.

Promise not kept. Just two months after the City Council made this promise to you, Santa Clara's City manager conceded Santa Clara utility rates would have to increase as much as 16% to support the subsidy to the billionaires.⁷

\$20 million to \$30 million of your money would be used to move an electrical substation.⁸

6

http://www.ci.santa-clara.ca.us/pdf/collateral/January_9_Agenda_Report_re_Proposed_49ers_Stadium.pdf p.4.

7

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/03/28/MNGDROT5PH1.DTL&feed=rss.news>

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<http://sayhey.wordpress.com/2007/06/04/santa-clara-49ers-offseason-update-who-needs-electricity/>

3. Great America Theme Park/Cedar Fair must agree to cooperate with any proposed stadium project sited on existing City-owned lands leased or committed to them.

The City/Agency requires a written acknowledgment from Cedar Fair stating they will not assert business interference or negative effects by the ongoing feasibility studies/discussions...pertaining to a proposed stadium to be located in their leased parking lot. **THIS AGREEMENT MUST BE OBTAINED PRIOR TO PURSUING DISCUSSIONS WITH THE 49ERS.** (Emphasis added).

Promise not kept. There is not, to date, any such written agreement. Notwithstanding the failure to secure the agreement, your City and the 49ers have been engaged in negotiations, directly and indirectly, throughout the period from when your City Council made this promise through the present.

What is the consequence of your City negotiating with the 49ers without the promised written acknowledgment of Cedar Fair? Simple. Your City is now exposed to liability for hundreds of millions of dollars.

There is no other explanation why our City Council would proceed without the Cedar Fair agreement other than recklessness, in conscious disregard of the welfare of City residents.

4. If Cedar Fair agrees to cooperate on a proposed stadium project, there should be no financial loss to the City/RDA from diminished land lease payments from the existing Theme Park ground lease.

Promise not kept. Of course, there is no agreement.⁹ Given that the City Council is falling all over itself to give away \$8,000 from every Santa Clara household to billionaires, guess who might also want a subsidy? Cedar Fair?¹⁰

9

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¹⁰ Subsidy proponent or opponent, all residents must be aghast at the negotiating ineptitude demonstrated by the Mayor and Council. Prior to Mayor Mahan's now infamous declaration that a then \$160 million subsidy from your money was "doable" (despite the fact she had not yet read the 49ers proposal at the time of her "doable" remark), Cedar Fair was supportive

5. Any proposed or approved stadium project in the City of Santa Clara will be the result of a visible, public process, open to the community.

Promise not kept. Second only to your right to vote (more on that shortly), nothing more fundamental to a democracy than the right to know what your elected officials are doing.

Remember, negotiations were not to begin between your City and the 49ers until **after** a written agreement with Cedar Fair is made protecting us from liability. No such agreement has been made.

Additionally, negotiations on a stadium proposal with the 49ers, expected to last a few months, was not to begin until **after** presentation of the Feasibility Study, now anticipated to be year end or later.¹¹

Therefore, if there is no agreement in place to protect us from a lawsuit from Cedar Fair nor has the time yet arrived to negotiate a proposal with the 49ers, what's to hide?

Apparently, a lot.

On May 10, 2007 we, as residents, requested all documents relating to negotiations with the 49ers. Given the above, there should not have been any. Yet, hundreds of documents were produced. More disturbing, **the City Council refused to produce hundreds of other documents** responsive to our request, under various claims of "exemption" under the California Records Act.

Thereafter, consistent with the promise made to you of a "visible public process" we asked the Santa Clara City Council, through its attorney, to waive the claims of exemption (which they can under law), but they refused.

of the 49ers proposal. Soon after the Mayor's "doable observation, Cedar Fair went on the record to oppose the stadium. See, San Jose Mercury News, Patel & Swift, "49ers specify city share of stadium" April 25, 2007 Sec 1B, and http://www.mercurynews.com/breakingnews/ci_6151899

¹¹ <http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/09/10/BA5NS1EUQ.DTL>

Comment.

"We haven't come up against one obstacle, or one factor, that violates our principles for going forward," Mahan said.¹²

Of course, given the results above, the Mayor's statement is a lie.

Santa Clara Mayor Patricia Mahan is on record as opposing a public vote on the billionaires subsidy.

Mayor Mahan, Santa Clara: "I think it would politicize the issue beyond what's necessary. We built the theme park behind us as a land use issue without a vote of the people. We built the golf course over here without a vote of the people."¹³

We believe the Mayor's position is a collective slap in the face to Santa Clara residents.

You will recall that when we last asked the City Council to put on the ballot any final proposal for a subsidy from your money for binding decision by the voters of Santa Clara, we were met by the following:

Councilmember Moore: "If you want it on the ballot, you pay for it."

Councilmember Caserta: "This is an act of political theater."¹⁴

All other Councilmembers: Silent.

Notwithmymoney.org is an organization composed entirely of Santa Clara residents opposed to giving billionaires \$8,000 from each Santa Clara household to construct and operate and \$854 million professional football stadium.¹⁵

Please, have your Santa Clara family, friends and neighbors join us NOW at membership@notwithmymoney.org

12

http://www.mercurynews.com/search/ci_6796073?IADID=Search-www.mercurynews.com-www.mercurynews.com

¹³ <http://abclocal.go.com/kgo/story?section=local&id=5297305>

¹⁴ http://www.mercurynews.com/columns/ci_6063910

¹⁵ http://www.mercurynews.com/columns/ci_6063910