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# MEMORANDUM

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Date: January 7, 2009

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **The Baseline Group Proposal for Professional/Amateur Baseball Options Associated with the Kino Sports Complex**

Attached please find a copy of a proposal I recently received from The Baseline Group regarding professional/amateur baseball options associated with the recently vacated White Sox Spring Training facilities at the Kino Sports Complex. I have forwarded this proposal to staff for practical and fiscal review. In addition, I have forwarded it to the Pima County Sports and Tourism Authority for their review and comment, as well as the Southern Arizona Sports Foundation, which currently conducts the non-profit component of Spring Training at Tucson Electric Park. The proposal outlines several short- and long-term professional baseball youth and amateur sports options that The Baseline Group proposes to initiate at Tucson Electric Park.

Before there is any substantial comment on the proposal, I will forward to the Board the respective review and comments of staff, the Pima County Sports and Tourism Authority, and the Southern Arizona Sports Foundation. The proposal is welcome and interesting in a number of areas. However, there are several terms that I find unacceptable and would not recommend to the Board. Further comment on the proposal should be reserved until the reviews outlined in this memorandum have been completed.

CHH/jj

Attachment

c: Tom Tracy, Chairman, Pima County Sports and Tourism Authority  
Don Haskell, President, Southern Arizona Sports Foundation  
Hank Atha, Deputy County Administrator for Community and Economic Development  
Chris Bartos, Stadium District Director

Baseline Group  
11 Fieldstone Drive  
Winchester, MA 01890

January 6, 2009

Mr. H. Chuck Huckleberry  
Pima County Administrator  
130 West Congress Street, 10th Floor  
Tucson, Arizona 85701

**Subject: Proposal for the Use of the Former White Sox Spring Training Facilities**

Dear Mr. Huckleberry,

We appreciate the opportunity to submit the attached non-binding proposal for the use of the former White Sox Spring Training Facilities at the Kino Sports Complex.

Our company president, Mike Pagliarulo, has been working with the Pima County Sports and Tourism Authority since this past summer to identify economic development opportunities for Pima County via baseball initiatives, and this proposal is the result of our work.

In short, we are proposing to fully utilize the entirety of these facilities year-round, including Tucson Electric Park, and thus drive tremendous economic and other benefits to the community through the following initiatives:

1. Replace the White Sox Spring Training presence with a Japanese team
2. Create a world class youth and amateur facility, generating new economic development for the community
3. Replace the Sidewinders with a minor league team
4. Create an extended spring training and instructional league team to compete against the Colorado Rockies and Arizona Diamondbacks
5. Community-based initiatives

The details of these initiatives, along with a summary of our credentials, proposed financial terms and future expansion plans are included in the attached proposal.

It is very important to us, on a professional and personal level, that we become a trusted member of the community. To that end, we intend to move our headquarters to Tucson and will work hard, in partnership with Pima County, to implement all of the community programs described in our proposal.

Finally, a quick note about our team. We are baseball experts, having played, coached and worked in the front office at the highest levels of professional baseball. We are business leaders who can manage, lead and innovate. We have MBAs; we have founded and operated companies. We know how to build and grow businesses. We are parents and coaches with a desire to give every youngster an opportunity to grow and learn. We feel very strongly that with Pima County we can create a unique product that greatly benefits both our company and the community.

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Thank you again for the opportunity to present this proposal. We are excited to work with you.

Please feel free to reach me at 781-346-5097 or [awhite@baseline-group.com](mailto:awhite@baseline-group.com).

Very truly yours,

Adam White  
CEO  
Baseline Group

cc: Mr. Tom Tracy



# Proposal by Baseline Group, Inc. to Use Kino Sports Complex South Facility

The following non-binding proposal is submitted by and on behalf of Baseline Group, Inc. to manage, operate and use the Kino Sports Complex South Facility in Tucson, Arizona. For purposes of this proposal, the term South Complex shall refer to the southern half of the Kino Sports Complex, which is defined as all property South of E. Ajo Way, East of the connector road running between S. Kino Parkway and Route 10, North of Route 10, and West of Forgeus Ave., excluding the full and half field used by the Arizona Diamondbacks and including Electric Park and its full parking area that continues south to Interstate 10. If this proposal is acceptable to Pima County and the Pima County Stadium District, it is understood that the parties will negotiate and execute all necessary and appropriate documents to implement the proposal.

## Statement of Qualifications

Baseline Group is uniquely qualified to successfully execute the proposed uses of the former White Sox facility at the Kino Sports Complex.

### Summary:

**Baseball Expertise.** Our management team has played, coached and worked in the front office at the highest levels of Major League Baseball. We have won World Series (Twins and Yankees), played professionally in Japan, managed Major League farm systems (Red Sox), run Spring Training facilities, and served as independent talent evaluators for Major League Baseball teams. At our core, we understand how to play baseball, teach baseball and develop baseball players. We are baseball experts.

**Pacific Rim Expertise.** We have extensive experience within the Pacific Rim baseball community, starting with playing experience in Japan's Nippon Professional Baseball (NPB). We have provided consulting services, including player evaluation and projection, injury risk projection and asset valuation, to the Chunichi Dragons, Yomiuri Giants, Fukuoka Softbank Hawk, Hanshin Tigers, Nippon Ham Fighters, Seibu Lions and Orix Buffaloes. We have also worked with Major League Baseball teams to advise on Japanese player acquisition and broker player sales to NPB teams. In 2008 we consulted with the South Korean Olympic baseball team, which won the gold medal.

**Amateur/Youth Baseball Experience.** We have been coaches in youth leagues, led traveling amateur teams, run baseball clinics and served as youth baseball foundations. We know how to teach the game and inspire young players.

**Baseball Operations Expertise.** We have run scouting and farm systems for Major League Baseball teams. We have operated Minor League teams and their facilities. We know how to run all facets of a professional baseball organization.

**Professional Management Background.** Beyond our expertise in the game of baseball, we are business leaders who can manage, lead and innovate. Our management team has MBAs from the

MIT Sloan School of Management and Pepperdine University. We have founded and operated companies. We know how to build and grow businesses.

## **Management Team Qualifications:**

### **Mike Pagliarulo**

- President/Founder, Baseline Group
- President/Founder, iScouts – international baseball consulting group, providing services to Major League Baseball, Nippon Professional Baseball and Korean baseball franchises.
- Professional Baseball Player
  - Eleven-year Major League Veteran
  - Won 1991 World Series – Minnesota Twins
  - Led 1987 Yankees in home runs (32)
  - Played with Seibu Lions in NPB
- Ran Pagliarulo Baseball Clinic for four years, with up to 500 players attending annually
- Led amateur team from New England to Cuba

### **Adam White**

- CEO/Founder, Baseline Group
- CEO/Founder, DugoutCentral.com – media company providing baseball content to FOX, Sports Illustrated, YESNetwork and directly to fans.
- President/CEO, Biometrix Corporation – a provider of engineering and quality assurance consulting services to the biopharma industry
- Advisory Board Member for Latimer Associates
- General Manager, semi-pro football team
- MBA from the MIT Sloan School of Management

### **Chris Martin**

- Vice President, Business Development, Baseline Group
- Managing Director, BeAboveIt – an Information Technology recruiting company
- Managing Partner, Prosum Technology Services – a global technology services company
- West Coast Recruiting Advisor, Baseball Services, CSMG Sports – a sports management and media firm
- Vice President of S.L.I.D.E. Youth Baseball Foundation, whose mission is to motivate youth in underserved communities to stay in school
- Professional Baseball Player
  - Ten-year minor league veteran with Montreal and Tampa Bay
  - Won three league championships
  - 1996 Triple-A All-Star shortstop
- Organizer of baseball camps and clinics for kids 8-14 since 1994
- MBA from Pepperdine University

### **Ed Kenney**

- Vice President, Baseball Operations, Baseline Group
- Former Assistant General Manager, Boston Red
  - Managed Red Sox operations in Fort Myers, Florida Spring Training complex in Spring Training, Extended Spring Training and Fall Instructional League

programs, with specific responsibilities including facilities, operations, grounds maintenance, ticket operations, sales and marketing.

- Farm Director and Scouting Director
- Former Assistant General Manager, Baltimore Orioles
- Former VP and General Manager of the Bristol and New Britain Red Sox
  - Oversaw all building and grounds maintenance, concessions, ticket operations, sales and marketing as well as player personnel decisions
- Former Farm Director and Scouting Director, Boston Red Sox

## **Team**

- **Willie Fraser:** Eight-year Major League veteran; won Japan Series with Orix Blue Wave; consultant to NBP teams
- **Rick Cerone:** 18-year Major League veteran; former owner of the Newark Bears of the independent Atlantic League; former coach
- **Bucky Dent:** 12-year Major League veteran; three time All-Star; former Major League coach and manager
- **Ron Guidry:** 1978 AL Cy Young Winner; four time All-Star; 170-91 record; 14 years with New York Yankees; former Yankees coach
- **Rob Deer:** 11-year Major League veteran
- **Rich Monteleone:** 10-year Major League veteran; former coach
- **Frank Howard:** 1960 NL Rookie of the Year; 382 career home runs; 16-year Major League veteran; four time All-Star; former Yankee instructor

## Proposed Uses of Complex

We propose to fully utilize the Kino Sports Complex for the entire year, maximizing the economic benefit for Pima County. We will have baseball activities at the Complex every day, ranging from a Japanese team playing a Spring Training game in Tucson Electric Park, to a youth tournament with 200 games over three days, to a minor league team calling Tucson Electric Park its permanent home. By bundling these activities under one management team, we will more effectively generate revenue for the community. Our proposed uses of the complex:

**1. Japanese Spring Training.** Baseline Group will bring a Japanese team to the Kino Sports Complex, completely replacing the economic benefit derived from the Chicago White Sox. Pima County will become the first U.S. metropolitan area to permanently host a Japanese baseball team, creating many revenue opportunities and a wave of national and international publicity.

### Operational Specifics

- Practice and play out of the Kino Sports Complex
- Play 13-15 games in the official MLB Cactus Spring Training League as early as 2010
- Play official games at Tucson Electric Park
- Scrimmage against the Colorado Rockies and Arizona Diamondbacks
- Baseline Group will manage all financial and operational arrangements

### Benefits to Pima County

- Recover the lost economic benefits derived from the Chicago White Sox which, according to the report (“Economic and Fiscal Impact: Baseball Tournament Facility compared to White Sox Departure”) prepared for Pima County by Elliot D. Pollack & Company, includes 142 jobs, \$3.8M in wages and \$10.3M in economic output.
- Enhance Japanese tourism from Japan and U.S. cities with large Japanese populations. Imagine the interest from fans and international media when Ichiro and the Seattle Mariners play against the Japanese team in Tucson Electric Park!
- Bring scouts and officials from other teams to Tucson to scout the Japanese players
- Brand Pima County as a leader in international baseball operations and development, leading to additional business opportunities as discussed below
- Additional local competition will make it more likely that the Colorado Rockies and Arizona Diamondbacks will stay in Pima County
- Expand youth interest in international baseball

**2. Youth/Amateur Facility.** Baseline Group will develop and operate a premier facility for youth/amateur baseball leagues, tournaments and development camps, drawing players and families from the United States, Japan, Korea and other countries. The facility will be unique in that it will be run by former Major League players, scouts and front office personnel who are experienced in playing and working in both the United States and the Pacific Rim. We will work with Major League Baseball and the NCAA to draw premier amateur talent for development and exposure to college and professional baseball.

### Operational Specifics

- Youth leagues for local teams will start as early as Fall 2009, pending field renovation
- Tournaments for traveling teams will start as early as Fall 2009, pending field renovation

- By 2012, the facility will host up to 80 tournaments with up to 48 teams per tournament, with teams coming from the U.S., Japan and elsewhere
- Tournaments will draw approximately 100,000 non-local visitors to Pima per year

#### Benefits to Pima County

- According to the report (“Economic and Fiscal Impact: Baseball Tournament Facility compared to White Sox Departure”) prepared for Pima County by Elliot D. Pollack & Company, Pima County would experience the following benefits from the youth facility:
  - 594 direct, indirect and induced jobs, with \$16.5M in wages and \$45.7M in economic impact
  - \$872K in direct revenues to the Pima County government from excise taxes, bed taxes, rental car surcharges and secondary revenues.

**3. Minor League Spring Training/Instructional League Competition** for the Rockies and Diamondbacks. As early as 2010, Baseline Group will field and manage a team that will play against Colorado and Arizona during minor league spring training, extended spring training and the instructional league.

#### Operational Specifics

- The team will be created and run by Baseline Group.
- The team will be comprised of minor league free agents, Major League free agents on injury rehab, undrafted free agents and loaned players from Japan.
- Games will be played at the Rockies’, Diamondbacks’ and Baseline Group’s facilities.
- Games will be played during minor league spring training (March), extended spring training (April and May) and instructional league (September 15 – October 15).

#### Benefits to Pima County

- With increased local team competition, the Colorado Rockies and Arizona Diamondbacks will have a greater opportunity to evaluate and develop their own players. This great benefit makes them more likely to remain in Pima County and enhances the prospect of drawing other Major League Baseball teams to the area.

**4. Professional Baseball.** Baseline Group will bring professional baseball back to Tucson. We will leverage our existing management team and operations structure flowing from the youth facility, Japanese spring training and extended spring training/instructional league initiatives to establish a viable regular minor league season team. This strategy offers us cost advantages over previous teams calling Tucson home, giving us greater sustainability and growth opportunities.

#### Operations Specifics

- The team will be run and owned by Baseline Group.
- The team will be affiliated with a Major League Baseball team.
- The team will feature players loaned from Japanese teams, thus helping to make Japan’s interest in Pima County of a year-round nature and not just during Spring Training.
- Games will run after Extended Spring Training and end before Instructional League games, thus ensuring that Tucson Electric Park is used from February to November.

#### Benefits to Pima County

- More jobs, more wages, more money spent in the community, more tax revenue.

## Proposed Financial Terms

We are proposing to separate our financial relationship with Pima County into three categories: general, costs and revenues.

### GENERAL

Baseline Group proposes to create, manage and operate the youth baseball league, Japanese spring training team, Minor League spring training and instructional league competition and Professional Baseball team in exchange for the year-round, exclusive use of the South Complex according to the following general terms and conditions:

- Baseline Group will have exclusive use of the Southern Complex for a period of fifteen (15) years under terms that are substantially similar to those in the Sports Facilities Use Agreement between Pima County, the Pima County Stadium District and the Chicago White Sox dated August 23, 1996, with significant changes to cost responsibility and revenue sharing as noted below.
- Baseline Group shall have the option to buy the South Complex for a purchase price not to exceed \$15M under mutually acceptable terms.
- Baseline Group shall have the option to buy the two fields due west of Electric Park currently being used by the Diamondbacks should the Diamondbacks vacate the fields, for a purchase price not to exceed \$1.0M under mutually acceptable terms.
- Baseline Group shall have a right of first refusal concerning all qualified offers to purchase the Southern Complex, the remainder of the Kino Sports Complex being used by the Diamondbacks and the Colorado Rockies spring facilities at Hi Corbett Field.
- Baseline Group shall receive development rights to all undeveloped land in the Southern Complex and adjacent to the southern and western boundaries of the Southern Complex owned by Pima County
- Pima County will assist Baseline Group in negotiations for the right to use fields leased to the Diamondbacks at Kino Sports Complex for youth league tournaments, which will generate additional economic activity for the community.
- Pima County will pay for expenses associated with a Japanese summit during Spring Training, where officials from Japan, Pima County and Baseline Group will convene to plan use of the Southern Complex. Estimated expenses for the Japanese are \$30,000. Baseline Group will pay for its own expenses. Pima County is also responsible for reimbursing Baseline Group for travel to Japan and Korea as necessary over the next 12 months to secure a team for the Southern Complex by 2010 in an amount not to exceed \$100,000.
- Pima County and/or the Pima County Stadium District will consult with Baseline Group about the use of the \$3 million fund made available by the Chicago White Sox for the



development of youth league facilities, of which \$400,000 will be used for a general use building for the to-be-constructed youth fields that will consist of locker rooms, bathrooms and concessions. As part of the \$3M allocation, Pima County is responsible for adding at least six youth fields, lights, scoreboards, shade creation and other capital improvements necessary for the operation of the youth facility. Pima County also pledges to allocate approximately \$40,000 for facility start-up expenses, including the purchase of pitching machines, batting cages, mats, screens, scheduling software.

## REVENUES

We propose separate revenue sharing arrangements for each of the four major initiatives (i.e. Japanese spring training team, youth facility, Minor League baseball, extended spring training/instructional league) as follows:

### Spring Training

- **Gate:** Pima County shall receive 15% of all ticket revenues for spring training games, including any minor league spring training games; Baseline Group shall receive 85% of all ticket revenues.
- **Parking:** Pima County shall receive 75% of parking revenues; Baseline Group shall receive 25%.
- **Hard concessions:** Baseline Group shall receive 100% of hard concessions revenue.
- **Soft concessions:** Baseline Group shall receive 100% of soft concessions revenue.
- **Sponsorship:** Baseline Group shall receive 100% of sponsorship, advertising, naming rights and related revenue.
- **Media:** Baseline Group shall receive 100% of media and related revenue.
- **Other:** Baseline Group shall receive 100% of any and all revenues not discussed here.

### Youth/amateur facility

Baseline Group will receive 100% of all revenues generated from the youth/amateur facility. Please note that there will be no parking fees for youth/amateur games.

### Minor League baseball

- **Gate:** Pima County shall receive 15% of all ticket revenues from Minor League games; Baseline Group shall receive 85% of ticket revenues.
- **Parking:** Pima County shall receive 75% of parking revenues; Baseline Group shall receive 25% of parking revenues.
- **Hard concessions:** Baseline Group shall receive 100% of hard concessions revenue.
- **Soft concessions:** Baseline Group shall receive 100% of soft concessions revenue.
- **Sponsorship:** Baseline Group shall receive 100% of sponsorship, advertising, naming rights and related revenue.
- **Media:** Baseline Group shall receive 100% of media and related revenue.
- **Other:** Baseline Group shall receive 100% of any and all revenues not discussed here.

### Extended spring training/instructional league team to compete against the Colorado Rockies and Arizona Diamondbacks

There will be no significant attendance at these games, so there will be little, if any, traditional revenues (concessions, parking, gate, etc.) to share. Pima County will not receive any revenue

sharing from this initiative. Any revenue this initiative may generate, including but not limited to fees from the Rockies and Diamondbacks, will be 100% owned by Baseline Group.

## **COSTS**

The following outlines Pima County's and Baseline Group's respective liability for costs:

**Facilities maintenance:** Pima County is responsible for the maintenance of all building and paved surfaces at the facility. Note: this does not include maintenance of the fields.

**Repairs and improvements:** Pima County is responsible for all repairs and such improvements as are necessary to maintain existing playing conditions.

**Utilities (non-electric):** Pima County is responsible for all utilities, including, but not limited to, air conditioning, water, sewer, garbage and local telephone service, and excluding electricity.

**Parking:** Pima County is responsible for managing parking during all events that generate parking revenue.

**Real estate and related taxes:** Pima County is responsible for all real estate and related taxes for the facility.

**Concessions:** Baseline Group is responsible for all expenses associated with the normal operation of concessions.

**Relocation:** All relocation expenses of Baseline Group employees to Pima Country will be the responsibility of Baseline Group.

**Other costs:** Other costs not discussed in this proposal will be addressed in a later proposal or on a case by case basis.

The following costs have typically been the responsibility of Pima County, but will **now be the sole responsibility of Baseline Group** upon completion of the facilities renovation and contingent upon the exchange listed below:

- **Field maintenance**<sup>1</sup>: All field maintenance costs, including seeding
- **Utilities (electricity)**<sup>2</sup>: All electricity costs, with the exception of events at the facility that are not managed by Baseline Group

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<sup>1</sup> Baseline Group will be responsible for field maintenance of the major league and youth fields when the planned renovation is complete; Baseline Group will be responsible for field maintenance of Tucson Electric Park (TEP) when we own and are operating a minor league team out of TEP.

<sup>2</sup> Baseline Group will be responsible for electricity at the major league and youth fields when the planned renovation is complete; Baseline Group will be responsible for electricity at Tucson Electric Park (TEP) when we own and are operating a minor league team out of TEP.

- Normal stadium operations<sup>3</sup>: All regular stadium and field activities performed by ticket takers, ushers, security, stand-by personnel, grounds keeping, scoreboard operators, clean-up personnel, etc.

In exchange for accepting these additional responsibilities (field maintenance, utilities (electricity) and normal stadium operations), Baseline Group requests a \$200,000 per year allocation for 2010 and 2011. Beginning in 2012 and continuing to the end of the lease, these responsibilities will be borne by Baseline Group without reimbursement from Pima County.

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<sup>3</sup> Baseline Group will be responsible for normal stadium operations at the major league and youth fields when the planned renovation is complete; Baseline Group will be responsible for normal stadium operations at Tucson Electric Park (TEP) when we own and are operating a minor league team out of TEP.

## Baseline Group's Commitment to the Community

We are committed to becoming a valued, long-term member of the Pima County community. We will do this by:

**Baseline Group headquarters.** Our management team is committed to fully integrating with and becoming part of the community and bringing a full baseball experience to Pima County for the long term. To that end, we will move our offices to the Kino Sports Complex.

**Free Minor League Attendance for Youth.** For our inaugural minor league season, and possibly longer, we won't charge for attendance by anyone under the age of 16 – no strings attached.

**Free Minor Tickets for Members of the Youth Leagues.** Beginning in the second year of operation for our minor league team, each child participating in the youth league will receive 10 free tickets to our minor league games to be used by adults.

**Baseball academy for local youth/disadvantaged kids.** Two times per year we will host a baseball academy in cooperation with Pima County, the Tucson Parks and Recreation Department, the local school districts, local Indian reservations and various chapters of the Boys & Girls Club of America, to conduct baseball clinics and camps. The camps and clinics will be open for kids from ages 7-14. There will be no charge for the academies.

**Free fields for Local Schools.** We will open our fields to local junior high school and high schools for games at no charge.

**Clinics for local youth coaches.** We will hold two clinics per year for coaches of local youth teams. The clinics will be taught by our staff of former Major League players and coaches, and there will be no charge to the coaches.

**Pima Community College.** The Pima Community College baseball program plays in one of the top junior college conferences in America, the Arizona Community College Athletic Conference (ACCAC). Baseline hopes to continue to work with head coach Edgar Soto and continue the success of their baseball program.

**Combine to Promote Local Amateurs.** Each year prior to the MLB draft, we will host a combine for all Arizona amateur players. We will invite MLB scouts and this will provide Arizona amateurs additional exposure for both the MLB draft and college signings.

**Youth Employment and Training.** We will create programs that will employ local area youth and educate youths about work skills. We will need to work with Pima County to craft the program.

**Sustainable Recreation.** Baseline Group recognizes that natural resources are a precious commodity in southern Arizona and wants to be proactive in reducing the impact of the Kino Sports Complex on those resources. Consequently, Baseline will work with Pima County to implement sustainable growth infrastructure.

## Future Opportunities

Baseline Group is committed to expanding its presence beyond the initiatives stated above. Some of the additional initiatives that we will explore:

**Amateur combine.** We can run amateur camps to assess players' abilities and skills. Players would be tested on the five basic tools: arm strength, fielding, hitting, hitting for power and speed. Testing results may be available to college and professional teams. This is similar to, but larger in scope than the NFL combine.

**Additional youth fields.** We will consider building additional youth baseball fields and associated infrastructure in or around the Kino Sports Complex, with the support of Pima County.

**Youth baseball clinics.** We could, via a partnership with the University of Arizona, co-sponsor baseball clinics for youths ages 7-14.

**NCAA tournaments.** We will explore the possibility of scheduling and promoting NCAA college baseball tournaments at the Kino Sports Complex.

**International collegiate tournaments.** We will explore creating and hosting sanctioned games and tournaments with college teams from the NCAA, Japan and Korea.

**NCAA spring training.** We can host spring training games for cold-weather college teams.

**National high school tournaments.** We will work with top U.S. high school associations to bring national high school tournaments to the Kino Sports Complex.

**Fantasy camps.** We will host fantasy camps, so that baseball fans will be able to rub elbows with some of their childhood heroes – and play some baseball at our great facility.

**Adult League Tournaments.** There are thousands of adult baseball teams in the U.S. We will work with their leagues and national associations to bring national tournaments to Kino.

**Baseball Research and Development.** We can work with the University of Arizona to develop new methods for maintaining the health of baseball players and advancing their performance.

**Umpire camps.** We can work with umpire schools to bring classes for aspiring umpires to Kino. We have the games – in what better environment for the umpires to learn