



45500 Fremont Boulevard

Fremont, CA 94538 USA

(510) 498-5500

February 11, 2009

Mr. Fred Diaz
City Manager
City of Fremont
P.O. Box 5006
Fremont, CA 94537-5006

Dear Fred:

We write to clarify some issues relating to NUMMI's perspective on Fremont and the proposed A's ballpark development as well as to ask that a complete and thorough environmental impact process be completed should Warm Springs be identified as a primary site.

First, we would again like to express our support and gratitude to the City staff who have worked diligently over the last couple of years to manage this very complex project. We understand that this has been an extraordinary burden and we laud the efforts of your team.

Second, let me reaffirm our belief in Fremont and hope for positive growth of our hometown. For the past 25 years, NUMMI has been a strong supporter of Fremont and strived to be an integral part of the community, Alameda County and the broader region. We have invested millions of dollars in the community through philanthropy over the years. Our team members do thousands of hours of volunteer work through company-sponsored programs and company grants which support their own projects. We have also invested a tremendous amount of time lobbying for public works improvements, including BART to San Jose, freeway and local road improvements, etc.

In addition, NUMMI seeks ways to benefit the community through the ways it conducts its business. Just this past year we made significant strides in our never-ending quest to be an environmental model. The Environmental Protection Agency granted us the Energy Star plant award for the second year in a row for our energy efficiency. Greencar.org again rated the base model Corolla among the top10 greenest cars sold in North America.

However, we believe that the greatest contribution a company can make to its community is to provide solid long-term jobs to its citizens. The 5.5 million sq. ft. plant represents over \$3.5 billion in capital investments and expends about \$.5 billion annually on payroll and benefits. Each time there is a major model change, NUMMI must invest about \$400 million in plant and equipment improvements. There are about 5,000 NUMMI employees, most of them well compensated unionized production workers.

The concerns NUMMI has extend far beyond the workers and operations located at its 380 acre south Fremont campus. The auto industry has an employment “multiplier effect” that is likely higher than any other local industry. While economists differ on the precise number of jobs attributable to an auto manufacturing facility, one fairly recent study estimated that an additional 6.2 jobs are created for each job at a Toyota-affiliated company such as NUMMI. (2005 study by Center for Automotive Research). Assuming this is accurate, NUMMI is responsible for the creation of a total of over 35,000 jobs.

In all its years of operating here, NUMMI has certainly had no objection to development around Fremont – even that which is very near the plant – as long as it is compatible with the local surroundings, desired by those affected, brings a true benefit and is not harmful in any way. The Pacific Commons shopping area developed just northwest of the plant and we had no concern about that. We voiced no worry about the originally proposed Cisco development (at the site of the current primary A’s ballpark proposal location), which would have brought both short-term construction jobs and high-paying long-term high tech/engineering jobs to our area. A high-quality hotel development brought much needed meeting facilities to Fremont just across the I-880 from NUMMI and we welcomed that development. Even in recent months, we have been encouraging projects like a jobs center around the Warms Springs BART Station (See Attachment A). We have always been clear that we believe in well-planned, common sense progress. We simply want people to do thorough analysis and be certain that the best possible decisions are being made.

However, regarding the A’s ballpark proposal, we have a primary concern that we believe will affect not just NUMMI, but also much of Fremont. The freeways will be congested before and after game times. This is likely to encourage drivers to exit the freeway and also congest the surface streets. We have explained to the A’s that we have a just-in-time operating system, so traffic jams with thousands of additional cars on the freeway just in front of (or behind) the plant at game times could be devastating to our business. (Please see attachment B which is our initial comment to the City including explanation of just in time concept). Along with other specific concerns, we are very concerned that the A’s do not have a plan to widen the exits or add new exits to help manage game-time and event traffic. The building of a ballpark without appropriate traffic-related improvements could put at risk our business—a multi-billion dollar investment which pays millions in property taxes each year and is the source of thousands of high paying jobs.

This leads us to a second concern that will not be part of the EIR and, therefore, was not outlined in our prior comments. That is the issue of the economic impact of the ballpark on Fremont. We are unaware of any city in recent years that has been able to install a new ballpark without making some of its own investment. This will be a huge challenge for our community. The economic forecasts for the A’s ballpark and the benefits expected to redound to the City seem to us to be unduly optimistic. Our concern is that history is replete with stories of miscalculations on this front. A Google search using the terms “stadium public cost” quickly revealed stories from New York, Miami

and many other cities across the country about pitfalls in cost and investment return calculations. It also provided a somewhat dated, but very informative article about the grossly overestimated economic benefits and understated economic costs regarding a proposed publicly funded stadium closer to home in Fresno. In fact, I discovered that there is an entire book devoted to this subject called "Field of Schemes." I found that there are also studies written for scholarly journals on the issue of governments paying far more than expected for major league sports facilities due to omission of various costs in the calculations.

The issues of unexpected infrastructure improvements, maintenance, lost tax revenues, lost redevelopment funds or other costs that the City might incur are particularly concerning. Just a very short time ago, the City was quite worried that it would not survive without a sizeable tax hike. My recollection is that the tax was billed as one that would help pay for critical services like road repairs, police and additional firemen. While the proposed tax would have had a relatively modest impact on individual households, it would have been a larger cost to NUMMI and, I imagine, many other businesses. Nonetheless, Fremont residents did not want to pay the tax. With the current declining economy, neither the City, residents, nor businesses would be in a position to pay for unexpected costs associated with the ballpark.

Finally, I would like to ask that the planning process itself move forward with clarity for the sake of the citizens and businesses. We understand that the situation is fluid and difficult to manage. But please do your best to keep the planning process fair, transparent and thorough. People in the community would like to see a fully fleshed out plan and then have reasonable time to prepare and comment. Some members of the community are troubled by the way things have unfolded. For example, after a year of preparation, near the end of last year the A's finally presented a development proposal and the City with a Notice of Preparation ("NOP") of a Draft Environmental Impact Report ("EIR") for the Ballpark Village Community Specific Plan. The public had one month to write comments concerning the scope of the EIR. That original NOP named both an original site along I-880 and an alternative site in the Warm Springs area. The details about the primary site were limited and tentative, but there were no details at all about the alternative site. The site map the A's had submitted to the City for the alternative Warm Springs site showed no stadium or any other specific development proposal on it. The Warm Springs site was included in the NOP ostensibly only to fulfill the CEQA requirement that an alternative site be identified. At a public meeting in December 2008, citizens were told that it was "premature" for them to comment on the alternative proposal site at Warm Springs.

By January 2009, the A's were meeting with the Warm Springs neighbors and telling them that Warm Springs was a favored site. Now, we suddenly hear the A's will file a new plan naming the Warm Springs as a primary site. Given the chain of conflicting messages and changing plans, we are concerned that things are moving along too hurriedly and erratically for careful consideration.

From the outset, it is hard to imagine how NUMMI could continue to operate with a ballpark immediately adjacent to it. The traffic congestion from a ballpark would seem a sure barrier to on-time delivery of parts needed for production. But the A's may have some unique idea of how freeway off ramps/onramps could be added/improved, the stadium could be strategically situated, numerous surface streets could be widened, parking could be configured, etc. to avert that result. If that is the case, we would like to see that plan from the beginning of the planning process. The planned ingress/egress and infrastructure improvements or lack thereof could all have a tremendous impact on our operations as well as all of the other businesses and residents nearby.

If the plan is to announce officially Warm Springs as a primary site, please only issue an NOP in which the precise location of the ballpark and the surrounding proposed development along with all of the infrastructure improvements are clearly delineated. Then, we ask that a full scale EIR process be initiated from that point. EIRs for the two sites should not be conflated, as the impacts of two developments are likely quite different.

We look forward to working with staff as this planning process progresses. If you or any of those copied on this letter have questions about our position, please contact me directly at kmckenzie@nummi.com or 510.770.4045.

Very truly yours,



K. Kelley McKenzie
General Counsel

The Honorable Bob Wasserman
Members, Fremont City Council
Jill Keimach, Community Development Director, Fremont
Kelly Diekmann, Senior Planner, Fremont
The Honorable Pete Stark
The Honorable Ellen Corbett
The Honorable Alberto Torrico
Members, Alameda County Board of Supervisors
Steve Heminger, Executive Director, Metropolitan Transportation Commission
Therese McMillan, Deputy Executive Director, Metropolitan Transportation Commission
Jack Broadbent, APCO, Bay Area Air Quality Management District
Tom Blalock, Director, BART
Dorothy Dugger, General Manager, BART
Katherine Strehl, Executive Manager, External Affairs, BART
Kathleen Mayo, Deputy Executive Manager Warm Springs Station
Dennis Fay, CEO, Alameda County Congestion Management Agency
Bruce Kern, Executive Director, East Bay EDA
Carl Guardino, President & CEO, Silicon Valley Leadership Group
Jim Wunderman, President & CEO, Bay Area Council

Javier Contreras, Chairman, Bargaining Committee

UAW Local 2244

Sharon Cornu, Executive Secretary-Treasurer, Alameda County Labor Council

AFL-CIO

Barry Luboviski, Secretary-Treasurer, Building Trades Council of Alameda County

AFL-CIO

Cindy Bonior, President, Fremont Chamber of Commerce

Nina Moore, Director, Government Affairs, Fremont Chamber of Commerce

Keith Wolff, Owner, Oakland A's

Jim Cuneen, Partner, California Strategies, LLC

Gloria Ritchie, Terris Barnes Walters

Exhibit A



New United Motor Manufacturing, Inc.

45500 Fremont Boulevard

Fremont, CA 94538 USA

(510) 498-5500

September 9, 2008

Via facsimile 510.817.5848

Adrienne Tissier, Chair
Programming and Allocations Committee
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607

Re: 2008 Strategic Plan - MTC Resolution No. 3434, Revised

Dear Chair Tissier:

As you may know, NUMMI is the Toyota/GM venture in Fremont, California that employs over 5000 team members and produces approximately 350,000 vehicles per year in Fremont. We have also attracted 26 companies to locations throughout California to support our operations. Those companies employ roughly an additional 4,000 people.

In line with our testimony on July 9, 2008, NUMMI supports *2008 Strategic Plan - MTC Resolution No. 3434, Revised* (Agenda Item 4e) as proposed by staff for the September 10th MTC Programming and Allocations Committee. We see the BART Warm Springs station as a tremendous opportunity for economic growth from additional commercial and industrial operations in South Fremont. This area, which has been well planned as an industrial hub since Fremont's founding over 50 years ago, still shows potential for growth in high paying jobs. Building a station there could bring thousands of workers directly to the work site without crowding the roads. Keeping workers traveling by train and off of the roads will ease goods movement into the region.

While we are not as familiar with the specifics of the finance plan as MTC is, we have been strong supporters of the effort to get BART to San Jose for many years. Any reasonable, workable plan to make that a reality should be considered. If dollars can be borrowed from one project and repaid within a reasonable timeframe, we would support that being done in order to facilitate an earlier completion of the overall BART to San Jose project.

For these reasons, we respectfully request you support *2008 Strategic Plan - MTC Resolution No. 3434, Revised* as proposed by staff for your September 10th meeting.

Sincerely,

K. Kelley McKenzie
General Counsel

Exhibit B

