PUBLIC-PRIVATE PROMISES #1: THREE RIVERS STADIUM

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EXECUTIVE SUMMARY

The recent release of the "Forbes Field II" Task Force Final Report, which recommends a North Side site for a new baseball-only stadium for the Pittsburgh Pirates, has sparked renewed debate over the merits of government-subsidized sports facilities. The task force's work was necessary, its boosters claim, not only because of legal agreements between the City of Pittsburgh and the new Pirate ownership group, but also because the Pirates' current home, Three Rivers Stadium, is a massive failure; an ugly, charmless building that is now "economically obsolete for baseball." However, when Three Rivers was proposed approximately thirty-five years ago, its planners made many claims very similar to those contained in the "Forbes Field II" task force report.

The following report examines the claims used to justify the development of Three Rivers Stadium and contrasts them with the stadium's actual performance since its opening. Some of its key findings are listed below.

- Three Rivers Stadium, intended not only as a home for the Pirates and Steelers but also as a major "urban renewal" project of Pittsburgh's first "Renaissance", was originally estimated to cost about $13.8 million to build. It was later re-estimated at $26 million, but when the low bid came in at $38 million, the cheaper oval design present today was chosen instead. Its final cost is estimated at between $52 and $62 million.

- The 83.5 acre Three Rivers Stadium site, estimated to cost $10 million to acquire in 1958, was re-estimated at $21.72 million in 1962 and ultimately cost $45 million.

- Three Rivers Stadium was to be a "self-financing" project which would require no city or county operating support, generating income through rentals to its tenant teams and the operation of its surrounding parking lots. Over its first twenty-five years of operation, the stadium ran up a deficit of $43 million, has received operating subsidies from the city of Pittsburgh since its opening, and now also receives operating subsidies from the Allegheny County Regional Asset District.

- Private development plans for the Three Rivers Stadium site included office buildings, hotels, parking garages, theaters, and restaurants. But as of now, due to a lack of market demand, very little development exists in the area surrounding the stadium.

- In recent years, the former Pirate ownership consortium battled the City of Pittsburgh over responsibility for making renovations to Three Rivers Stadium. through 1991 the city had spent over $100 million on the stadium, and it still owes approximately $40 million on the bonds floated for the original construction. It had also provided $27.1 million in subsidies to cover stadium operating deficits over the same time period.

- Even after the Stadium Authority hired Spectacor Management Group to manage the stadium complex in 1982, the deficits continued. The 1993-94 operating deficit was over $5 million, and the Authority has had to rely on periodic refinancing of its debt in order to continue its operations.

- St. Louis' Busch Memorial Stadium, four years older than Three Rivers and nearly identical in design and size, was privately financed and has been privately owned and operated since it opened. It was completed under budget, has turned a profit each year since it opened, and has been cited by baseball officials as one of the model facilities in operation today.

Introduction

On June 25, 1996, the plan that would save major league baseball in Pittsburgh was revealed to the world. The "Forbes Field II" Task Force, a 27-member committee created in October 1995 by Pittsburgh Mayor Tom Murphy, made its final recommendation on a site for a new, baseball-only stadium for the perpetually cash-strapped Pittsburgh Pirates. The task force proposed the construction of a 37,000-seat, open-air stadium on the city's North Side, at the foot of the Sixth Street Bridge, across the Allegheny River from the Golden Triangle. The stadium would also include 60-70 "luxury suites", 500 to 3500 club seats, and a 15,000-20,000 square-foot Stadium Club.[1] The project was estimated to cost between $187 and $208 million, but little specific information about how those funds would be raised was given in the task force report. Nevertheless, the report promised that a new baseball-only stadium would serve as a "catalyst" for the economic revitalization of Pittsburgh and all of southwestern Pennsylvania.

The task force, in the course of its report, made many unflattering references to the Pirates' current home, Three Rivers Stadium, dismissing it as an outdated relic of a best-forgotten era of stadium construction. The task force, however, did not mention that Three Rivers Stadium's planners, in their desire to provide a new home for the Pirates as well as for the NFL's Pittsburgh Steelers, promised that the new facility would provide many of the same benefits to the community that a new baseball-only stadium would supposedly provide today. Twenty-six years later, those promises have been largely unfulfilled. The following report examines the claims used to justify the development of Three Rivers Stadium, looks at the stadium's actual performance since its opening, and attempts to reconcile the grand plans of Three Rivers' planners with the dismal results that the park has produced for city and county taxpayers.

...THREE RIVERS STADIUM'S PLANNERS... PROMISED THAT THE NEW FACILITY WOULD PROVIDE MANY OF THE SAME BENEFITS TO THE COMMUNITY THAT A NEW BASEBALL-ONLY STADIUM WOULD SUPPOSEDLY PROVIDE TODAY.

1958: The Ground is Cultivated

When Three Rivers Stadium was originally proposed in the late 1950s, the Pirates' home park, Forbes Field, was 50 years old and deteriorating. The Steelers, who had no facility of their own, played at Pitt Stadium, which was built in 1925 and was also in poor condition. Representatives of the two teams had begun to hint that unless their facility situations were upgraded, there was a possibility that the franchises might be forced to relocate.[2] At that time, an advisory committee to Pittsburgh Mayor David L. Lawrence and the Allegheny County Commissioners recommended that a new stadium for the two teams be built on the lower North Side across from "the Point." It must be noted that a major renovation of Forbes Field was not considered economically feasible, and a multi-purpose stadium combining the costs of supporting baseball and football was thought to be the most sensible option. The supposed cost-effectiveness of multi-purpose facilities was a major impetus behind the "cookie-cutter" concept popular at the time.[3]

A "Self-Financing" Stadium

According to the September 1958 report of the Joint City-County Stadium Study Committee, the proposed stadium was to cost $23.8 million. The land was estimated to cost $10 million, the construction of the stadium structure $8.5 million, and the surrounding parking lots $5.3 million.[4] In order to recoup this initial outlay, the committee designed a revenue system that was to provide enough income to amortize construction debt, pay interest on that debt, and cover annual operating costs. The income was projected from three sources: rental income from the Pirates, the Steelers, and (it was hoped) the University of Pittsburgh, revenue from all-day and game-day parking, and concessions.[5] Of the three revenue streams, parking was expected to be by far the largest (more than double the amount expected from the rental agreements), comprising more than half of the estimated revenue. As for the rentals, the committee proposed yearly figures which were to be among the highest charged at any American stadium of the time, thinking that it was only right that the taxpayers who were to finance the facility should have a reasonable chance of getting a return on their "investment." These rentals were to be collected under long-term lease arrangements with the three prospective tenants.[6]

All told, the expected annual revenues from the new stadium were broken down as follows:

Rental to three teams (Pirates, Steelers, Pitt)	$ 420,000
All-day parking	$ 312,500
Events parking	$ 397,000
Concession incomes	$ 183,000
Total estimated annual revenues	$ 1,312,500[7]

...THE COMMITTEE DESIGNED A REVENUE SYSTEM THAT WAS TO PROVIDE ENOUGH INCOME TO AMORTIZE CONSTRUCTION DEBT, PAY INTEREST ON THAT DEBT, AND COVER ANNUAL OPERATING COSTS.

The committee presented two possible scenarios regarding land acquisition. Under the first, the agency building the stadium would acquire the land; under the second, the land would be provided by another agency. The first scenario was projected to lead to an annual deficit of $338,154 on stadium operations, while the second was thought to produce an annual surplus of $240,146.[8] The committee recommended that the Public Auditorium Authority of Pittsburgh and Allegheny County, which built and financed the Civic Arena, oversee the construction of the new stadium and finance it by selling revenue bonds, which would be repaid by income from stadium operations. Under that plan, the Urban Redevelopment Authority of the City of Pittsburgh (URA) was to put together the land purchase, and the city and the county were to then split the costs equally (a minimum of $5 million each).[9]

These contributions from the local governments were to be thought of as long-term loans to be repaid from any surplus generated by stadium operations. Another view expressed by the committee was that the stadium represented a "long-term investment" that would revert back to the city and county upon retirement of its long-term debt, with future income that would have otherwise been earmarked for debt service now going toward repaying unpaid loans for the initial land purchase.[10] Because of its "experience", ability to apply for federal aid, greater freedom to lease or sell land within the stadium site for other income and tax-producing purchases, and supposedly greater control over the final results through its redevelopment plan, the URA was targeted by the committee as the preferred agent for the land assembly.[11]

The "Liberation" of Oakland

The committee concluded its investigation by recommending the construction of a new stadium on several grounds. First of all, it noted that "trends" of the time indicated that professional sports could not survive in Oakland for the long term, and that the longer that such activity continued there, the more that professional sports would "interfere with the sound, well-planned growth of the educational and health institutions, as well as the Oakland business community."[12] The "renewal" of Oakland was expected to require about $300 million from public and private investors.[13] Therefore, the committee theorized that a 50,000-seat stadium would adequately serve the present and future needs of Pittsburgh, Allegheny County, and the rest of the "region," taking into account expected future population growth and expansion patterns.

The committee considered thirteen possible sites; it chose a ninety-acre parcel of land on the North Side, at the base of Monument Hill. Of the sites surveyed, the committee felt that the Monument Hill site was best equipped to take advantage of the proposed $100 million highway system, which was to begin in 1963 and eventually reach two million people, and of mass transit.[14] The site was also located at the geographic center of Allegheny County, an area which was at the time "convenient to 85 percent of the county's existing population."[15] The on-site parking planned for the stadium was to serve both the stadium and downtown Pittsburgh, providing "an excellent fringe lot for the downtown, saving valuable ground in the Triangle for greater tax-producing investments."[16] Finally, the project was framed by the committee as not just the mere construction of a stadium; it was to be an urban renewal development that would provide for parking, roads and eventually private development.[17] Construction was to begin by late 1960. The committee summarized its recommendations in the following manner:

...THE PROJECT WAS FRAMED BY THE COMMITTEE AS NOT JUST THE MERE CONSTRUCTION OF A STADIUM; IT WAS TO BE AN URBAN RENEWAL DEVELOPMENT THAT WOULD PROVIDE FOR PARKING, ROADS AND EVENTUALLY PRIVATE DEVELOPMENT.

> *A new stadium is not only desirable and necessary, but vital in advancing the overall development of Allegheny County and the Pittsburgh area...The community will be planning for the entertainment of its citizens in an age of increasing leisure time...The community will then be able to assure the Tri-State area of adequate educational and health service facilities by permitting the sound and orderly growth of Oakland, without the many burdensome problems generated by major sports events.*[18]

If the recommended actions were not taken, the committee foresaw a major decline in Pittsburgh's national image and prestige, as well as in the "substantial trade dollars generated by sports activities."[19] The measurable economic impact of such a loss was estimated to be $3-5 million annually.[20] The losses in prestige and image were thought to be just as devastating, although impossible to quantify.

The Seeds are Planted

The 1960 target date for construction came and went with no action on a new home for Pittsburgh's professional teams. Planning on the project continued, however. As before, the stadium development was talked of publicly as more than just a forum for professional sports; it was to "free" Oakland to become an educational, medical, and cultural mecca while reclaiming the North Side in the interest of the entire community. It was compared favorably to the Civic Arena project, which demolished 95 acres of the lower Hill District in the name of "the public interest" and forced its residents and businesses to relocate to other areas of the city. The theoretical North Side redevelopment, including the stadium, was intended to "renew an area important to the future development of the city and county and to provide a fitting backdrop for the hundreds of millions of dollars in private and public funds being invested to rejuvenate the Downtown and North Side."[21] Finally, the plan called for the stadium to be more than just an ornament for the community:

A large and modern stadium will retain major league baseball and football. These activities are important to the spirit and morale of residents in the Pittsburgh region, in maintaining a "big-league" image of this area, in the ability to attract visitors and new permanent residents and employers, and in generating trade for a number of business enterprises.[22]

Preliminary work on the "Stadium Urban Renewal Project" began in January 1960, as the Public Auditorium Authority hired architectural, engineering and construction firms to provide designs and cost estimates for the stadium and surrounding parking facilities. Nearly two years later, the plans were presented to local government leaders and to the public. Some of the highlights of the plan were the following:

THE DOUBLE-TIERED STADIUM WAS TO BE CRESCENT-SHAPED, WITH A CAPACITY OF 55,000 SEATS FOR BOTH FOOTBALL AND BASEBALL... IT WAS TO BE OPEN AT ITS SOUTHEAST END, "PROVIDING A DRAMATIC VIEW OF THE POINT AND THE MOUNT WASHINGTON HILLSIDE."

- The double-tiered stadium was to be crescent-shaped, with a capacity of 55,000 seats for both football and baseball. It was to have "more ideal seats for football and baseball than any other dual-purpose stadium built to date."[23]

- It was to be open at its southeast end, "providing a dramatic view of the Point and the Mount Washington hillside." About 70 percent of the seats were to be under cover, and a special concourse was to allow mass transit vehicles to drop passengers right at the stadium's doorstep.[24]

- There were to be approximately 4310 parking spaces on the stadium site, but with proper connections to mass transit, it was envisioned that fans would have access to an additional 19,320 spaces located within a mile of the facility.[25]

- The total cost of building the stadium structure and preparing the site for its intended purposes was estimated to cost about $23.45 million-- ***$9.65 million more than estimated in 1958.*** The total cost of assembling the necessary 83.5 acres of land for the structure, including infrastructure costs, moving expenses of displaced property owners, demolition of existing buildings, and other miscellaneous expenses was now placed at $21.72 million-- ***$11.72 million more than the 1958 figure.***[26]

The recommended financing structure for the plan, which was developed by the Allegheny Conference on Community Development, consisted of two distinct features-- one method to finance the land acquisition, and another to pay for the stadium itself. These programs are outlined below.

Phase 1 (land acquisition and site preparation)

Federal urban renewal grant	$ 8,980,000
City of Pittsburgh grant	$ 5,745,000
County of Allegheny grant	$ 5,745,000
Sale of land to State of Pennsylvania for expressway right-of-way	$ 1,250,000
Total land cost	$ 21,720,000[27]

To pay for the stadium itself, the Public Auditorium Authority proposed to sell $23,450,000 in revenue bonds on the open market. Then-Pirate owner John W. Galbreath pledged to purchase the first $2 million of these bonds, and other private local interests were to commit to buying another $3 million.[28] However, the Authority argued that in order to make the bonds more attractive to other potential investors and gain better interest rates, the City and the County would have to guarantee the remaining $18 million in bonds. This provision was deemed necessary in order to act as a "backstop" for the lease between the prospective owner (the Public Auditorium Authority) and the prospective tenant (John Galbreath and his associates).[29]

Phase 2 (stadium construction and site development)

Sale of Series A Public Auditorium Authority Bonds (open market)	$ 18,225,000
Sale of Series B Public Auditorium Authority Bonds (private sources)	$ 3,225,000
Sale of Series C Public Auditorium Authority Bonds (Galbreath)	$ 2,000,000
Total stadium cost	$ 23,450,000[30]

ALL TOLD, THE FINANCING PLAN WAS THEORIZED TO PRODUCE AN ANNUAL OPERATING SURPLUS OF $156,400.

The Public Auditorium Authority was to own the stadium structure and the land, but operating control of the facility was to be leased to a private corporation to be formed by John Galbreath and others, which would then lease the stadium to the Pirates and Steelers. This proposed corporation was also to be given the option to develop the "air rights" above the parking lots for future development opportunities. The parking lots were a crucial part of the overall program, for it would not have been possible to make the "self-financing" argument without the revenue they were estimated to generate.[31]

All told, the financing plan was theorized to produce an annual operating surplus of $156,400.[32] The stadium's planners were so confident in their estimates that they made the following claim:

> *Rental of the stadium, parking fees, and other privately-produced income will provide all of the funds needed to retire the Auditorium Authority bonds. In effect, the users will be paying off the debt-- without direct subsidy from the City or County, as in the civic auditorium.*[33]

Under the revised proposal, construction on the stadium was to begin in mid-1964, and its opening was to take place in 1966. Edward J. Magee, then the executive director of the Allegheny Conference, strongly endorsed the plan, saying that "We believe that we have a package that is realistic, comparable with what is being done elsewhere in similar projects, and one that will provide a wealth of benefits in the future progress of this City and County."[34] Then-Pittsburgh Mayor Joseph M. Barr also chimed in, noting that "the public stadium has been as much a part of city life as the forum, the public market square, and more recently, city hall itself."[35]

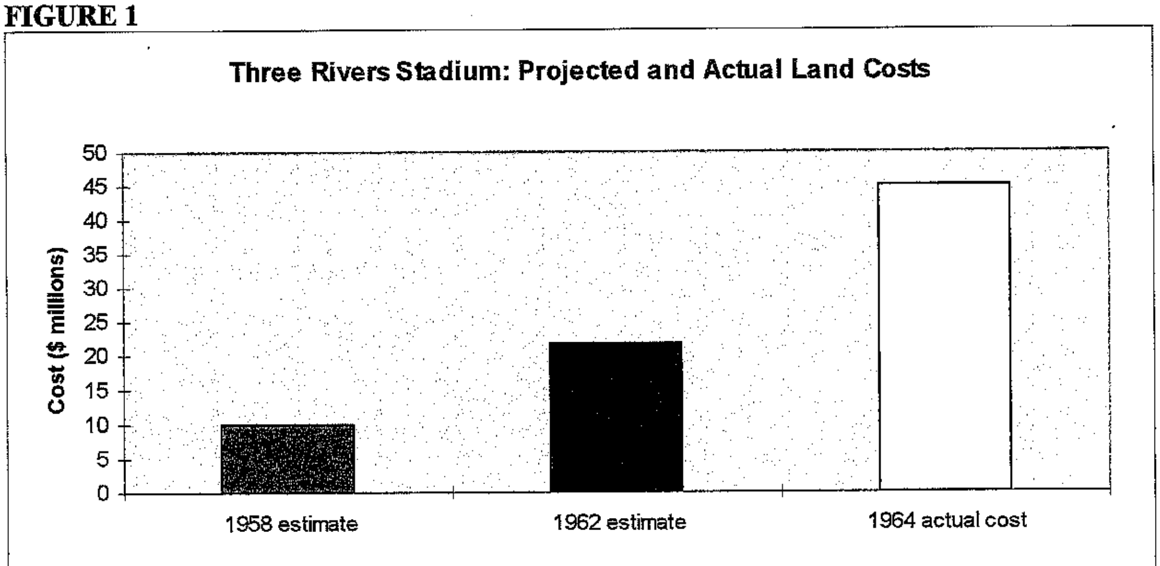
Send In the Clowns

Despite the enthusiastic support of its promoters, this incarnation of the new stadium development package did not materialize exactly as planned. City and county leaders clashed over the financing structure, with the county ultimately pulling out of any further involvement in the project. As a result, the Stadium Authority of the City of Pittsburgh was formed in 1964 to coordinate construction.[36] Soon thereafter, citizens filed suit against the city, claiming that the Stadium Authority had no right to exist. In 1966, after nearly two years of litigation, the Pennsylvania Supreme Court ruled unanimously that the Authority could issue bonds backed by the city, and therefore receive bids for the stadium construction.[37]

IT WAS ESTIMATED THAT THE NEW STADIUM WOULD COST APPROXIMATELY $26 MILLION, BUT THE CITY WAS SHOCKED WHEN THE LOW BID CAME IN AT $38 MILLION.

While the wrangling over the legality of the Stadium Authority continued, the URA, beginning in August of 1964, spent $45 million to buy North Shore property, which included moving a scrap metal company and buying land from the B & O Railroad. Much of the run-down land was acquired through condemnation. In 1964, the URA turned the land over to the Stadium Authority.[38] By this time, forty-year lease agreements had been negotiated between the Authority and the Pirates and Steelers, and completion of the project had since been pushed back yet again, to 1968.[39]

FIGURE 1



Source: Review of the Stadium Urban Renewal Project and Recommended Financing Proposal (1962); Pittsburgh *Post-Gazette* (1995)

It was estimated that the new stadium would cost approximately $26 million, but the city was shocked when the low bid came in at $38 million.[40] The explanation given at the time was that the sloping roof design required a number of different beam sizes, which were more costly than using one uniform size because of inflationary increases in the price of steel. Nevertheless, city leaders were not pleased. Then-City Council President Patrick T. Fagan was particularly vocal, saying, "It's time to find out how the Stadium Authority and the architects got so jumbled up on estimates. They're making us look like a lot of clowns."[41]

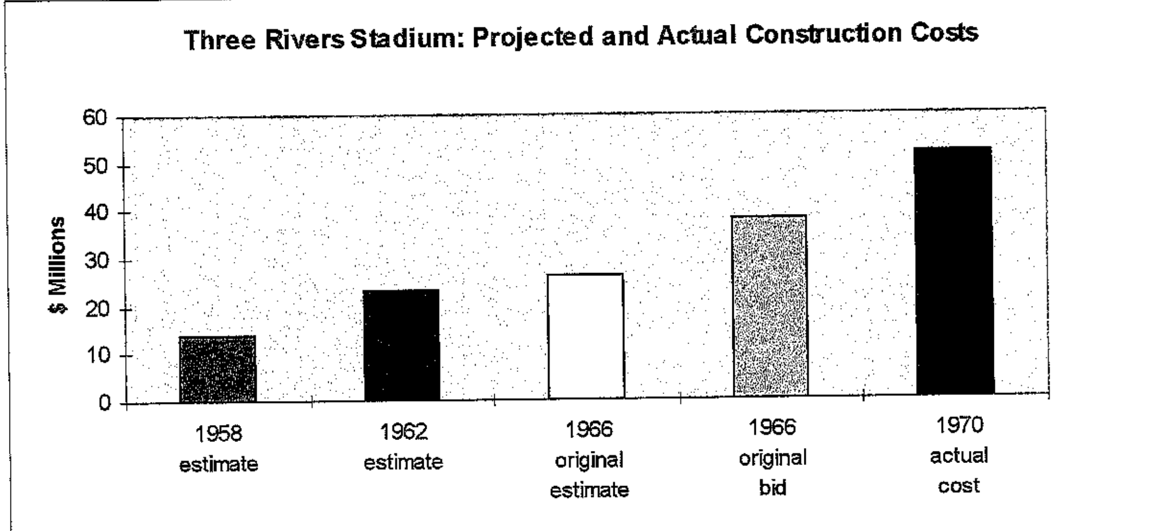
But the "circus" didn't stop there. By 1967, the cheaper oval design that would ultimately come to pass was submitted, and the contract was awarded on March 28, 1968 with a low bid of $27.7 million.[42] The official groundbreaking ceremony took place on April 25 of that year, and the stadium was expected to be ready to open by the start of the 1970 baseball season.[43]

1970: The Weeds Begin to Grow

The April 1970 opening target proved to be too optimistic. Citing cost overruns, inflation, and an engineers' strike, problems that would necessitate $3 million in additional funding, the Stadium Authority announced in November 1969 that it would have to postpone the stadium's opening to May 29. The engineers' strike was particularly costly; it delayed the start of construction on new access roads and stadium parking lots.[44] When the strike was settled in the spring of 1970, other labor problems followed. Three Teamsters locals struck on May 4, stopping the delivery of cement to the construction site and pushing the grand opening back to June 19. Lighting problems then developed, which forced Pirate President Dan Galbreath to postpone until July 16. The labor disputes were resolved before the opening, including an agreement that 30 % of Three Rivers employees would eventually be minorities.[45] Finally, Three Rivers was ready for business, at a cost of $52 million-- $14 million more than it would have cost to build the original horseshoe design.[46]

FINALLY, THREE RIVERS WAS READY FOR BUSINESS, AT A COST OF $52 MILLION-- $14 MILLION MORE THAN IT WOULD HAVE COST TO BUILD THE ORIGINAL HORSESHOE DESIGN.

FIGURE 2



Source: Review of the Stadium Urban Renewal Project and Recommended Financing Proposal (1962); Pittsburgh *Post-Gazette* (1995)

When the park opened on the night of July 16 to a then-record Pittsburgh baseball crowd of 48,846, it was clear that the stadium was still a work in progress. The parking lots were still unfinished, and a clogged water main shut down drinking fountains, soft-drink machines and restrooms for much of the evening. Yet the reaction of the community was almost entirely positive. Fans were fascinated by the new Tartan Turf and electronic scoreboard.[47] In addition, city leaders were confident that private development was not far behind. Plans floated at the time included office buildings, hotels (a 15-story Holiday Inn prominent among them), parking garages, a sports hall of fame, theaters, and restaurants.[48] But today the only establishments near the stadium are the Carnegie Science Center and the Clark Bar, and both of these are public-private investment projects; market demand for property near the stadium has been low. Development projects in the vicinity of the stadium were proposed and then abandoned as too costly. The recession of the mid-1970s caused the demand for office space to decline, and area businesses were content to stay in the downtown section.[49]

...CITY LEADERS WERE CONFIDENT THAT PRIVATE DEVELOPMENT WAS NOT FAR BEHIND. PLANS FLOATED AT THE TIME INCLUDED OFFICE BUILDINGS, HOTELS, PARKING GARAGES, A SPORTS HALL OF FAME, THEATERS, AND RESTAURANTS.

Still, funding was insufficient to meet all of the costs of construction. Early in 1971, Pittsburgh City Council voted to pass a $35 million, 40-year bond issue in order to guarantee the payment of construction costs. By that time, it had become apparent that the stadium would not produce an operating surplus-- instead, it faced annual deficits of approximately $900,000, which the city of Pittsburgh agreed to subsidize through tax revenues for at least the next seven years.[50] Over the first twenty-five years of its operation, Three Rivers Stadium accumulated an operating deficit of $43 million, meaning that despite the promise by its planners that no city or county operating subsidies would be necessary, the facility has not come close to "paying for itself."[51] The fortunes of the stadium had become bad enough that in 1994, board members of the newly created Allegheny County Regional Asset District voted to transfer $10 million annually from the proceeds of the county's additional 1 % sales tax to the Stadium Authority.[52] Ironically, a stadium that was not supposed to require city or county operating subsidy now receives both.

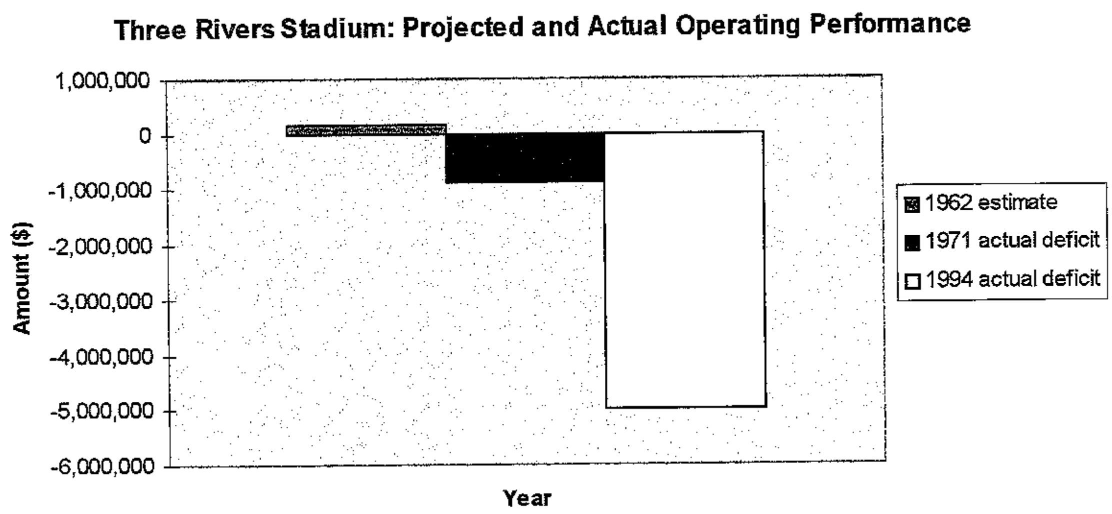
Despite its dismal operating performance, in its first ten years, by virtue of the success of its athletic tenants, Three Rivers Stadium created a sporting mystique that rivaled that created by Forbes Field over sixty-one years. The Pirates would win six division championships and two World Series in their first ten years at Three Rivers. The Steelers, thrilled to finally have their own home, were in the formative stages of becoming the "Team of the Decade" for the 1970s, winning four Super Bowls. While the two teams have not been as successful in the intervening sixteen years, many new athletic memories have added to that mystique, as have sold-out concerts by the Who, the Grateful Dead, Bruce Springsteen, U2, Fleetwood Mac, and the Rolling Stones. As a home for professional sports and entertainment, Three Rivers has produced many unforgettable memories. As a public sector "investment," meanwhile, it has been unforgettable for entirely different reasons.

IRONICALLY, A STADIUM THAT WAS NOT SUPPOSED TO REQUIRE CITY OR COUNTY OPERATING SUBSIDY NOW RECEIVES BOTH.

The Bucs Pass the Buck

For years, the Pirates complained to the City of Pittsburgh that Three Rivers Stadium was in need of major repairs and even threatened legal action to get them. One result of this pressure was the Regional Asset District allocation of $10 million per year toward stadium operations ($6.5 million of which will be funneled to the Pirates).[53] Early in 1995, in one of the last acts of his administration, then-Pennsylvania Governor Robert Casey released $13.5 million in state funds for planned improvements to Three Rivers, including eventual replacement of all 59,000 seats, a new electronic marquee, 300-400 new field-level "luxury" seats, a sports bar, parking renovations, pedestrian-ramp expansion, novelty shops and new bathrooms.[54]

FIGURE 3



Source: Review of the Stadium Urban Renewal Project and Financing Proposal (1962); Pittsburgh *Post-Gazette* (1971); Stadium Authority of the City of Pittsburgh

The former Pirate ownership consortium claimed that Three Rivers Stadium was no longer a first-class major league baseball facility. If this is true, it is not because of a lack of taxpayer support. The Masloff administration claimed that through 1991 the city had spent over $100 million on the stadium, and it still owes approximately $40 million on the bonds floated for the original construction. Most importantly, it had provided $27.1 million in subsidies to cover stadium operating deficits over the same time period.[55] Even after the Stadium Authority hired Spectacor Management Group to manage the stadium complex in 1982, the deficits continued. The 1993-94 operating deficit was over $5 million, and the Authority has had to rely on periodic refinancing of its debt in order to continue its operations.[56]

THE FORMER PIRATE OWNERSHIP CONSORTIUM CLAIMED THAT THREE RIVERS STADIUM WAS NO LONGER A FIRST-CLASS MAJOR LEAGUE BASEBALL FACILITY. IF THIS IS TRUE, IT IS NOT BECAUSE OF A LACK OF TAXPAYER SUPPORT.

Money For Nothing, $30 For Beer

The deficits have continued despite the fact that the Authority acts as a monopoly, regulating all activities related to the stadium complex. In April 1994, the Authority banned outside concessionaires from Three Rivers Stadium and specified that all food in the stadium would have to be acquired through ARA Services, which held the stadium concession contract, or the stadium's Allegheny Club.[57] According to private box holders, ARA charged $30 for a case of domestic beer and $7.50 for a six-pack of ginger ale.[58] Twenty-five box holders, including USX, Bell Atlantic, Westinghouse, PPG Industries, and WPXI-TV, sued the Stadium Authority, arguing that the new policy interfered with their suite leases, which do not prohibit the use of outside caterers. A judge ultimately ruled that the Authority could not "unilaterally impose" a ban on all outside catering.[59] In December of 1994, the Authority responded by raising luxury box rental rates from $10,000 to $12,500 for box holders whose agreements are up for renewal. The new agreements will include the provision banning outside caterers.[60]

In addition, four private peanut vendors who worked outside the stadium sued the Authority in June of 1994, claiming that city police had harassed them and forced them off the stadium grounds. They contended that they had not violated a city ordinance that required that they stay at least 250 feet from the stadium during events.[61] The four vendors charged about one-third of the price charged for peanuts inside the stadium. The same is generally true for other food and beverages at the stadium, whose prices bear little resemblance to those charged outside its walls because of the ARA monopoly.[62]

In the absence of a contending team, the Pirates' marketing department attempted to increase and maintain attendance by offering a variety of activities and promotions at the stadium. The Pirate Boardwalk, which includes batting cages, a pitching machine, "Fantasy-Play-by-Play," face painting, and many other activities, opens 90 minutes before each game and remains open until the game ends. The food selection ranges from Primanti Brothers and Benkovitz fish sandwiches to Pizza Hut to the traditional hot dogs. Pirate promotions have included Fireworks Night, Camera Night, and many large giveaways of Pirate merchandise.[63]

NO STADIUM, NOT CAMDEN YARDS, NOT COORS FIELD, NOT EVEN JACOBS FIELD COULD BY ITSELF ATTRACT LARGE CROWDS TO SEE THE CURRENT PIRATES.

Despite all of those efforts, the Pirates had the lowest attendance in the major leagues in 1995 (and currently rank among the bottom five major league clubs in 1996) chiefly because the current team is mediocre at best.[64] No stadium, not Camden Yards, not Coors Field, not even Jacobs Field could by itself attract large crowds to see the current Pirates. By depending on the government to invest in improvements to Three Rivers Stadium instead of taking the initiative themselves, the former Pirate owners were unable to quickly respond to the needs of their fans. This, as much as any other factor, severely limited their ability to compete on the field or on the balance sheet.

Busch Stadium: Bud Is Wiser

St. Louis' Busch Memorial Stadium has much in common with Three Rivers Stadium. Like Three Rivers, Busch was conceived as a home for both professional baseball and football. The idea of a 60,000-seat downtown stadium dated back to the mid-1930s, when the-Mayor Bernard Dickmann proposed that such a stadium be included in plans for the Jefferson National Expansion Memorial (which would ultimately become the Gateway Arch). Although the planned stadium never materialized, the matter came up again in 1956. The Cardinals baseball club was outgrowing old Busch Stadium (Sportsman's Park), which had a capacity of only 35,000. In addition, the city wanted a new stadium in order to attract an NFL team (sound familiar?) and to revitalize its riverfront area, which, in the words of the great sportswriter Red Smith, "was a hideous slum of crumbling warehouses, honky-tonks and hovels."[65] In December of 1958, Charles L. Farris, executive director of the Land Clearance for Redevelopment Authority, unveiled a plan for a $30 million stadium occupying 34 blocks of blighted riverfront property. Anheuser-Busch put up the first $5 million in September 1959, and shortly thereafter it was decided that the new stadium would bear the Busch name.[66]

INSTEAD OF RELYING UPON THE CITY TO FUND THE PROJECT, THE LEADERS OF THE ST. LOUIS STADIUM INITIATIVE SECURED $20 MILLION IN PRIVATE CAPITAL TO UNDERWRITE THE NECESSARY LOAN.

Instead of relying upon the city to fund the project, the leaders of the St. Louis stadium initiative secured $20 million in ***private*** capital to underwrite the necessary loan, which was approved in 1961. While the Urban Redevelopment Authority had to resort to condemnation to secure the land for Three Rivers, Busch's backers were welcomed by most of the establishments (most of the 150 businesses that were dispossessed were flophouses, seedy saloons, novelty shops, small restaurants, hat cleaners, shoe repairmen and one-man enterprises) that the new park would displace because of the area's condition and ***the fact that the redevelopment was privately funded.***[67] In contrast to the access and parking problems that continue to plague Three Rivers to this day, the Busch site is located near three major interstate highways and several parking garages. St. Louis' only contribution to the Busch project was a $6 million bond issue for street and utility improvements. Voters, after first rejecting the measure in January 1962, approved it two months later after several St. Louis sports stars, including Hall of Famer Stan Musial and members of the football Cardinals (who had moved from Chicago in 1960), vigorously campaigned for its passage. By 1964, buildings on the site had been razed, and ground was broken on May 25 of that year.[68]

IT IS INTERESTING TO NOTE THAT BUSCH STADIUM'S DESIGN WAS CONSIDERED UNIQUE AND VISIONARY WHEN IT WAS BUILT.

It is interesting to note that Busch Stadium's design was considered unique and visionary when it was built. "I wish to congratulate the city of St. Louis on having in embryonic form the first American sports stadium which looks like architecture," architect Harris Armstrong said, adding, "It has the three essentials: clarity, simplicity and honesty, and it is in these three that its beauty lies."[69] It is also interesting to note that despite a five-week steel strike in the summer of 1965 and a major fire that destroyed several adjacent warehouses, Busch Stadium was completed under budget and opened only one month behind schedule, on May 12, 1966. Two months later, the stadium made its national debut with the All-Star Game. In the baseball Cardinals' first full season in the new park, they drew 2,090,145 fans, setting an attendance record that would stand until 1982, and won the World Series. They would reach the Series again the next year, drawing 2,011,177 paying customers. One representative of a downtown hotel said the stadium was "the salvation of downtown St. Louis," and without the initiative of the private sector, it could never have taken place.[70]

When the stadium was opened, both Anheuser-Busch and the football Cardinals gave up control of stadium concessions such as parking, beer and hot dogs to the Civic Center Corporation, which ran the stadium. However, during the 1970s Busch fell into disrepair (perhaps explaining in part why St. Louis was one of the cities which experienced negative stadium-related income growth during the first ten years of operation). The artificial turf, installed in 1970, soon began to wear out and became a hazard to the athletes who played on it. It had to be replaced in 1978 and again in 1984. The quality of the baseball Cardinals' play declined right along with that of their home park. Attendance hovered between 1.2 and 1.8 million. In the early 1980s, two events helped to reverse the slides of the team and the stadium.

BECAUSE OF THE INCENTIVES TO INVEST AND IMPROVE THAT COME WITH PRIVATE PROPERTY OWNERSHIP, ANHEUSER-BUSCH REPLACED BUSCH'S SEATS, RENOVATED ITS SUITES AND INSTALLED A NEW SCOREBOARD SYSTEM.

Privatization: A Rich Harvest

Anheuser-Busch and the Busch family had long been considered one of the best owners in professional sports. They had historically been willing to make the financial commitment necessary to produce a winning, profitable baseball club, and they saw that the Cardinals needed new sources of revenue. In 1981, after a tough fight with the Apex Corporation, Anheuser-Busch bought Busch Stadium for $51 million and made the Civic Center Corporation one of its subsidiaries. Because of the incentives to invest and improve that come with private property ownership, Anheuser-Busch replaced Busch's seats, renovated its suites and installed a new scoreboard system. The stadium now has a capacity of just more than 54,000 for baseball and 55,000 for football.[71]

On the field, the Cardinals hired Whitey Herzog as manager. Herzog, known as "the White Rat" because of his shrewd manipulation of personnel and strategy, quickly turned the Cardinals into an aggressive, smart, hustling team that won three National League pennants and one World Series during the 1980s. Attendance recovered as well, and in 1987 the Cardinals became the first team other than the Dodgers and Mets to draw more than 3 million fans in a season.[72] The Cardinals aggressively marketed and maintained the facility, constantly seeking input from their customers and moving quickly to meet their needs. Out-of-town visitors marveled at Busch's cleanliness and convenience, especially in comparison with stadiums in their cities. Civic Center's management philosophy was best summed up by Cardinal vice president of marketing Marty Hendin in 1988: "Stay in one place too long, and you'll get painted."[73] Perhaps the strongest endorsement Busch Stadium has received came from then-Baseball Commissioner Peter Ueberroth in 1987:

THE CARDINALS AGGRESSIVELY MARKETED AND MAINTAINED THE NEW FACILITY, CONSTANTLY SEEKING INPUT FROM THEIR CUSTOMERS AND MOVING QUICKLY TO MEET THEIR NEEDS.

> *If you'd like to take a look at a ballpark that we like to point out as one that's doing it right, I would like to point to St. Louis. St. Louis has done it in an ideal way. The ballpark is squeaky clean. I call it Disneyland clean. It is as absolutely safe as can be. Incidents in baseball, disturbances in the ballpark, in the stands, have come down dramatically due to the efforts that we've made, but they must come down even more. But in St. Louis, they're almost non-existent. St. Louis had over three million people attend its ballpark in what's considered not one of our big cities and led all of major-league baseball. So what they're doing does work. They have a kids-and-family section. They didn't close it during the World Series, it stayed open and they did it right. So that's the kind of ballpark they have in St. Louis."*[74]

Until the death of patriarch August A. "Gussie" Busch II in 1989, Anheuser-Busch's commitment to baseball was unquestioned. His son and heir, August A. Busch III, is not a baseball fan and has dramatically reduced Anheuser-Busch's commitment to operating the Cardinals and Busch Stadium. On October 25, 1995, Anheuser-Busch announced that it would sell the Cardinals, Busch Stadium and its parking garages, and its Eagle Snacks business in order to focus on its "core businesses" of beer, theme parks, and aluminum cans.[75] In announcing the sale, Anheuser-Busch announced that it was committed to keeping the Cardinals in St. Louis and was therefore selling the team and the stadium as a package. Another example of their continued desire to maintain Busch as a first-class facility for Cardinal fans is the decision to replace the stadium's artificial turf with grass. The Cardinals have also hired Tony LaRussa, a very successful manager, to run the team next year. Soon thereafter, Anheuser-Busch sold the team and the stadium to a group of local investors, and the new owners intend to continue the Cardinal tradition in a private Busch Stadium.

OUT-OF-TOWN VISITORS MARVELED AT BUSCH'S CLEANLINESS AND CONVENIENCE, ESPECIALLY IN COMPARISON WITH STADIUMS IN THEIR CITIES.

Pulling Up Stakes?

In contrast to the success of the Cardinal franchise, the Pirates have endured a series of crises over the recent past. Since the opening of Three Rivers Stadium, the financial fortunes of the Pirate owners have mirrored that of their home field. In 1985, the Galbreath family, citing heavy losses, announced that they were offering the team for sale, and they did not rule out selling the team to interests who might remove the franchise from Pittsburgh. Faced with this prospect, then-Mayor Richard Caligiuri put together a consortium of ten area corporations, individuals and institutions which bought the team from the Galbreaths for $25 million. However, the city also had to provide the new owners with a $20 million loan from the URA– at taxpayer expense.[76] This was the beginning of city subsidy of the Pirate franchise itself.

Despite the optimism generated by the sale of the team, new ownership, as noted previously, did not prove to be a panacea for the ills of the Pirates or of Three Rivers Stadium. The consortium continued to incur heavy operating losses, even as the Pirates won three consecutive National League Eastern Division championships between 1990 and 1992, setting attendance records in the process. A lack of operating capital for the franchise meant that it was unable to retain its best players when their contracts expired, ensuring that the team's performance on the field would deteriorate, and along with it the club's financial status. By 1994, many of the investors had had enough and announced that once again, the Pirates were for sale.

THREE RIVERS STADIUM WAS SUPPOSED TO KEEP PROFESSIONAL BASEBALL AND FOOTBALL IN PITTSBURGH. IT WAS ALSO SUPPOSED TO COME IN UNDER BUDGET, CREATE NEW JOBS AND SURROUNDING DEVELOPMENT, AND GENERATE ENOUGH INCOME TO "PAY FOR ITSELF."

As a condition of the $20 million URA loan (which is still outstanding), the City of Pittsburgh was given the right to take up to nine months to find a buyer who would not move the Pirates before the team could be offered for sale to out-of-town interests. In November 1994, the city appeared to have found such a buyer when John J. Rigas, owner of Adelphia Communications, agreed to purchase the team for approximately $85 million.[77] However, soon after Rigas' bid was announced, it was rejected by the National League on the grounds that it did not include enough new cash and contained too much debt. Subsequent attempts by Rigas to make his offer acceptable to Major League Baseball failed, and by September of 1995, the Pirates' future in Pittsburgh was doubtful.

A Lesson In What Not To Do

Of course, the Pirates did not move; Kevin McClatchy's efforts to assemble enough capital to purchase the team were successful, and Pittsburgh remains a home for major league baseball. But McClatchy's purchase of the Pirates (and therefore the franchise's continued presence in the region) came with some very large strings attached, the largest of those being that the City of Pittsburgh assemble the financing for a new baseball-only stadium within three years. It has been assumed that most, if not all, of this funding will have to come from the public sector.

Three Rivers Stadium was supposed to keep professional baseball and football in Pittsburgh. It was also supposed to come in under budget, create new jobs and surrounding development, and generate enough income to "pay for itself." It certainly did keep the Pirates and Steelers here, but at what price? From the mis-estimates of its own construction and operating costs to the legal warfare between the city and the Pirates, it seems clear that the price was too high.

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