Brook Park Stadium Proposal – A Risky Bet with Public Dollars

Admissions Tax

- Over half of the annual funding sources for proposed local public debt repayment are admission taxes, which are subject to aggressive assumptions on ticket prices for NFL games and non-NFL events.
- To meet these assumptions, average ticket prices for NFL games would need to climb to nearly $800 a ticket over 30 years.
- Historic ticket price growth may not be the most appropriate gauge to construct the financing plan given Northeast Ohio's taxbase, economic profile, demographics and disposable income compared to other markets.
- Revenues are based on a "best case" scenario, assuming more than 2.3 million event tickets sold every year for 30 years.
- Non-NFL tickets sold assume a total 1.6 million annually, which would make this stadium the highest performing dome across peer markets (Minneapolis, Indianapolis, and Detroit – all of which are downtown locations).
- Assumptions on event attractions will have a negative impact on other facilities, such as Rocket Arena and the Huntington Convention Center, where the County has already made, and is obligated to continue to make, public investments.

Income Tax

- Income tax revenues generated by NFL activity do not linearly increase as salaries shift towards bonuses (current income taxes generated are shared between Cleveland and Berea). Discussions on a revenue sharing agreement between Brook Park and Berea have not begun so income tax revenue assumptions for Brook Park are not clear.
- Income tax projections rely heavily on office, retail, and other non-NFL sources. There are no guarantees development will occur in a challenging development market.
- Public entities are being asked to bear all the risk for aggressive growth projections over a 30-year period.

Parking Tax

- Aggressive 100% utilization assumption for NFL-game usage of all available parking spaces for 30 years with no variance.
- Parking utilization is based on the same aggressive event scenarios as admissions tax.
- Additional parking needs beyond those contemplated at the Brook Park development will be needed. Pedestrian and transit access is unsafe and limited to the rest of the City of Brook Park.

Bed Tax

- Authority to levy an additional 1% bed tax does not exist and will require new state legislative authority from the General Assembly.
- County projections differ significantly from HSG figures in nominal dollars and growth rate assumptions (Team 4.5% vs. County at 2.00% based on historical growth)
    - Total Nominal Team Total Tax Collections (2026-2055): $375,515,003
    - County Total Tax Collections (2026-2055): $265,663,469

- Hotel taxes in the region are already amongst the highest in the country and additional increases could reduce competitiveness for events, conventions, and new construction of hotels.
- The HSG Brook Park model assumes that the Browns would receive 100% of the new county bed tax revenue, notwithstanding other needs.

Car Rental Tax

- Authority does not exist and will require new state legislative authority from the General Assembly.
- Car rental tax is a municipal tax and has never been enacted county-wide in Ohio. No mechanism to levy, distribute, or collect tax exists. Significant opposition is expected from rental car businesses to be "double taxed" by municipalities and the county.
- The majority of cars rented in Cuyahoga County are rented by Cuyahoga County residents, not visitors.
- Car rental taxes in the region are already amongst the highest in the country. Concerns whether stadium funding would be the most appropriate use of car rental tax funds given significant road and bridge infrastructure funding needs throughout the county.

Bonding Authority

- The HSG Brook Park proposal includes Cuyahoga County issuing a total of $600 million in bonds, for both the County portion AND the City of Brook Park portion.
- HSG is asking the County to assume the risk of paying back the bonds should the revenue proposals not meet projections.
- Issuing such an amount, in light of the County's need for a large issuance for jail construction in the next twelve months and future bonding capacity needs for a courthouse and other projects, would have a material negative impact on the County's credit rating, and therefore borrowing costs to the County, which could be tens of millions of dollars.

Business Model

- The proposal does not include any clear delineation of responsibilities including capital repair responsibilities, ownership of the facility, operating expenses, food and beverage rights, etc.
- The state traffic and infrastructure study required by ODOT is expected to be completed in 18 months but likely negative impacts to airport traffic, access to hospitals, and total expected infrastructure costs are all as yet still unknown.
- Apartment construction relies on highest average rents in the metro area, comparable to premium downtown rents in this market.
- Given office occupancy rates in the County, it is not clear the demand for the proposed office space in the development is needed.
- Consumer trends, technology advancements, disposable income, demographic trends, etc., will have an impact going forward; unknown today but underwriting a project with aggressive growth assumptions for 30-years places all public entities at risk.
- Assumed growth in local government revenues such as income tax, sales tax, and admissions tax as a result of the project does not contemplate losses absorbed by other communities.