**Concordia UNIVERSITY chicago**

**Masters Program**

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| **Assignment Title:** | Chase Center Construction Finance |
| **Date of Submission:** | 07/20/2020 |
| **Assignment Due Date:** | 07/26/2020 |
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| **Course:** | SPML-6040 |
| **Section Number:** | 2 |
| **Semester:** | Summer |
| **Course Instructor:** | Francis Marshall |
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*Certification of Authorship:* I certify that I am the author of this paper and that any assistance I received in its preparation is fully acknowledged and disclosed in the paper. I also have cited any sources from which I used data, ideas, or words, either quoted directly or paraphrased. I certify that this paper was prepared by me specifically for the purpose of this assignment, as directed.

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Chase Center Construction Finance

Constructing a new sports facility is a massive investment that involves years of financial planning and mandates large capital reserves be set aside (Fried et al., 2013, p. 148). Aside from the financial burden, securing a large plot of land in any major city is not an easy task and may involve moving a team to an alternate city in the case of the Golden State Warriors (Golliver, 2019, par. 6). The Warriors geographical move from Oracle Arena in Oakland to the Chase Center in San Francisco represents a financial transition from public to private funding. This is a feat rarely seen in the modern sports world, as teams usually rely on using monopoly leverage to receive large bonds and using taxpayer dollars to fund most of the stadium construction costs. Warriors ownership rather opted to purchase the undeveloped land for the Chase Center from salesforce CEO Marc Benioff and hired a joint venture team of Mortenson│Clark to lead the construction effort (Golliver, 2019, par. 7; Mortenson, 2019, par. 2). The total cost for constructing the Chase Center was $1.4 billion; a massive financial investment (Cision, 2019, par. 1). While only time will tell if this financial investment will produce a profitable Return on Investment for Warriors ownership, this essay will explore the effects of the decisions surrounding the Chase Center construction thus far.

**Public to Private Funding Transition: A Decision of Financial Control**

Going public is the status quo in sports, as it allows teams to open ownership up to potential stakeholders and receive government financial assistance off taxpayer dollars and bank loans (Fried et al., 2013, p. 174). While this is certainly financially helpful for construction of new stadiums, increased operating costs and disclosing sensitive data are disadvantages of going public (Fried et al., 2013, p. 173). Alternately, with private funding, ownership foots costs themselves or with the help of investors, companies, and venture capitalists (Fried et al., 2013, p. 158). When a sport organization decides to transition from public to private funding, individual and organizational determinants dictate this financial decision. Individual determinants were the Warriors ownership being innovative towards change and potential to profit in a new market, while organizational determinants were the Warriors needed a modern facility to better maximize ticket sales than in the aging 50-year old Oracle Arena (Hong et al., 2015, p. 73). Hong et al. (2015) stated “Openness to change can be understood as the degree to which executives possess a long-term perspective, appealing visions, and encourage and accept new ideas” (p. 75).

Golliver (2019) stated “To help offset the costs, the Warriors will transition from being Oakland tenants to San Francisco landlords” (par. 9). Warriors ownership now owns their arena and is in complete control of their financial decisions in the Chase Center complex. However, this does not mean that the public will not help fund the costs of the arena’s construction. Golliver (2019) stated “Fans certainly will help foot the bill. Warriors chief revenue officer Brandon Schneider estimated that season ticket holders will see an increase of roughly 10 percent compared with similar seats at Oracle” (par. 11). While price increases are not ideal for season ticket holders, added amenities in this new world-class arena will increase demand of limited priority seating in the Chase Center for decades to come.

**Chase Center Amenities & Luxury Seating Options**

Clever location selection and creating a multidimensional stadium complex within an already thriving sport and entertainment hub, has positioned the Chase Center to profit off a working professionals crowd. Locating the Chase Center near the University of California San Francisco and the San Francisco Giant’s Oracle Park, was an environmental determinant by the organization, that positioning themselves within a well-established sports market would create more revenue potential than in Oakland (Golliver, 2019, par. 6; Hong et al., 2015, p. 73). While this does create a crowed sports market in one sense, the market value based on the newness of the Chase Center, its world class amenities, and the Warriors brand in itself positions the organization to be especially attractive to local sports fans in its early years (Fried et al., 2013, p. 123). Furthermore, the Chase Center complex also features 580,000 square feet of office space, 100,000 square feet of retail and restaurant space, and most notably Uber’s new headquarters (Golliver, 2019, par. 9). Before even entering the arena, the Warriors organization now being privately funded, has ample opportunity to profit off the entertainment and business hub they created around the Chase Center.

Within the chase Center, the arena’s 18,000 seats, 44 club suites, and 32 luxury courtside suites, provides versatility and added comfort for hosting 200 basketball and entertainment events a year (Mortenson, 2019, par. 2-3). Most notably, the luxury courtside suites hidden under the lower bowl seats, provides a unique dining experience within a sport arena setting and a significant profit opportunity (Golliver, 2019, par. 14). Before the Chase Center construction even concluded, 30 of the 32 courtside suites were already purchased for a year of events by corporate clients for $1-2.5 million (Golliver, 2019, par. 15). This means that even before regular season ticket packages, the Warriors can potentially generate $60-75 million a year off these seats if they sell out for all events. If ticket sales are maximized off these and other sections, these profits along with revenue generated from businesses within the Chase Center complex will significantly help cover the $1.4 billion construction costs.

***Conclusion***

Privately funded sports stadiums are a rarity in the modern sports world. What makes the construction of the Chase Center most remarkable, is the ability of Mortenson│Clark to construct a world class facility in the Warriors financial interests and simultaneously improve the Mission Bay community and economy. Cision (2019) stated “Chase Center builders Clark Construction Group and Mortenson Construction worked in close partnership with the Warriors, San Francisco’s Office of Economic and Workforce Development, the Office of Community Investment and Infrastructure, and Bay Area labor unions, to maximize opportunities for local business owners and residents” (par. 2). Over $245 million from the Chase Center Project contributed to small business enterprises and following the construction, the Warriors were estimated to add 1,000 new part-time employees at the Chase Center complex (Cision, 2019, par. 1; Golliver, 2019, par. 8). The Chase Center construction project represents a turning point in how modern sport franchises choose to control their financial decisions.

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