

LOCAL

REALITY*CHECK

Why is KC taking over Royals stadium talks? Emails show what went wrong in Jackson County

BY **MIKE HENDRICKS**APRIL 22, 2024 6:00 AM



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toward Jackson County Executive press conference detailing proposed NICK WAGNER nwagner@kcstar.com

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retting since the stadium sales l Chiefs leave town when their

leases expire in 2031? Did Jackson County lose its shot?

Kansas City Manager Brian Platt offered reassurance last week as the teams consider next steps. The city will take a lead role from here on in trying to keep the teams happy, by learning from others' mistakes.

Whose screwups, he didn't say, although his comments stung across the street from City Hall at the Jackson County Courthouse, since the county led the first round of negotiations.

"This city is committed to keeping the Chiefs and Royals here for generations to come," Platt told KCUR radio host Steve Kraske.

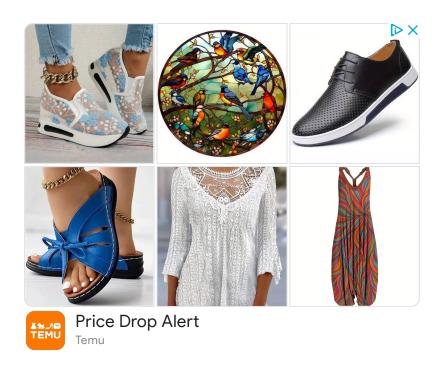
He did not point fingers, but Platt's comments did not land well in the second floor courthouse suite of offices where Jackson County Executive Frank White Jr. and his staff managed — or mismanaged, depending on your point of view — lease negotiations with the teams ahead of this month's vote.

"We were largely on the sidelines, on the city side, for a lot of this," Platt said. "And we are going to take a much more active and proactive role in making sure that whatever comes next, we are a big part of it. And that we're listening to all the voices that need to be heard."



City Manager Brian Platt speaks during a press conference at Kansas City Police Department Headquarters on Wednesday, May 17, 2023, in Kansas City. Emily Curiel *ecuriel@kcstar.com*

Did Jackson County botch the deal? Whether Platt meant to imply that, his remarks re-enforced the narrative that Mayor Quinton Lucas and the teams had pushed since the fall: that White had bargained in bad faith and could have done more to secure public financing for a downtown baseball park and a renovated Arrowhead Stadium.



Some county legislators chastised the county's top elected official and former Royals second baseman, coach and broadcaster for not being more accommodating to the teams. Eventually, they wrested the issue away from him and put what White considered unfinished business on the April ballot — only to see it fail miserably.

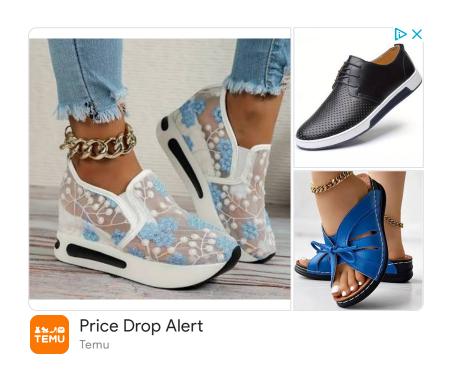
IS FRANK WHITE TO BLAME FOR FAILED TAX QUESTION?

In the final weeks leading up to the stadium sales tax vote, the teams cast White as a villain. They claimed he had slow-rolled the negotiations,

setting them up for criticism for not having important agreements completed until well after advance voting had started.

"For two and a half years, the Kansas City Chiefs and the Kansas City Royals attempted to directly engage in constructive conversation with County Executive Frank White about the future of our teams in Jackson County, and for two and a half years, we have been met repeatedly with barriers to progress," the post began.

"If there's concern the proposed leases are 'late,' then the County Executive has only himself to blame."



White says what the teams call barriers were his attempts to negotiate a better deal for the taxpayers than the Royals and Chiefs were seeking.

He and others say the teams have only themselves to blame for the ballot

measure's failure. The Royals didn't announce their site for a new ballpark until after the election was set. Neither team identified how much they expected local and state taxpayers to spend on their projects.



Jackson County Executive Frank White gives an interview at the Vote "no" committee watch party at Green Dirt Farm, Tuesday, April 2, 2024. Reed Hoffmann *Special to the Star*

The blame game will go on. But through an open records request, The Star has obtained correspondence between the Royals and White's administration that shows the arc of the negotiations.

The documents, many of which are marked "confidential," do not constitute the complete written record, nor do they capture the mostly verbal discussions between the county and the Chiefs.

But they do provide an in-depth look into how we got here, by showing the give and take between the two sides from last May to this January, when the county and teams were in formal negotiations.

MAY 19. 2023 — DOWNTOWN AND NORTH KANSAS CITY

It was the third Friday in May of last year, and White was upset to learn that officials in the Northland were openly pursuing the Royals, with whom he'd been in discussions about a downtown ballpark for more than a year.

That day two Clay County commissioners and the mayor of North Kansas City posted an open letter on X, formerly Twitter, saying that not only were they willing to make an offer for the team, but that the Royals were interested.

"The Royals vision is to develop a ballpark and district around it that will deliver positive community impact and economic activity 365 days a year ensuring their competitiveness with MLB peer markets nationwide," it read in part. "We simply believe, therefore, that if a move is to be, then there is no reason why it can't be to Clay County."

White was riled. He and Royals majority owner John Sherman had been discussing the team's desire to build a downtown ballpark almost from the day Sherman's group bought the Royals in the fall of 2019.

But the notion that they had been in serious talks for years was an overstatement. Sherman first hinted publicly that he was considering a move downtown at a press conference in the fall of 2021.

A year later, in November 2022, he issued a public notice of his intention for the Royals to leave Kauffman Stadium for a new downtown ballpark.

Where downtown? That was undecided. They considered several sites, but White felt that a potential new stadium should go where it might do the most good for the historically under-invested East Side, where he grew up. And he let the Royals know it.

"He was advocating for them to look for an area that didn't displace residents that could contribute to developing the economy or supporting communities that have been disadvantaged by development in the past, without gentrifying them and looking for a way to support local businesses, and specifically ask them to look for something in around 18th and Vine," White's chief of staff, Caleb Clifford said last week.

The Royals, however, favored the East Village site in the northeast corner of the downtown freeway loop. And then suddenly, the North Kansas City site became the team's second choice.

White saw that as an insult to Jackson County taxpayers and fired off a letter to Sherman that day.

"I'm writing with deep concern over recent statements related to the Royals potentially moving to Clay County," it began.

"Jackson County residents deserve respect, transparency, and recognition," White continued, noting that the county had supported the Truman Sports Complex with \$50 million that year alone. "Today's revelations necessitate a review of our approach, and although these developments are challenging, our commitment to our partnership remains firm.

"Given today's unfortunate developments, I urge the Royals to publicly reaffirm their commitment to Jackson County until at least 2031 and voice their intention to continue calling Jackson County home for decades beyond.

"The exact wording may vary, but the message must unequivocally convey this dedication and desire to remain in Jackson County."

Ignoring White's ultimatum, the Royals issued a public statement saying that the team had not yet decided where it was headed but "continue(d) to be actively engaged" in talks with Jackson County, as well as others.

JUNE 28, 2023 — ROYALS PROPOSE PLANS

By mid summer, the Royals had put together two formal proposals generally outlining the public financing of a new ballpark. One for downtown, and one for North Kansas City.

The term sheet for Jackson County arrived on June 28, and Clay County got theirs on July 7. Both were similar. The Royals wanted a 40-year lease for county-owned ballparks that would be built to the team's specifications and be paid for with a sales tax. Voters would need to approve the tax the next April, and it would last for the length of the leases.

The main difference was that the Jackson County tax would be a continuation of the current 3/8th-cent stadium sales tax for a new ballpark in the East Village, and Clay County's tax would be for a full cent.

The Royals wanted what would amount to a carbon copy of their current lease at the Truman Sports Complex, which provides both teams with a steady stream of sales tax revenue for upkeep of their stadiums and to pay off the debt taxpayers took on in 2006 to pay for renovations at Kauffman and Arrowhead.

In an email attached to the Jackson County term sheet, Brooks Sherman, the team's president of business operations, said the team envisioned that the cost of building a new ballpark would be shared by county taxpayers, the team, Kansas City and the state of Missouri, but left out a crucial detail.

What it didn't say was exactly how much the \$1 billion-plus ballpark was expected to cost, or how much each party would be expected to contribute to the project. When the election was held nine months later, voters still didn't have all those numbers to consider when they cast their ballots.

"We are fully prepared to meet and begin negotiations at any time and welcome the opportunity to schedule our first meeting," that introductory email from Brooks Sherman said.

AUG. 11, 2023 — JACKSON COUNTY WANTED MORE DETAILS

Almost six weeks after receiving the term sheet, Jackson County Counselor Bryan Covinsky responded on White's behalf in a letter to Wesley Fields, the Royals' attorney.

It was cordial and complimentary, but business-like. Covinsky said the county needed more information before face-to-face talks began, such as how much money the team expected to receive from the city and state, as well as any tax incentives the Royals might pursue on the commercial ballpark village development the team proposed building around a new ballpark.

"While we are always open to sitting down with you, we believe a more productive discussion will ensue once we have a clearer picture of your proposal thanks to the additional information you provide," Covinsky said.

Renderings from stadium design firm Populous show concepts of what a new Kansas City Royals stadium might look like located in the East Village area of downtown Kansas City, top, and North Kansas City, bottom. *Kansas City Royals*

LATER SUMMER 2023 — ROYALS RELEASE RENDERINGS

On Aug. 20, the Royals summoned the news media to Kauffman Stadium, where in a room packed with reporters and local dignitaries, the team unveiled renderings for what a new ballpark would look like at both the East Village and North Kansas City sites.

Back in July, Sherman had promised the community that he would share those drawings by the end of August, and he met that deadline. He'd also said that the team would select a site by the end of September.

But that was never going to happen, given the pace of the negotiations with Jackson County. White and Clifford had no intention of rubber stamping the Royals' proposal.

SEPT. 25, 2023 — JACKSON COUNTY COUNTERS

That day, in a memo to Convinsky, Clifford laid out what he and his boss decided should be the county's counterproposal.

Instead of a 40-year extension of the sales tax, White wanted it limited to 20 years. Rather than put up \$300-350 million for a new ballpark, as the team suggested the county's share should be of the upfront cost, White proposed that the county's share be \$250 million.

And he wanted the teams to share equally with the county the revenue from naming rights, parking, concerts "and other non-baseball events."

There was much more, including a community benefits agreement in which the team would spend \$50-100 million on things like affordable housing and correcting health disparities in "vulnerable" areas of the county.

And White still wasn't sold on the team's preferred location downtown.

"Despite the Royals' preference for an 'East Village' site, Jackson County believes that alternative sites, particularly those east of Troost, could offer better economic and social benefits," the memo said.

OCT. 12 AND OCT 20, 2023 — MORE REQUESTS FROM JACKSON COUNTY

The county's outside legal counsel, Herbert Hardwick, conveyed White's counter offer to the Royals on Oct. 12.

The contents of Clifford's memo had been tweaked some. Instead of \$250 million, the county would contribute \$300 million, under the assumption that the team would be asking Kansas City and the state to kick in like amounts or more.

And instead of the county borrowing money to build the ballpark, that would be up to the team to arrange "through other public or private issuances or financing...."

Hardwick said the county's more austere proposal was in line with the public financing that had been provided to other Major League Baseball stadium projects across the country in recent years.

In conclusion, Hardwick wrote:

"The foregoing option, subject to voter approval, would enable the County to galvanize its relationship with the Royals, while also prioritizing the ongoing needs of County constituents. As the Royals consider the foregoing, we respectfully ask that it take those public needs and obligations into consideration."

OCT. 20 — ROYALS DON'T BITE

The Royals were livid. Both at the terms of the county's counter offer, but also that it had come more than three months after the team sent its opening term sheet to White and the sports complex authority.

"We had hoped to receive a substantive counter-offer several weeks, if not months earlier," wrote Fields, the Royals' lead attorney in the ballpark talks.

"The Royals are frustrated by the delay, as many of the elements of the Counteroffer appear to have been developed based upon the County's analysis of information related to public/private financing partnerships of Major League Baseball Stadiums in the United States that has been publicly available for nearly the entire time that the

County has been in possession of the Term Sheet."

If this was the county's counterproposal, had the Royals been wasting their time talking with county officials since June? It felt like it, Fields said.

NOV. 1, 2023 — COUNTY DOUBLES DOWN

After some more back and forth, Hardwick sent Fields a letter on Nov. 1 marked "privileged and confidential" that outlined some of the costs the county incurs to support the stadiums over and above the 3/8th-cent sales tax. Such as the \$670,000 it costs the county to insure Kauffman Stadium each year and the parks levy it passes along to the teams.

And once again, Hardwick said the county was still "seeking clarification and confirmation of the Royals' request to the County for financial support for construction and maintenance of a new stadium."

DEC. 15, 2023 — ROYALS MAKE CONCESSIONS

White's stubborn negotiating posture yielded more than \$200 million in

concessions from the teams, as Brooks Sherman, the Royals president of business operations, outlined in a Dec. 15 letter to Clifford and County Administrator Troy Schulte.

He wrote that the Royals were willing to pay for the property and casualty insurance on the new stadium and forgo their half of the \$3.5 million in annual parks property tax revenue, as long as the Chiefs were willing to do the same and pay to insure Arrowhead Stadium.

The teams went on to make that promise in a joint public statement.

Sherman said the Royals would also agree to negotiate "in good faith, a Community Benefits Agreement," and "remain open to continued discussion on any further economic benefits/revenue opportunities that may be available to Jackson County."

"We believe these modified terms represent a substantial financial modification in favor of Jackson County and put us in position for a successful vote in April 2024," Sherman wrote.

Kansas City Royals owner John Sherman, left, and Brooks Sherman, president of business operations, watch an MLB Opening Day baseball game between the Kansas City Royals and the Minnesota Twins on Thursday, March 28, 2024, in Kansas City. Nick Wagner nwagner@kcstar.com

JANUARY 2024 — COUNTY PUSHES FOR MORE

About two weeks later, White's team of top administrators responded with a revised counter offer to the Royals on Jan. 3 and, a day later, a similar one was sent to the Chiefs on White's letterhead stationery.

Clifford, Schulte and chief administrative officer Sylvia Stevenson told the teams that White was willing to meet halfway. He would support a 30-year extension of the 3/8th-cent sales tax, if the voters approved, and if the teams absorbed the county's \$1 million share of holding the election. But he also had further requests for the teams.

On top of the insurance and park levy concessions, White's officeproposed that the teams also impose a \$3 charge on each regular ticket sold and a \$5 parking fee, with the money going to the county.

White's office also suggested that each team pay the county a \$5 million annual licensing fee. Plus White wanted the Royals' support in negotiating an agreement for the county to share in any economic activity taxes that the city of Kansas City might collect.

And he wanted the Chiefs' assurance that the organization would keep its head office and training facility in Jackson County, and that it would relocate its off-season training camp to Jackson County from its current home in St. Joseph.

"We await your considered response and look forward to further discussion to finalize these terms," the new counter offer concluded.

TEAMS SAY 'NO THANKS'

Both teams sent polite replies on Jan. 4 that said, in essence, that the negotiations were over and that the concessions the teams announced in December were all they were going to agree to.

"The Chiefs look forward to your support for the ballot question to be voted on by the Jackson County Legislature on January 8, 2024," Chiefs President Mark Donovan wrote in one of the only pieces of correspondence from the football team in the cache of documents The Star reviewed.

The Royals shared renderings of their proposed new stadium. Royals/Populous

AFTER JANUARY — MOVING FORWARD WITHOUT FRANK WHITE

White vetoed the legislature's decision to put the measure on the April ballot, but he was overridden and was no longer part of any further negotiations with the teams.

On Feb. 13, the Royals finally announced the proposed site of a new ballpark, and it was neither of the two finalists. Instead, the ballpark would be built in the East Crossroads neighborhood at what White learned was at the suggestion of Mayor Lucas. City officials worried that building a ballpark entertainment district in the East Village site would harm existing bars and restaurants in the Power and Light district.

Two days later, the Chiefs for the first time revealed their plans for \$800 million in renovations to Arrowhead Stadium.

With White out of the picture, the Jackson County Sports Complex Authority negotiated the proposed new leases with the teams. White also had no role in the community benefits agreements that the teams said would provide \$266 million to community betterment efforts over 40 years.