Field of Bad Dreams: An Analysis of the Forbes Field II Task Force Final Report

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EXECUTIVE SUMMARY

The "Forbes Field II" Task Force *Final Report*, commissioned by Pittsburgh Mayor Tom Murphy, recommends that a new baseball-only stadium be built for the Pittsburgh Pirates. The task force argues that a new stadium is necessary not only because of legal agreements between the city and the current Pirate owners, but also because the Pirates' financial condition is so precarious that the team cannot survive financially in southwestern Pennsylvania without the income from a new stadium. The report also suggests that since the new stadium would be a "regional amenity" that would generate new jobs and surrounding development, it should receive significant public funding. However, an analysis of the report shows that its conclusions are highly questionable. A summary of that analysis follows.

- The "Forbes Field II" task force hopes to create a "neighborhood ballpark" on the North Side, similar to the original Forbes Field. However, in order to do so, they recommend the demolition of an existing commercial and residential "neighborhood" adjacent to Three Rivers Stadium.

- Although the task force claims that a new baseball-only stadium is necessary in order for the Pirates to better serve their fans, the content of the "Forbes Field II" report suggests that the true reason behind the demand for a new stadium is based on the Pirates' desire to increase income from "stadium operations"—income that they do not have to share with other teams.

- While supporters of publicly funded stadiums justify building new facilities by touting the "spin-off" economic development benefits that they create, sports economists have concluded that in reality, the direct and indirect economic benefits associated with sports facilities are minimal.

- Cleveland's Gateway Complex, which includes the baseball Indians' Jacobs Field and the basketball Cavaliers' Gund Arena, is one of the new publicly funded stadium projects mentioned by the task force as a "success" for Pittsburgh to emulate. However, Gateway has suffered through a series of funding and legal crises which have led to a $28 million construction debt.

- The task force argues that a new baseball-only stadium will benefit the entire southwestern Pennsylvania region, but in order for it to do so, more and more regional public and private resources must be focused on downtown Pittsburgh. This recommendation, however, flies in the face of consumer behavior in the Pittsburgh area over the past thirty years, as more people have moved to the suburban areas of the region, preferring to live and do business there.

- In order to reconcile placing a new "downtown" stadium on the North Side, the task force promotes "a new definition of downtown" which includes the areas across the rivers from the Golden Triangle. However, the Rooney family's plans for a "regional mall" on the North Side have prompted Mayor Murphy to remark that retail development *outside the downtown* would hurt the city's "investment" in the new Lazarus store in the Golden Triangle. The question: Is the North Side to be considered part of downtown Pittsburgh all of the time, or only when it suits the mayor's purposes to do so?

- The new stadium is estimated to cost from $187 to $208 million. The task force suggests that the Commonwealth of Pennsylvania cover at least half of the construction costs, with the remaining cost to be borne by private investors and "a combination of regional public sources." The 50 % state contribution, according to sources close to the Governor's Sports and Exposition Facilities Task Force, is an unrealistic expectation, and the financial status of many of the region's governments would seem to preclude extensive involvement. The Pirates have not as yet stated how much they would be willing to invest in the project.

- The report ignores many recent examples of private stadium development across the United States. It also argues that while Pittsburgh is "a stable, strong and growing market area," it lacks the "economic power" to generate sufficient private, sports-related development capital that other "major league" cities possess, and that a new baseball stadium would require substantial government funding.

- The report also contends that government should be involved in stadium construction "not to add to the operating revenues of private entities, but to provide major attractions and amenities for the region when the cost for private parties would have otherwise been prohibitive." Yet the City of Pittsburgh, in this proposal and by subsidizing existing developments such as the new downtown Lazarus store and the new Alcoa North Shore headquarters, has consistently done exactly that.

"Forbes Field II": Plowing New Ground

In August of 1995, the Pittsburgh Pirates' future in southwestern Pennsylvania was very uncertain. Major League Baseball's rejection of John J. Rigas' $85 million offer for the franchise left the city scrambling to find another potential buyer who would keep the team in Pittsburgh. As the Pirates played out the 1995 season, however, several new developments took place that had the potential to alter the landscape of Pittsburgh professional sports.

The McClatchy Deal: Stadium Extortion 101

In September of 1995, Sacramento, California newspaper heir Kevin McClatchy was given the final chance to negotiate a purchase agreement that would keep the Pirates in Pittsburgh. McClatchy ultimately assembled a conglomeration of local investors, including H. J. Heinz Co. and its chairman, Anthony J. F. O'Reilly, IndyCar racing team owner Chip Ganassi, Miami Dolphins quarterback Dan Marino, beer distributor Frank Fuhrer, and all but three of the former Pirate owners, that was immediately approved by both the city and the ownership consortium.

HOWEVER, MCCLATCHY'S BID WAS BASED ON THE PREMISE THAT THE TEAM'S LONG-TERM SURVIVAL IN THIS MARKET MEANS CONSTRUCTING A NEW, BASEBALL-ONLY STADIUM... THIS PRACTICE, IN WHICH A TEAM OWNER HINTS THAT HE MAY MOVE HIS FRANCHISE IF HE DOESN'T GET A NEW FACILITY FROM THE GOVERNMENT, IS COMMONLY CALLED "STADIUM EXTORTION."

However, McClatchy's bid was based on the premise that the team's long-term survival in this market means constructing a new, baseball-only stadium; indeed, Major League Baseball made its final approval contingent of the sale on upon McClatchy securing financing for a new stadium within three years. Baseball officials fear that McClatchy, whose $90 million offer for the team included only $10 million of his own money, does not have sufficient resources to operate the team without the revenue that a new stadium would generate. This practice, in which a team owner hints that he may move his franchise if he doesn't get a new facility from the government, is commonly called "stadium extortion."[1]

In late October 1995, Pennsylvania Governor Tom Ridge announced the creation of a statewide task force to explore what the Commonwealth's role should be in funding new sports and exposition facilities, particularly in Pittsburgh and Philadelphia. At the same time, Pittsburgh Mayor Tom Murphy unveiled plans for another task force that would study sites for a baseball-only stadium. After a series of setbacks and near-reversals, McClatchy's Pittsburgh Baseball Partnership (PBP) formally took ownership of the Pirates on February 14, 1996.[2] In order to finalize the purchase, the City of Pittsburgh and the Stadium Authority agreed to the following conditions:

- The City and the Authority agreed to provide PBP with the following "enhancements" to its Three Rivers Stadium lease:
    - 100 % of the Authority's share of its food and beverage concession revenue and 23 % of its luxury suite catering revenue on baseball game days;[3]
    - 40 % of the lounge box fees paid to the Authority by box holders;[4]
    - 100 % of all Authority fees charged for connection of remote television broadcast facilities to Three Rivers Stadium for baseball games;[5]

- The first \$500,000 from any sale of naming rights to Three Rivers Stadium and one-third of any annual naming right revenues above \$1.5 million;[6]

- Ongoing City and Authority assistance for capital improvements to the Stadium;[7]

- 60 % of revenues from the sale of selected stadium advertising, as well as 100 % of revenues from the sale of "sports specialty" advertising (a guaranteed \$500,000 annually for four years);[8]

- 100 % of the license fees charged for 75 "batter's box" seats built by the Stadium Authority for the 1996 season (a guaranteed \$300,000 per year for four years);[9]

- An additional \$200,000 annually from the Authority, beginning in 1997;[10]

- Authority funding, if needed, for the 2000 season;[11] and

- URA loans of \$11.5 million over four to five years.[12]

THE MAYOR AND HIS SUPPORTERS FEEL THAT THE NEW STADIUM WILL NOT ONLY KEEP THE PIRATES IN TOWN (THEREBY PRESERVING PITTSBURGH'S "MAJOR LEAGUE" IMAGE), BUT WILL ALSO DIRECTLY AND INDIRECTLY CREATE JOBS AND ECONOMIC DEVELOPMENT. HMMM, THIS SOUNDS FAMILIAR...

Finally, the agreement between PBP and the city set very specific conditions under which the franchise could be moved in the future. Under the "option agreement" contained in the purchase document, PBP has the right to begin the option process if:

1. PBP has incurred certain losses and a new baseball-only stadium has not been completed within five years (or before the 2001 season),[13] or

2. Financing for a new baseball-only stadium is not in place by February 1998 and PBP has incurred losses of \$15 million or more.[14]

If financing for the stadium is in place by November of 1998, PBP's first option would be canceled and only the 2001 opening for the new facility would remain as an option trigger.[15] If any of the options were to be utilized by PBP, the URA would again have nine months to find a local buyer for the franchise.[16]

It is the conditions of this agreement that spurred the Governor and the Mayor to create their respective task forces. The "Forbes Field II" Task Force concluded its work in late June and recommended that a new baseball stadium be built on the North Side, about 700 yards up the Allegheny River from where Three Rivers Stadium. The mayor and his supporters feel that the new stadium will not only keep the Pirates in town (thereby preserving Pittsburgh's "major league" image), but will also directly and indirectly create jobs and economic development. Hmmm, this sounds familiar...didn't a different generation of local leaders already play this tune thirty years ago? And don't we remember how it ended the first time? A closer examination of the "Forbes Field II" report is therefore in order.

Not a Beautiful Day in THIS Neighborhood

The "Forbes Field II" task force began its work by reviewing the history of Pittsburgh's baseball stadiums. The report waxes nostalgic about the first three homes of the Pirates: Recreation Park, Exposition Park, and the dearly departed Forbes Field, celebrating them as "neighborhood ballparks" which were integrated into, not separated from, the communities in which they were located.[17] (Interestingly enough, like virtually all American baseball stadiums built before 1950, all of these stadiums were private enterprises, funded by the individual initiative and resources of the Pirate ownership.) According to the report, "pedestrians and streetcar commuters" were the main patrons of these parks, and area commercial establishments were "vibrant with activity" from the trade these fans generated.[18] (No mention was given to the many other fans who drove to Oakland for games at Forbes Field and, due to a lack of available parking, parked in alleys and on the front lawns of enterprising local residents.)

By contrast, Three Rivers Stadium, encircled by parking lots and lacking nearby development, was denigrated as a relic of a misguided era of stadium construction in America, in which the idea was to bring fans to the stadium by automobile and then allow them to leave directly after the game ended.[19] (The possibility that some fans appreciated being able to enjoy a relatively uncongested departure from the stadium after a game was not considered in the report, however, nor the original planners' observation that Three Rivers Stadium was convenient to 85 % of the region's population at the time it was built.) The financing plan devised by Three Rivers' planners was denounced as ill-considered by the task force, which implies that the emphasis on parking revenues as a way to pay for the stadium prevented a "neighborhood economy" from developing around it.[20]

Therefore, to remedy this problem with Three Rivers Stadium, the task force settled on a site just a few blocks away, bordered by Federal Street, East General Robinson Street, River Avenue, and the Allegheny River, where it is hoped that a "neighborhood economy" will begin to develop.[21] However, in order to develop this "neighborhood economy," the new stadium will have to be built on top of an existing neighborhood.

HOWEVER, IN ORDER TO DEVELOP THIS "NEIGHBORHOOD ECONOMY," THE NEW STADIUM WILL HAVE TO BE BUILT ON TOP OF AN EXISTING NEIGHBORHOOD.

Unlike the Three Rivers Stadium site, which was largely run-down and blighted, and unlike the sites of Exposition Park and Forbes Field, which were acquired by ***private*** developers within existing neighborhoods, the preferred site for "Forbes Field II" is currently home to a number of businesses and residential buildings-- all told, twelve warehouse tenants, 73 business offices, twelve commercial businesses, 23 residential tenants, and four residential owners.[22] These establishments, which include the new headquarters of the International Brotherhood of Electrical Workers Local 5, the Three Rivers Plaza apartment complex, the Martin Building, and 16 two-story, 100-year-old brick houses called "the Court," are estimated to have a fair market value of $12.5 to $16.3 million.[23] (Recall how well the estimates of how much the Three Rivers Stadium site was supposed to cost predicted the actual final purchase price the URA received for that land. Scary, huh?)

THERE IS A PARALLEL HERE WITH A PAST PITTSBURGH INFRASTRUCTURE DEVELOPMENT PROJECT; NOT THREE RIVERS STADIUM, BUT THE CIVIC ARENA.... THE NEGATIVE REPERCUSSIONS OF THE CIVIC ARENA PROJECT ARE STILL BEING FELT TODAY IN MANY PITTSBURGH NEIGHBORHOODS.

There is a parallel here with a past Pittsburgh infrastructure development project; not Three Rivers Stadium, but the Civic Arena/Lower Hill District redevelopment. In both cases, city planners decided to build a new, better area by destroying an existing neighborhood. The negative repercussions of the Civic Arena project are still being felt today in many Pittsburgh neighborhoods. While the proposed stadium project is not as ambitious as was the Lower Hill redevelopment, and though the task force speaks of the need for "a master plan to protect the adjacent neighborhood fabric," this site recommendation evokes painful memories of just how badly government planning can work. None of the other baseball-only stadiums examined in the "Forbes Field II" report required the razing of an existing neighborhood in order to make way for the new facility.

THESE PARKS ARE CERTAINLY HEAVILY SUBSIDIZED "IMPORTANT ECONOMIC CATALYSTS"; ALL OF THESE "SUCCESSES" RECEIVED AT LEAST THREE-FOURTHS OF THEIR FUNDING FROM THE PUBLIC SECTOR.

Anyone For Redevelopment?

Noting that "based on recent successes in Baltimore, Cleveland and Texas, Major League Baseball had begun to promote new urban ballparks as one solution for keeping baseball healthy," the task force report argues that Pittsburgh should have one as well, because "baseball-only facilities have emerged as important economic catalysts, both for baseball and for the communities and the regions that they serve."[24] (These parks are certainly heavily subsidized "important economic catalysts"; all of these "successes" received at least three-fourths of their funding from the public sector.)[25] The task force also explains that their work was necessary because of the city's direct involvement with the Pirates through the URA loan and the option agreement with the Pittsburgh Baseball Partnership.[26] (Whether or not these agreements were good public policy was apparently dismissed as irrelevant by the task force.)

SINCE MANY OF THESE TEAMS' EXISTING STADIUM LEASE AGREEMENTS DID NOT PROVIDE THEM WITH SUFFICIENT REVENUE FROM (UNSHARED) SOURCES, OWNERS HAVE DEMANDED NEW FACILITIES WITH MORE GENEROUS LEASE ARRANGEMENTS.

The report goes on to blame the Pirates' poor financial performance on "the financial structure of the baseball industry itself."[27] Taking a cue from standard political "class warfare" arguments, the report recites the popular complaint that Major League Baseball has become a game of "haves" and "have-nots", in which "large-market" teams like the New York Yankees, Chicago Cubs and White Sox, and Atlanta Braves can reap windfalls from local television contracts and "small-market" teams, such as the Pirates, have little chance to compete because of this "inequality."[28] Thus, the "small-market" teams have been left with no choice but to increase the amount of "unshared" revenue they can generate-- money from gate receipts and "stadium operations" such as concessions, advertising, parking, sales of "premium seating" and rental of "luxury suites."[29] Since many of these teams' existing stadium lease agreements did not provide them with sufficient revenue from these sources, owners have demanded new facilities with more generous lease arrangements. As the report notes:

> *Operations revenue has increasingly become the area which separates the top tier ballclubs from the struggling franchises, since it tends to be more stable than walk-up gate revenue. New ballparks are equipped to maximize operations revenue in ways that multi-purpose stadiums are not. For example, Camden Yards is equipped with 72 lounge suites which rent for between $55,000 and $95,000 per season. Similarly, at Jacobs Field in Cleveland there are 120 boxes, in addition to 2100 club seats which cost over $2000 per seat per person. Such premium seating...is viewed as one of the driving forces behind the successes at Baltimore and Cleveland. New baseball-only parks have also enhanced the ability of a ballclub to sell advertising space at games, since the seating configuration and sight lines are maximized for baseball.*[30]

The task force calls the new generation of stadiums "retail establishments for baseball" which meet the needs of the "average fan" much more effectively than parks like Three Rivers Stadium.[31] These phrases, however, can have several meanings, and brings into question who is really being served by new stadium construction. Is it the "average fan" who buys a bleacher seat, a hot dog and a beer, or is it the team owner who gets to keep not just the income from regular ticket sales, but that generated by "high-end" seating constructed for him at taxpayer expense? The report goes on to provide a clue as to the answer:

> *Pittsburgh, laboring in a small television market in a stadium which is not configured for optimal high-end seating, sight lines, intimacy or other conveniences which the average fan seeks at a baseball game, is thus viewed to be at a disadvantage within the industry. Just as old shopping centers sometimes fail to attract customers because they do not offer the latest conveniences, Three Rivers Stadium, by comparison to the rest of the league, is in danger of becoming* ***economically obsolete for baseball.***[32]

PEOPLE DON'T STAY AWAY FROM THREE RIVERS BECAUSE THE STADIUM ITSELF IS INADEQUATE OR BECAUSE THERE IS NOTHING TO DO AROUND THE PARK; THEY STAY AWAY BECAUSE THE PIRATES' PERFORMANCE ON THE FIELD HAS BEEN TERRIBLE.

Once upon a time, baseball stadiums were built first and foremost to provide a team with a place to play and for fans to gather to watch a game. Team owners used stadiums to generate income, but a park was generally not considered "obsolete" in any sense unless it fell into disrepair or became too small to accommodate customer demand. Three Rivers Stadium has experienced neither of those problems; it is, at the very least, an adequate home for the game of baseball. The Pirates, despite their poor play of the past few seasons, still have one of the highest "market penetration rates" in baseball, meaning that their attendance, as a percentage of the size of their local market, is quite good.[33] People don't stay away from Three Rivers because the stadium itself is inadequate or because there is nothing to do around the park; they stay away because the Pirates' performance on the field has been terrible. But in the context of today's Major League Baseball, or indeed in any major team sport, a stadium or arena can be considered ***economically*** obsolete without being ***physically*** obsolete, because of the desire of owners in markets of ***all sizes*** to maximize unshared revenues.

...THE DRIVING FORCE BEHIND CONSTRUCTION OF A NEW BASEBALL-ONLY STADIUM HAS NOTHING TO DO WITH SERVING THE NEEDS OF THE "AVERAGE FAN" AND EVERYTHING TO DO WITH CHANNELING EVER-INCREASING AMOUNTS OF MONEY FROM TAXPAYERS TO TEAM OWNERS AND PLAYERS. HOW MANY "AVERAGE FANS" RENT $95,000 LUXURY BOXES?

Some of the stadiums that the new parks replaced, such as Cleveland's Municipal Stadium, were physically obsolete; no one could argue that they were up to the standards required of a major league facility. But in many cases, such as with the existing parks in Baltimore and Denver and the new facilities planned for Cincinnati, Milwaukee, and Seattle, the driving force behind construction of a new baseball-only stadium has nothing to do with serving the needs of the "average fan" and everything to do with channeling ever-increasing amounts of money from taxpayers to team owners and players. How many "average fans" rent $95,000 luxury boxes? The new stadiums may have better and closer seats than do some of the old ones, but for anyone to suggest that the wishes of the "average fan" are spurring this incredible clamor for new facilities is extremely dubious. The report's comments about Boston's Fenway Park, regarded as one of the game's "cathedrals" by baseball fans, make the rationale behind the spate of new stadium construction perfectly clear:

> *Unfortunately, even Fenway Park is no longer considered by baseball clubs to be a model for new ballpark design. The Park, though memorable and enjoyable to*

visit, does not provide the revenue opportunities or customer amenities required in today's market.[34]

And the owners wonder why many fans are disgusted with Major League Baseball.

Selective Memory

The local media seems to have conveniently forgotten that as recently as five years ago, a baseball-only stadium was deemed totally inappropriate for Pittsburgh. In September 1991, then-Mayor Sophie Masloff was roundly criticized for her proposal to build a new 44,000-seat, baseball-only stadium next to Three Rivers Stadium.[35] Pirate fans will recall that the team was at its recent zenith, completing a season in which they would win 98 games, clinch their second consecutive National League Eastern Division championship, and set an all-time single-season attendance record. At the time, opponents of a new ballpark questioned the logic of spending up to $130 million in taxpayer money in order to help a chronically unprofitable private-sector business generate revenue. But after Camden Yards and most importantly, Jacobs Field opened shortly thereafter, the attitude among city officials and the news media turned 180 degrees, because most Pittsburghers relish any opportunity to look down on Cleveland, and now one was suddenly gone. The conventional wisdom became the following: if a baseball-only stadium could revive the "Mistake by the Lake," just think of what it could do for Pittsburgh!

NOW, AFTER ASKING PEOPLE TO SPEND THEIR HARD-EARNED MONEY ON TICKETS, CONCESSIONS, AND THE LIKE, THE PIRATE OWNERS WANT TO USE THE TAXES PAID BY THOSE SAME FANS TO BUILD THEM A NEW STADIUM...SO THEY CAN MAKE MORE MONEY.

The Pittsburgh Pirate franchise is "at a disadvantage within the industry" because the revenue it generates from its present taxpayer-subsidized stadium is not as great as that which it could receive in a new one with an "enhanced" lease agreement, not because fans can't see the skyline of downtown Pittsburgh beyond the outfield fence or because their seats aren't close enough to the field. Now, after asking people to spend their hard-earned money on tickets, concessions, and the like, the Pirate owners want to use the taxes paid by those same fans to build them a new stadium...so they can make more money. The Pirates, like professional teams across the country, can gain most (if not all) of the income from a new stadium while assuming little (if any) responsibility and risk in building it. Is it any wonder that many in the community are extremely skeptical about any talk of a new home for the Pirates?

THE PIRATES...CAN GAIN MOST (IF NOT ALL) OF THE INCOME FROM A NEW STADIUM WHILE ASSUMING LITTLE (IF ANY) RESPONSIBILITY AND RISK IN BUILDING IT.

So What's In It For Us?

The task force, anticipating the argument made above, contends that stadiums are large economic development generators for cities and regions, not just for the teams that play in them. They point to the examples of Baltimore, Cleveland and Denver as methods by which new stadiums, placed strategically within the downtown "cores" of cities, can create direct and indirect economic benefits that more than justify the public funds expended to construct them.[36] But does this really happen? If this question is asked of a team owner, a politician, or a local economic development official, the answer is usually an emphatic ***yes***. If the question is asked of an economist who has studied the economic impact of professional sports franchises on communities, the answer is an equally emphatic ***no***.

Stadiums and Development: Rhetoric vs. Reality

Studies of the development impact of professional sports franchises and stadiums have found that the derived economic benefits take on three forms. The first category includes **direct expenditures,** which are those made by the team, players and fans on goods and services within the city. This spending generates income for local businesses and their employees, who in turn spend this money in the local economy and begin a process of **indirect expenditures**. Because they lead to many levels of new spending, direct expenditures are theorized to have a "multiplier" effect. Finally, sports franchises are thought to bring non-quantifiable **psychological benefits** to their home communities.[37]

Not all stadium-related spending in an area's economy gives rise to a multiplier effect, however. Spending by local citizens on at a stadium or stadium-related commercial enterprise may *not* be new entertainment spending; it may only be a shift of spending that would have otherwise gone to another entertainment option in the area. New stadium-related spending only takes place when local residents spend money at the stadium that they would have otherwise spent outside the region, or when visitors from outside the region spend money at the stadium. If the indirect spending generated by the stadium takes place mainly in the region, the multiplier will be larger; if it is largely spent outside the area, the multiplier will be smaller.

NEW STADIUM-RELATED SPENDING ONLY TAKES PLACE WHEN LOCAL RESIDENTS SPEND MONEY AT THE STADIUM THAT THEY WOULD HAVE OTHERWISE SPENT OUTSIDE THE REGION, OR WHEN VISITORS FROM OUTSIDE THE REGION SPEND MONEY AT THE STADIUM.

The same principle applies to commercial development attributed to the stadium; only development that would not have occurred in the absence of a new facility can be counted as "new" development. Most often, development that does take place in the neighborhood surrounding a publicly funded stadium is activity that otherwise would have been undertaken somewhere else in the city.[38] Stadium-related development can only take place if private interests decide that the new park presents an opportunity for investment that they would not undertaken otherwise.[39]

In the case of Denver's Coors Field, the task force mentions new development occurring in the vicinity of the stadium, but it also notes that a portion of that "new" development is really not new at all– it merely relocated from other parts of the city. Businesses that were noted to have moved to the area around Coors Field include the Morton's of Chicago restaurant, the Elitch Gardens Amusement Park, and the Denver Nuggets of NBA and Colorado Avalanche of the NHL, who previously played at the city's McNichols Arena.[40]

MOST OFTEN, DEVELOPMENT THAT DOES TAKE PLACE IN THE NEIGHBORHOOD SURROUNDING A PUBLICLY FUNDED STADIUM IS ACTIVITY THAT OTHERWISE WOULD HAVE BEEN UNDERTAKEN SOMEWHERE ELSE IN THE CITY.

The task force argues that a major mistake in the development of Three Rivers Stadium was that instead of putting it in an area where development already existed, its planners located it at a site with no current activity and no concrete plans for new activity.[41] The new stadium, the report notes, would be located near such current neighbors as National City Bank, Equitable Gas, SMS Engineering, and Allegheny General Hospital, as well as planned developments like the new Alcoa headquarters, the Lincoln at North Shore apartment complex, and a riverfront park along the Allegheny.[42] On the surface, this sounds impressive. But when one stops to consider that all of this activity either took place or was planned without a new stadium being present, one wonders why a new stadium is necessary to spur development if so much development has occurred in its absence. Therefore, even though the task force considers the above developments part of the overall plan for the stadium project, their impact cannot be truly thought of as arising from the presence of a new stadium.

Less Bang For Your Buck

When assessing the economic development potential of tax dollars to stadiums, one must consider the ***opportunity cost*** of that investment. That is, the government must determine the economic impact of each alternative use of funding foregone in order to build the stadium. A dollar spent on a stadium is a dollar that is not available to be spent on education, infrastructure, law enforcement, other economic development projects, or simply to be left in the private sector to be spent, saved or invested.[43] Since government's power to tax and spend is limited, state and local leaders must be sure that a stadium, of all the available options, will give them the greatest return on their "investment."[44]

A DOLLAR SPENT ON A STADIUM IS A DOLLAR THAT IS NOT AVAILABLE TO BE SPENT ON EDUCATION, INFRASTRUCTURE, LAW ENFORCEMENT, OTHER ECONOMIC DEVELOPMENT PROJECTS, OR SIMPLY TO BE LEFT IN THE PRIVATE SECTOR TO BE SPENT, SAVED OR INVESTED.

Accordingly, when stadium construction or improvement plans are proposed, they are often accompanied by economic impact studies which claim to show huge direct and indirect benefits flowing from the new or renovated facility. For example, a 1985 study reported that Philadelphia's professional sports teams generated more than $500 million for the local economy in 1983.[45] Recent reports have claimed that the Chicago White Sox and New York Yankees are responsible for $100 and $200 million annually in new economic activity, respectively, in their home cities, and the Louisiana Superdome is supposedly responsible for $2 billion in economic activity in New Orleans over the past twenty years. All of these studies, however, estimated that all team- and stadium-related spending is new spending in the economy, and this assumption leads to overstatement of the true regional economic impact of professional sports and new stadiums.[46]

As is well known by now, the NFL's Cleveland Browns are now the Baltimore Ravens, thanks to the state of Maryland's promise of a new $175 million stadium to be built next to Camden Yards. To justify this public expense, the Maryland Department of Economic Development released a study claiming that the new stadium will provide $123 million in annual economic activity, $17 million in selected state and local tax revenues, and 1438 total full-time equivalent jobs.[47] Sound like a good deal? It might, until the following is considered. According a recent report on stadium economics by the Congressional Research Service, the Maryland Sunny Day Fund, a state economic development program, would create 28,000 jobs with the same amount of public funding.[48] If that money were left in the private sector to be invested, it is likely that its job growth impact would be even greater. It is highly unlikely that a stadium is even the most efficient public use of economic development funding.

IT IS HIGHLY UNLIKELY THAT A STADIUM IS EVEN THE MOST EFFICIENT PUBLIC USE OF ECONOMIC DEVELOPMENT FUNDING.

The task force also notes that a May 1995 study by graduate students at Carnegie Mellon University's H. J. Heinz III School of Public Policy and Management estimated that the annual economic impact of the Pirates on the city of Pittsburgh is $93.5 million with the team in Three Rivers Stadium, and that in a new baseball-only stadium the impact would be $121.5 million.[49] However, the study makes no distinction between in-region and out-of-region expenditures by the team and fans.[50] It also forecasts attendance at a new Pittsburgh park based on the attendance levels at major league ballparks during their first fifteen years of operation, but it does not attempt to predict how attendance would have behaved without the new parks.[51] While major league attendance increased by 70 percent between 1975 and 1990, the CMU study shows attendance up only 50 percent at new parks after 15 years of operation.[52] Faced with these conflicting conclusions, it is difficult to predict whether or not the new parks have significantly impacted attendance. Other factors, such as population and disposable income growth, must be considered in any evaluation of the effect of new stadiums on attendance.[53]

Cleveland's Gateway Complex: A Taxpayer "Field of Nightmares"

The Carnegie Mellon study also claims that one-third of the economic benefits derived from a new stadium would come from its construction. However, the debt service on bonds used to finance the stadium will likely be paid out of the region and take money out of the local economy for years to come. Should the money be borrowed locally, it is then not available for other investment and represents a loss.[54] The true cost of a stadium must include lost income from potential investment opportunities foregone. When all of these factors are considered, the economic impact of the Pirates in a proposed new ballpark is much smaller than estimated in the CMU study. A June 1995 study by Allegheny Institute Research Director Jake Haulk estimates that at best, the Pirates generate about $15 million annually for the local economy.[55]

THEREFORE, WHILE GATEWAY'S TENANT TEAMS HAVE PROSPERED AS THE RESULT OF GENEROUS TAXPAYER SUPPORT, THOSE SAME TAXPAYERS HAVE BEEN LEFT WITH STAGGERING BILLS AND THREATS OF LEGAL ACTION ...

An interesting case in point regarding the true costs and perils of stadium construction financing is the "Forbes Field II" report's treatment of the $420 million Gateway Sports Complex in downtown Cleveland, which includes Jacobs Field, home of the American League Champion Indians, and Gund Arena, which houses the NBA's Cleveland Cavaliers.[56] Gateway was funded in large measure by a Cuyahoga County tax on cigarettes and alcohol, which was passed by a narrow majority of county voters in 1990. National press coverage of the Gateway Complex has been glowing; a Los Angeles *Daily News* article went so far as to call Jacobs Field "the crown jewel" of a "glittering downtown."[57]

But as the old saying goes, all that glitters isn't gold. Although the hard facts of the case have not gotten much national attention, the truth of the matter is that the ballyhooed Gateway Complex is just a long fly ball away from bankruptcy. Cost overruns, combined with inaccurate tax and operating revenue estimates, have pushed the Gateway Economic Development Corporation, which built and operates the facilities, into a precarious financial position. Therefore, while Gateway's tenant teams have prospered as the result of generous taxpayer support, those same taxpayers have been left with staggering bills and threats of legal action from several of the firms which built the complex, but were not paid in a timely fashion.

THE TWO POLITICIANS PROCEEDED TO HAND THE NBA FRANCHISE A VAGUE, GENEROUS LEASE ARRANGEMENT WHICH ULTIMATELY LED TO A $28 MILLION DEBT ON THE ENTIRE COMPLEX.

Gateway's problems began during lease negotiations between the corporation and the Cavaliers. At the time, Gateway enlisted the help of Cleveland Mayor Michael White and Cuyahoga County Commissioner Tim Hagan in finalizing the deal, which relocated the team from its own arena in suburban Richfield, Ohio to downtown Cleveland.[58] The two politicians proceeded to hand the NBA franchise a vague, generous lease arrangement which ultimately led to a $28 million debt on the entire complex.[59]

For example, the mayor and the commissioner approved lease language that committed Gateway to build the Cavaliers a "first-class, state-of-the-art" arena, but did not define exactly what a "first-class, state-of-the-art" arena was by, say, using recently constructed NBA arenas as models. This led the Cavaliers to ask for (and get) virtually every amenity that they demanded, such as an ice-melting gutter system.[60] The open-ended nature of the lease agreement gave Gateway little means by which they could cut costs, even when county funds began to run out and construction bids consistently exceeded estimates. As for Jacobs Field, the construction cost estimates weren't much better. The stadium, originally estimated to cost $132 million, was later budgeted at $161 million and has run up a total price tag of $176 million to date.[61]

THE SITUATION EVENTUALLY DETERIORATED TO THE POINT WHERE 22 CONTRACTORS, SEEKING PAYMENT OF AN OVERDUE $21.5 MILLION IN CONSTRUCTION COSTS, THREATENED TO FORECLOSE ON JACOBS FIELD EVEN AS THE INDIANS PREPARED TO HOST THE THIRD GAME OF THE 1995 WORLD SERIES.

In December of 1994, the construction funding provided by Cuyahoga County ran out, and Gateway was forced to take out a $12 million loan to keep paying its bills.[62] The corporation soon thereafter began negotiations with the Indians and Cavaliers in hopes of getting the teams' help in reducing the debt. By May of 1995, Gateway needed a loan from the Ohio Department of Transportation in order to cover its payroll and other monthly expenses.[63] The situation eventually deteriorated to the point where 22 contractors, seeking payment of an overdue $21.5 million in construction costs, threatened to foreclose on Jacobs Field even as the Indians prepared to host the third game of the 1995 World Series.[64] The Cuyahoga County Commissioners, the state of Ohio, and Cavalier owner Gordon Gund stepped in to avert the foreclosure, but the damage was done. In February of 1996, Gateway's cash flow stopped completely, and the Indians and Cavaliers agreed to pay for $1.4 million in annual services that had previously been provided by the corporation.[65] Even with all of the austerity measures, Gateway projected annual operating deficits of $1 million for each of the next five to ten years.[66]

But what about the spin-off development? Weren't the overruns worth the surrounding development explosion? The Cleveland *Plain Dealer* was skeptical:

> *From the beginning, promoters of the Gateway sports complex touted the project as "a lot more than a stadium." Mayor Michael R. White and Cuyahoga County Commissioner Timothy Hagan claimed Gateway would generate 28,000 new jobs by 2010. James Biggar, former chairman of the Gateway Economic Development Corporation, predicted Gateway would stimulate $1 billion in new economic development in Cleveland by 2000. Today those predictions are more mirage than reality. Gateway's new ballpark and basketball arena look great. But their economic benefits are hard to demonstrate, especially in the tired, dilapidated, turn-of-the-century commercial district immediately north and east of the sports complex. Thousands of new jobs and hundreds of millions of dollars in new, private investment have yet to materialize there.*[67]

EVEN WITH ALL OF THE AUSTERITY MEASURES, GATEWAY PROJECTED ANNUAL OPERATING DEFICITS OF $1 MILLION FOR EACH OF THE NEXT FIVE TO TEN YEARS.

One of the recommendations of the task force is that "consideration should be given to the formation of a new group, perhaps a new civic development corporation, which would assist in taking the necessary steps to draw together the resources" for the construction of a new stadium.[68] The experience of Cleveland's Gateway Corporation, however, does little to recommend such an alternative to Pittsburgh officials involved in plans for a new stadium...except to provide another guide as to what ***not*** to do when putting together a stadium development project.

Esprit D'Core

The "Forbes Field II" task force considered thirteen potential stadium sites and evaluated each site according to its size, feasibility, and economic development potential.[69] The importance of the first two criteria is easily understood, but the third was analyzed within certain additional constraints. The report recommends that a new stadium, in order to bring about the greatest possible economic development impact, be placed in an area that is accessible to the largest possible concentration of people.[70] The definition of "population concentration" that the task force chose to work from was the number of people who would be in downtown Pittsburgh at 5:00 P.M. on a weeknight-- 140,000 people, according to the report. Then, the argument continues, a new stadium and surrounding commercial development will "keep this ready reservoir of pedestrian traffic within the downtown area."[71]

...THE MURPHY ADMINISTRATION... HAS CONSISTENTLY ARGUED THAT IN ORDER FOR THE "REGION" TO GENERATE ECONOMIC DEVELOPMENT, MORE RESOURCES, BOTH PUBLIC AND PRIVATE, MUST BE FOCUSED ON THE CITY OF PITTSBURGH.

Once again, the recommendations of the report are fronting a larger agenda. In recent years, a movement to consolidate or "regionalize" local government and economic development planning has resurfaced in Allegheny County. One of the leading voices supporting that effort has been that of the Murphy administration, which has consistently argued that in order for the "region" to generate economic development, more resources, both public and private, must be focused on the City of Pittsburgh. The mayor and his supporters believe that it is not desirable for a region to consist of a ring of prosperous suburbs surrounding a "rotten core." An outstanding example of this attitude is the city's large subsidy to the Lazarus department store chain for the purpose of building a new, expanded store in downtown Pittsburgh. Mayor Murphy has been extremely optimistic about this project, noting that it is "only the second new stand-alone department store built in a downtown area in the country in the last fifty years."[72]

The task force's recommendation of a downtown stadium is the product of the city's desire to bring people to central Pittsburgh and keep them there for as long as possible. But over the past thirty years, the region's citizens have increasingly rejected attempts to get them to shop, eat, work and live in downtown Pittsburgh. During that time, the city's population has declined from 600,000 to 370,000; its suburbs have become major competitors for jobs and development, and people have made conscious choices to live outside central cities across the country-- possibly one reason why the new downtown Lazarus store is only the second such project undertaken in the United States over the past fifty years.

ONCE AGAIN, THE "FORBES FIELD II" REPORT MAKES A RECOMMENDATION BASED NOT UPON WHAT WOULD BEST SERVE PIRATE FANS, BUT UPON THE NEEDS OF ANOTHER CONSTITUENCY.

The planners of Three Rivers Stadium were criticized by the task force for "catering to the massive relocation of city dwellers to the suburbs which was occurring during the 1960s, and the concurrent dependence upon automobiles and the attendant parking requirements."[73] But based upon the evidence available today about where people have chosen to live and work since that time, it is difficult to see how this was a mistake. Many Pirate fans value the ability to get out of the parking lot quickly and be on their way home after a late game, especially those fans who live relatively far from Pittsburgh and face long trips home. Once again, the "Forbes Field II" report makes a recommendation based not upon what would best serve Pirate fans, but upon the needs of another constituency.

Tell Us Again... Where Is Downtown?

When most people think of downtown Pittsburgh, they think of the Golden Triangle and its concentration of high-rise office buildings and other commercial establishments. The North Side, despite its geographical proximity to the Triangle, has never been considered part of downtown, due in part to the presence of the Allegheny River. Yet the task force has recommended that a new stadium be placed on the North Side, across the river from what has traditionally considered downtown Pittsburgh. At first glance, it would seem that the goal of creating a "downtown" stadium could not be fulfilled by putting the park on the North Side.

AT FIRST GLANCE, IT WOULD SEEM THAT THE GOAL OF CREATING A "DOWNTOWN" STADIUM COULD NOT BE FULFILLED BY PUTTING THE PARK ON THE NORTH SIDE.

The task force's answer to this seeming incongruity was to "expand the traditional boundaries of downtown" to include the North Side along the Allegheny River and the South Side along the Monongahela River.[74] It also recommended "the sporadic or permanent closure of the Sixth Street Bridge for use as a pedestrian walkway and/or shuttle-way and to make room for entertainment and commercial activity along the bridge," similar to that existing on the Ponte Vecchio in Florence, Italy (which, interestingly enough, does ***not*** have a baseball-only stadium at one end). The task force argues that since the Sixth Street Bridge currently carries the most pedestrian traffic and least vehicular traffic of any Allegheny River bridge, it is the most promising candidate for closure.[75] However, the bridge is owned by Allegheny County, and approval for even a periodic closing is questionable at best.

It doesn't look like the "expanded vision" of downtown is going to catch on quickly, though. Even its boosters are having trouble with the concept. At approximately the same time that the "Forbes Field II" task force was unveiling its report, Pittsburgh Steelers president Dan Rooney was discussing plans for retail development on the North Side near Three Rivers Stadium, reportedly including a "regional mall" anchored by a Nordstrom's department store.[76] Mayor Murphy quickly voiced his opposition to such a plan:

> *We would be delighted to have a Nordstrom's store in Pittsburgh, but our interest is having it in the retail sector of Downtown. To finance a retail area* ***outside the Downtown,*** *we believe, would undercut our investment in Lazarus.*[77]

MAYBE THE MAYOR SHOULD RE-READ HIS TASK FORCE'S REPORT, BECAUSE IT CLEARLY STATES THAT THE NORTH SIDE SHOULD NOW BE CONSIDERED PART OF DOWNTOWN.

Maybe the mayor should re-read his task force's report, because it clearly states that the North Side should now be considered part of Downtown. But his statement raises the following question: Is the North Side only to be considered part of downtown Pittsburgh when it serves the mayor's purposes to do so? And if this is the case, what else in the "Forbes Field II" report might be subject to change if it is inconvenient for those who might have a stake in the outcome?

Who's Paying For This Thing, Anyway?

Based upon the experiences of the other recent baseball-only stadium projects, the task force estimates that the Pirates' proposed new stadium will cost between $187 and $208 million.[78] While it expresses the hope that private investment will help to defray some of the construction costs, the task force nevertheless expects that the project will be infeasible if significant public financing is not available. The Three Rivers Stadium construction plan provided a detailed account of how the facility would be financed, including specific accounts of how much funding could be expected from each possible source. While these estimates did not prove accurate, they were derived from consideration of plausible financing alternatives and were designed in order to try to make the stadium "pay for itself." The "Forbes Field II" report makes some general recommendations as to where funding for the new stadium might be obtained, but many of these recommendations have already been dismissed as unworkable by officials who are in position to make decisions on the mechanisms required to generate that funding.

THE "FORBES FIELD II" REPORT MAKES SOME GENERAL RECOMMENDATIONS AS TO WHERE FUNDING FOR THE NEW STADIUM MIGHT BE OBTAINED, BUT MANY OF THESE RECOMMENDATIONS HAVE ALREADY BEEN DISMISSED AS UNWORKABLE...

In the view of the task force:

> *Building a new ballpark in Pittsburgh is an important project for the southwestern Pennsylvania region not only because it solidifies the connections between major league sports and the region, but because it is a key element in a larger overall plan for upgrading major attractions in the southwestern Pennsylvania region. The Convention Center, Cultural District, Fort Duquesne Promenade, H. John Heinz III Regional History Center, Andy Warhol Museum, Civic Arena, Carnegie Science Center, Three Rivers Stadium and many other attractions within the region all play a role in the success of the new Pittsburgh ballpark, just as the new Pittsburgh ballpark will play a role in the success of these other regional attractions, and the viability and economic health of our region.*[79]

Perhaps it is merely a coincidence that all of the "regional attractions" mentioned above are located within the city of Pittsburgh. At any rate, since the task force promises that a new stadium will benefit not just the Pirates and the city of Pittsburgh, but southwestern Pennsylvania and the rest of the state as well, it reasons that the stadium's funding should be broad-based in nature. Specifically, it asks that the Commonwealth of Pennsylvania provide at least half of the construction costs, using the following observations to justify the request:[80]

PERHAPS IT IS MERELY A COINCIDENCE THAT ALL OF THE "REGIONA ATTRACTIONS" MENTIONED ABOVE ARE LOCATED WITHIN THE CITY OF PITTSBURGH.

1. The new stadiums in Chicago, Baltimore, Arlington (Texas), Cleveland and Denver all used large amounts of public funding.[81]

2. Three Rivers Stadium was a publicly financed project.[82]

3. Similar projects in Pennsylvania have already received significant public financing, such as Riverside Stadium in Harrisburg, Lackawanna County Stadium, and Gerald T. Uht, Sr. Field in Erie.[83]

4. Based upon the above examples, "public financing has proven to be an essential component of preserving regional attractions."[84]

5. "Historically, one of the most important functions of governments-- local, state and federal-- has been to provide major facilities and amenities for the region where the cost to private parties would be prohibitive-- not to add to the operating revenues of private entities, but as part of an overall strategy to maintain and improve the region's role as a visitor destination."[85]

More Selective Memory

Taken at face value, the preceding claims seem reasonable, but a closer examination suggests serious flaws in the task force's logic. Point by point:

1. While the five cities mentioned did choose to turn to the public sector to pay for their stadiums, the report ignores many significant recent examples of private stadium and arena development. Despite government rhetoric to the contrary, the trend in stadium and arena development is slowly becoming more private than public. Governments are restricting their role in such projects to site acquisition, preparation and infrastructure improvement, all traditional government responsibilities.

...THE REPORT IGNORES MANY SIGNIFICANT RECENT EXAMPLES OF PRIVATE STADIUM AND ARENA DEVELOPMENT..

The NFL's Carolina Panthers, after receiving $40-45 million in land from the city of Charlotte, are privately financing a new $160 million stadium through a combination of private investment and revenue from the sale of "permanent seat licenses" that guarantee the buyer the eternal right to buy season tickets.[86] In Boston, the new $160 million Fleet Center has received no public funding, save a commitment by the state and local governments to improve parking and mass transit service around the complex. In Philadelphia, the new CoreStates Center received only $20 million of its $215 million cost from state and local taxpayers, and just $15 million of the $262 million spent on the Rose Garden in Portland is taxpayer money.[87]

Washington Redskins owner Jack Kent Cooke has talked for years of privately financing a new stadium, and in early December 1995 he finally received approval to build in suburban Maryland. Cooke will use $180 million of his own money to fund stadium construction, and the state of Maryland will provide $73 million in infrastructure improvements around the site. (Ironically, Maryland is committed to spending at least $250 million to lure the Browns to Baltimore.) Detroit Tiger owner Mike Ilitch will spend $145 million of his own money to build a new downtown stadium in Detroit, and the only public contribution to the project is $45 million from the city for new roads, streets and sewer systems around the site. Ilitch had originally proposed that the government play a larger role in financing, but a firm stand by local officials and by the state legislature against public subsidy convinced him to change his mind.

IT IS ENTIRELY POSSIBLE FOR CITIES OF ALL SIZES TO FUND STADIUMS PRIVATELY IF THE TAXPAYERS SAY "NO" LOUDLY ENOUGH..

It is also an encouraging sign for taxpayers that local and state governments are increasingly willing to stand up to the demands of team owners. Last December, the District of Columbia refused to contribute $90 million in taxpayer money toward the cost of a new arena for the Washington Bullets and Capitals. In response, Bullet and Capital owner Abe Pollin did something very un-owner-like: He agreed to fund the facility himself and to pay $600,000 per year to lease the site after the district buys and prepares it.[88] In addition, Harris County (Texas) officials repeatedly rejected Bud Adams' demands for a new $235 million downtown dome, despite Adams' threats to move his team to Nashville.

On five separate occasions in the late 1980s and early 1990s, Northern California voters rejected proposals for a new ballpark for the San Francisco Giants. Finally, in November 1995, the Giants proposed to privately finance a new stadium in downtown San Francisco, with the only public contribution being the land for the park. When this measure was put before Bay Area voters, it passed easily. It is entirely possible for cities of all sizes to fund stadiums privately if the taxpayers say "NO" loudly enough.

2. Saying that the government should pay for a new stadium because Three Rivers Stadium was financed publicly is not a cogent argument and is devoid of logic.

3. The state's ***combined*** contributions to the small stadium projects mentioned would not even begin to approach the level of funding that the task force is requesting for a new Pittsburgh stadium. Sources close to the Governor's Sports and Exposition Facilities Task Force speculate that at best, the state might pay 15-20 % of the proposed stadium's cost, far short of what is estimated as necessary.[89]

...FOR THE FIRST SEVENTY-FIVE OR SO YEARS OF MAJOR LEAGUE BASEBALL, STADIUMS WERE LARGELY PRIVATELY OWNED AND OPERATED.

4. See point (1).

5. Some recent experiences might lead the casual observer to assume that stadium and arena construction has always been the job of the government. Some go all the way back to the colosseums of ancient Greece and Rome to justify public funding of sports facilities. Yet for the first seventy-five or so years of major league baseball, stadiums were largely privately owned and operated. In 1950, for example, only one American League stadium (Cleveland Municipal Stadium) was government property, and no National League ballparks were publicly owned. Many playing facilities bore the names of the team owners who built them: Ebbets Field in Brooklyn, Comiskey Park and Wrigley Field in Chicago, Griffith Stadium in Washington, Connie Mack Stadium in Philadelphia, Navin Field and Briggs (later Tiger) Stadium in Detroit, and the original Busch Stadium (Sportsman's Park) in St. Louis. Two of the most revered parks in the country, Boston's Fenway Park and New York's Yankee Stadium, were privately built. As noted earlier, even Pittsburgh's late, lamented Forbes Field was a private enterprise. The examples outlined in point (1) demonstrate that for private entrepreneurs who believe that they can make a profit on a new sports facility, there are no "prohibitive" costs.

Although many government leaders would have citizens believe otherwise, privately financed, owned and operated stadiums still exist and thrive in the United States and Canada. The new Busch Stadium in St. Louis, four years older than Three Rivers and virtually identical in design and size, cost $26 million less to build. Unlike Three Rivers, it was privately financed and is privately owned and operated. Busch has turned a profit every year since it opened.[90] Toronto's SkyDome, home of the Blue Jays, was privatized in 1992. Blockbuster Video founder Wayne Huizenga, owner of the Florida Marlins and Miami Dolphins, bought his teams' home, Joe Robbie Stadium, in June of 1994.[91] Finally, Dallas Cowboys owner Jerry Jones is revolutionizing stadium income generation with the corporate sponsorship deals he has negotiated for his Texas Stadium.

CAN ORDINARY CITIZENS SIMPLY WALK INTO THREE RIVERS STADIUM AND START PLAYING BASEBALL AND FOOTBALL? TO GET INTO THE STADIUM, ONE MUST BUY A TICKET-- A PRIVATE GOOD...

It is the job of government to provide important "public goods"-- national defense, infrastructure needs, police protection, and the like. These are goods which all citizens are entitled to use, and from which they cannot be excluded via a user fee. A stadium does not meet that criterion, even if it is publicly funded. Can ordinary citizens simply walk into Three Rivers Stadium and start playing baseball and football? To get into the stadium, one must buy a ticket-- a private good-- which is certainly an action that "adds to the operating revenues of a private entity." And won't all of the projected development that the new stadium is supposed to spark also "add to the operating revenues" of at least a few "private entities?" Doesn't the region's "role as a visitor destination" depend upon how many "private entities" can generate operating revenues and jobs? Hasn't the city of

Pittsburgh already committed taxpayer money to help bring Lazarus-- a "private entity"-- to the downtown area (wherever that is)? Isn't the URA providing at least $5 million in tax increment financing to Alcoa-- another "private entity"-- as part of its deal to build a new headquarters on the North Side? It is difficult to see how the task force can claim that in the case of a new stadium, they are not advocating the use of private money mainly for the purpose of enhancing the operations of private firms.

Little "Big League"

The task force takes great pains to assure readers of the "Forbes Field II" report that Pittsburgh is a stable, growing, dynamic place to live and work. It takes even greater pains to add that the city and region, while a hub of commercial activity, does not have enough potential private investors to finance a new stadium. Curiously, and in a stretch of logic, the report notes several "economic power" indicators which, the task force claims, show that Pittsburgh is a "big-league" city which deserves to have "big-league" sports, but that it's not quite "big-league" enough to have them without government support.[92]

CURIOUSLY, AND IN A STRETCH OF LOGIC, THE REPORT NOTES SEVERAL "ECONOMIC POWER" INDICATORS WHICH, THE TASK FORCE CLAIMS, SHOW THAT PITTSBURGH IS A "BIG-LEAGUE" CITY WHICH DESERVES TO HAVE "BIG-LEAGUE" SPORTS, BUT THAT IT'S NOT QUITE "BIG-LEAGUE" ENOUGH TO HAVE THEM WITHOUT GOVERNMENT SUPPORT.

Media Giants?

As mentioned earlier, Pittsburgh is a small media market, just the 16th largest among cities with major league baseball teams.[93] It is the view of the task force that Pittsburgh does not have the ability of Chicago, Arlington (Texas), Cleveland or Philadelphia to raise enough media-related revenue to help underwrite a new stadium.[94] The report specifically mentions that Comcast Corporation, a large cable television programmer, bought majority stakes in the Philadelphia 76ers of the NBA, the Philadelphia Flyers of the NHL, and the new CoreStates Center and existing Spectrum arenas, implying that owners in "large markets" will use large media contracts and connections to finance new facilities.[95]

As logical as that sounds, the reality is that teams in large media markets (or which have large television contracts) generally have not used such revenue to finance new stadiums, instead turning to taxpayers to build new fields.

- The New York Yankees, playing in the largest city in the United States and sporting a 12-year, $486 million deal with MSG Network, have threatened to leave New York for suburban New Jersey unless the city and/or state of New York accommodates their demands for a new stadium.[96] One proposal, which would move the Yankees from the Bronx to Manhattan, is estimated to cost New York taxpayers at least $500 million. The New York Giants and Jets both now hail from East Rutherford, New Jersey, having left Gotham for better deals after the city refused to build them new stadiums.

- Los Angeles, the second-largest media market in the United States, lost two professional football teams in a span of four months to cities offering large public subsidies. In neither case did media-related interests offer to respond to the stadium needs of the team owners.[97]

- The Chicago White Sox, playing in the third-largest media market in the United States with games televised nationwide on the WGN cable network, "extorted" a new stadium from the state of Illinois after threatening to move to St. Petersburg, Florida in the late

1980s.[98] The new Comiskey Park, as noted by the "Forbes Field II" report, was 100 % publicly funded.

- Despite Comcast's activity in the Philadelphia sports market, not all of the city's teams have solicited the aid of the private sector in resolving their stadium situations. Both the Philadelphia Phillies and Eagles have looked to public officials for help in either building new stadiums or winning "lease concessions" on their current home, Veterans Stadium, rather than enlist the aid of private sources.[99]

- The nation's fifth-largest city, Houston, has seen two of its three professional teams either move or threaten to move within the past year. The NFL Oilers have accepted a largely publicly funded offer to move to Nashville, Tennessee, and the National League Astros were nearly sold to a Northern Virginia group. In neither case did team owners enlist media sources in hopes of staying in Houston; instead, they demanded aid from local government for new stadiums.

...PROFESSIONAL TEAMS HAVE LITTLE INCENTIVE TO UTILIZE PRIVATE STADIUM FINANCING SOURCES OF ANY TYPE IF THEY KNOW THAT STATE AND LOCAL GOVERNMENTS WILL YIELD TO THEIR THREATS TO MOVE..

The common thread in all of these cases is this: that professional teams have little incentive to utilize private stadium financing sources of any type if they know that state and local governments will yield to their threats to move. By getting the taxpayers to fund most (if not all) of the costs of stadium construction, team owners, as mentioned earlier, can keep the lion's share of the revenues generated by the new facilities while assuming minimal risk in the deal. Perhaps the task force's claim that "media giants" like Philadelphia would fund new stadiums privately would be true if the public funding incentive were taken away, but experience suggests that as long as the taxpayer money keeps flowing, teams will continue to demand and receive subsidized stadiums.

This is Leadership ?

THERE ARE NOT VERY MANY AREAS IN WHICH A CITY CAN BE A "NATIONAL LEADER" WHILE RANKING 19TH AND 21ST AMONG ITS CLOSEST COMPETITORS...

The "Forbes Field II" task force also points out that Pittsburgh ranks 21st among major league baseball markets in the number of companies with one thousand or more employees, and 19th in the number of financial, insurance, real estate and service companies (despite being "a national leader with respect to its financial institutions and service companies").[100] The task force claims that the true meaning of these statistics is that "while Pittsburgh is strong enough to need and support these major amenities, the public support component has to be larger in order to make up for its ranking" and "Pittsburgh's overall potential for raising capital for sports development is lower than its MLB competitors."[101]

There are not very many areas in which a city can be a "national leader" while ranking 19th and 21st among its closest competitors, but this is what the task force asks us to believe in order to justify the substantial public support that they feel that a new baseball-only stadium will require. The misconception of the task force, as well as the mayor and other local government leaders, is that the Pirates, Three Rivers Stadium, and the proposed new park are "regional assets" that should be subsidized by the region's taxpayers because of the economic benefits and international prestige they bring to Pittsburgh. The economic benefits associated with professional sports are debatable at best and negligible at worst, and continuing subsidies to teams and stadiums divert resources away from activities that could provide real long-term growth and improve Pittsburgh's national reputation as a place for private companies to locate. Real long-term economic growth comes from government policies that encourage and support successful businesses, not those which "punish" them and make it more difficult for them to operate.

While it is nice to see Pittsburgh on national television every so often, entrepreneurs tend to take a closer view of a city than the one they get from the Goodyear Blimp's cameras. Usually, things like taxes, regulatory policy, and labor climate have far more to do with business location decisions than does the presence of professional sports, and Pittsburgh is far from a "national leader" when those factors are considered. Another publicly funded stadium is not going to change this fact. It is time to reject the argument that a legitimate function of government is to help professional sports team owners make a profit with taxpayer money when there are far more productive uses for that money, including leaving it in the private sector to be spent, saved or invested.

WHILE IT IS NICE TO SEE PITTSBURGH ON NATIONAL TELEVISION EVERY SO OFTEN, ENTREPRENEURS TEND TO TAKE A CLOSER VIEW OF A CITY THAN THE ONE THEY GET FROM THE GOODYEAR BLIMP'S CAMERAS.

To raise the necessary "local public" portion of the cost of a new stadium, the task force recommends "a combination of moderate adjustments to existing local tax levies."[102] It also anticipates that the Pirates themselves could invest $20 to $40 million in the project, a figure suggested by Kevin McClatchy himself before the release of the task force's report. However, McClatchy has since backed off that statement and instead promised to announce the extent of the Pirates' commitment to the new park in several weeks.[103]

Fool Us Once, Shame On You; Fool Us Twice, Shame On Us

Remember the old admonition of mothers to their children: "If all of your friends jumped off a bridge, would you do it too?" That is the situation that government leaders in the city of Pittsburgh, Allegheny County, and the Commonwealth of Pennsylvania find themselves in today. Should they follow the example of their sister cities, counties and states who have knuckled under to the threats of professional sports owners, and spend hundreds of millions of taxpayer dollars in the hope (and all that this truly is, is hope) that somehow their "investment" will benefit someone other than the owners and players? Or should they summon their collective nerve and find the backbone to reject the argument that providing such "amenities" for private, profit-seeking entities is a proper function of government? The example of Three Rivers Stadium, with its lofty but unfulfilled expectations, should be an important caution to public officials considering plans for a new facility. One can only hope that this time, logic will win out over mere optimism, and that any new Pittsburgh stadium will be funded by those who have a direct financial stake in its success.

ONE CAN ONLY HOPE THAT THIS TIME, LOGIC WILL WIN OUT OVER MERE OPTIMISM, AND THAT ANY NEW PITTSBURGH STADIUM WILL BE FUNDED BY THOSE WHO HAVE A DIRECT FINANCIAL STAKE IN ITS SUCCESS.

Taxpayer funding of professional sports facilities is just as inappropriate for Pittsburgh today as it was thirty years ago. As for the "Forbes Field II" report, the mayor should thank the members of his task force for their hard work-- and then send their report off to the archives, where it belongs.

ENDNOTES

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[5] *Ibid.*

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[7] *Ibid.*

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