

New deal with City Hall would cut Fresno Grizzlies' rent by half

By George Hostetter



Chukchansi Park, new home of the Houston Astros Triple-A team.

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The Fresno Grizzlies and City Hall are on the verge of a lease that finally makes sense.

It took a mere 17 years.

The City Council on Thursday will consider a new deal at city-owned Chukchansi Park that would cut the official rent for a new Grizzlies owner in half.



This comes on the heels of an audit of Fresno Baseball Club LLC, the Grizzlies' current owner, showing a net loss in 2014 of \$623,687. A sizable piece of change, to be sure, but far less than losses of \$1.3 million in 2013 and \$1.6 million in 2012.

“There’s definitely improvement,” Assistant City Manager Renena Smith said of the 2014 audit. “That is good. But there’s still a ways to go.”

In cityspeak, that’s a high-decibel shout-out.

Grizzlies President Chris Cummings said he is “extremely pleased” with the improved bottom line. He said expenses have been cut about as far as possible.

“Now we’re looking forward to the season and seeing if we can grow our revenue further,” he said.

The Grizzlies’ home opener is Thursday against Las Vegas.

The context for these events goes back to the late summer of 1987 when the San Francisco Giants pulled out of town, killing the Fresno Giants of the Class A California League.

Fresnans demanded the return of a solid baseball franchise.

More than a decade of soap opera ensued. The Grizzlies of the Triple A Pacific Coast League arrived in 1998, seemingly putting a stop to the drama. But the Grizzlies (a Giants affiliate) couldn’t play forever at Fresno State’s Beiden Field. They needed their own home.

The big question: How to pay for it?

The City Council and the Grizzlies in fall 2000 settled on a plan. Two points were key to selling it to the people. City Hall would borrow money to build a downtown stadium. The Grizzlies would pay annual rent of \$1.5 million, a major chunk of the \$3.5 million annual bill on the city’s debt.

What is now called Chukchansi Park opened on May 1, 2002. The Grizzlies’ rent became a policy headache by summer — \$1.5 million was simply too much to handle for a minor-league baseball club in Fresno with any hope of organizational stability.

City and Grizzlies officials have struggled ever since to find a way to satisfy the Grizzlies’ economics, City Hall’s finances and the politics that sold an expensive stadium to Fresnans.

Things along the way were made more complex when the city in the Great Recession nearly went bankrupt and the City Hall-Fresno Baseball Club romance went sour. Then the Giants at the end of the 2014 season pulled out of town again, their void filled by a Houston Astros organization that must hustle to warm local hearts.

City Hall and the Fresno Baseball Club came to have the same dream — someone with deep pockets would buy the Grizzlies. Fresno and professional baseball would start anew.

But there was always that onerous lease, City Hall’s version of original sin. The contract had been amended a couple of times, reducing the effective rent to the \$750,000 to \$800,000 range. Yet, that amount was still deemed a deal-breaker when pitching the club to a possible buyer.

The numbers really went south last fall when the Chukchansi tribe’s long-running civil war led to the closing of its Madera County casino. The casino remains closed, putting in doubt the tribe’s \$1 million-a-year stadium naming rights deal with the Grizzlies.

Ashley Swearingin was constantly asked: What are you going to do, mayor?

The proposed lease is part of her answer. It’s full of details connected to past deals, but here are the highlights:

- The official rent for a new buyer is \$750,000, to be paid in monthly installments of \$150,000 from April through August.
- The new owner will continue to receive credit for game-day parking fees (might be as much as \$400,000 a year).
- The city will contribute up to \$1 million for stadium repairs/improvements if the new owner contributes a match.

- The current owner until spring 2016 can defer about two-thirds of monthly rent. The balance is to be paid when the team is sold.

Return to fall 2000 to get a sense of the proposed lease's nature.

The Fresno Diamond Group was the Grizzlies' owner. Diamond Group officials assured everyone that they could pay \$1.5 million a year in rent. They were so confident they didn't blink when the city kept game-day parking fees to help pay the stadium construction bonds.

The Diamond Group was the walking dead when it sold the team to Fresno Baseball Club in 2005.

With the same deal that the council will consider on Thursday, the Diamond Group would have faced a fixed rent of \$750,000 a year. The Diamond Group also would have received parking fees, perhaps cutting the effective rent in half again.

History might have taken a different path.

But timing is as important to baseball finances as to the game itself.

City Hall's bottom line is much improved of late. Swearingin has millions in federal support to revitalize the Fulton Corridor, a part of which looms beyond Chukchansi Park's left-field fence. Gov. Jerry Brown came to town recently to trumpet a bullet-train station to be built within a baseball's throw of the stadium's main entrance. Housing in Uptown, a 10-minute walk from the stadium, is booming.

None of this was in play in fall 2000.

All of this explains why city officials who once viewed the Grizzlies' lease as a crisis now see it as an irritant.

The proposed Grizzlies contract, says Council Member Lee Brand, "is just calling it like it is."

The stadium is built on a piece of downtown that once bristled with life. The area had fallen on hard times by the end of the 20th century. On Tuesday at Chukchansi Park, the Houston Astros' top minor-league prospects could be seen running on the warning track, warming up with bullpen catchers and fielding questions from reporters.

That and a workable lease for both sides was what everyone had in mind in fall 2000.

Come Thursday evening, Cummings said, "we should have 10,000 to 12,000 people in the ballpark to greet our new friends from Houston. I want to make sure our performance makes it so our fans want to come back. That's the solution to the whole thing."

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