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Oakland's Unwanted Sports Arenas Leave \$179 Million Bond Burden.

An authority overseen by the city and Alameda County last month refinanced debt for the home of the National Basketball Association's Golden State Warriors that won't be repaid until 2026, even though the team plans to move in three years. Meanwhile, as the National Football League's Raiders and Major League Baseball's Athletics negotiate with Oakland for new facilities, taxpayers are on the hook for \$99 million of bonds for the coliseum those two teams share, bond records show.

The borrowing burden reflects the downside of competition among municipalities to keep teams from leaving. States and cities have sold more than \$9 billion of debt for professional sports facilities since the 1980s, including some no longer in use, according to data compiled by Bloomberg.

"Stadiums' economic lives are often shorter than the lives of their debt," said Randall Gerardes, vice president for municipal research at Wells Fargo Securities LLC in New York. "A building may stand for many years after the economic factors that once made it attractive to the owner no longer exist."

Unique Arrangement

When the Oakland-Alameda County Coliseum Authority sold about \$80 million of taxable bonds last month to refinance the basketball-arena debt, 10-year securities yielded 3.64 percent, or about 1.8 percentage points above similar-maturity Treasuries.

Fitch Ratings, which ranks the debt AA-, said the risk to investors is low even if the Warriors follow through on a move to San Francisco. Officials will likely continue to pay for the arena's bonds, concerned that they would be punished by higher borrowing costs if they defaulted, Fitch said.

Oakland and surrounding Alameda County pay about \$20 million a year combined for their two stadiums, including debt payments.

The A's and the Raiders are pushing for a replacement for the half-century-old O.co Coliseum, the only venue in the U.S. that's shared by a big-league football and baseball team.

Debt Weary

Mayor Libby Schaaf said in an interview that the city is looking for a way to fund any new venues privately and avoid taking on more debt.

"We will not be financing new stadiums," Schaaf said.

Susan Muranishi, the Alameda County administrator, couldn't be reached to comment on the bonds.

The A's and Raiders want new stadiums to replace a coliseum that's considered obsolete: sewage has leaked into the clubhouse. The Raiders played their first game there in 1966, followed by the A's in 1968.

"We are still working on a location in the Bay Area that would work for both us and the majority of our fans," Ken Pries, a spokesman for the A's, said in an e-mail.

The competition for teams has intensified amid efforts to lure the NFL to the Los Angeles area. The Raiders, the St. Louis Rams and the San Diego Chargers have all explored moving there.

Last month, the City Council in Carson, California, outside Los Angeles, approved a \$1.65 billion stadium project that may be a rival home for the Raiders. Will Kiss, a Raiders spokesman, didn't respond to requests for comment on the team's plans.

There are precedents for municipalities being stuck with debt for empty venues. King County, Washington, is set to finally pay off bonds for the Kingdome this year, 15 years after the demolition of the former home of the NFL's Seahawks.

"Anytime you have the volatility of sports you have considerable risk," said Alan Schankel, a managing director of fixed-income strategy at Janney Capital Markets in Philadelphia. "There's a lot of dynamics going on, including sports-team economics and media-market economics, that don't always jibe with the interests of a municipality."

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