

BASEBALL AND THE AMERICAN CITY:

An examination of public financing and stadium
construction in American professional sports.

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POLITICAL

The sports lobby is powerful and broader than many think. It's not just teams, fans, and the major leagues. Locally, powerful development and real estate interests and business organizations near the site are strongly in favor. And, lately, funding issues have throw-ins like improving public facilities that lead a few more marginal political interests to mildly favor construction/remodeling.

-- Rodney Fort (Questionnaire response)

In her widely acclaimed book, The Death and Life of Great American Cities, Jane Jacobs proposed urban renewal that emphasized the importance of diversity. She argued that cities were natural habitats for the flourishing of commerce, culture and community and urged urban planners to draw on the human vitality of existing neighborhoods, because they have “energy enough to carry over for problems and needs outside themselves.”¹ Jane Jacobs launched an urban redevelopment revolution that continues today.

Since Jacobs first offered her vision, city planners and local government officials have tried to build successful urban neighborhoods by incorporating a combination of residential, business, and entertainment interests. Over the past two decades, sports stadiums and arenas have become a key component to this design, often serving as the nucleus for urban renewal efforts. Early on, designers built stadiums in the suburbs. In the modern design scheme, massive sports complexes are constructed in downtown urban areas and then surrounded with spin-offs including retail shops and restaurants, new theaters, office buildings, and eventually, housing. Candlestick Park in San Francisco, CA, for example was a sprawling suburban stadium ringed by parking lots. The new home to the San Francisco Giants, Pac Bell Park, by comparison, is a compact urban building, accessible by public transportation and can be reached by foot in about twenty minutes from downtown. If prognostications prove correct, the City and the team will benefit from a more comfortable microclimate than prevailed at the team's previous home of 40 seasons.

¹ Jacobs, Jane. The Death and Life of Great American Cities. New York: Vintage Books, 1961.

Stadium Construction and Urban Development

Massive urban development efforts – designed to create more livable cities and regions – take many different forms. Some cities seek to maximize land use in already dense areas by redeveloping neighborhoods that have failed over time, or to expand their size and influence by developing areas that were previously unused. Some regions seek to develop their job and housing base to entice new residents. Regardless, all of them share a common goal – to generate new economic and social interest, which can attract new residents and additional visitors to the region.

There are two ways to approach the use of stadium construction as a part of urban development. One option is to construct a stadium and work to create a vibrant neighborhood around it. The other option is to insert a stadium into an existing, or developing, neighborhood with its intended use being limited to entertainment. But, urban development based solely on the value of the entertainment dollar, is risky, and limited by geography. “Cities have become popular places to visit,” says Fred Siegel, a senior fellow at the Progressive Policy Institute, “not to live.”² For most cities, however, property taxes from residential use generate the necessary funds to support local services. Wilbur Rich, author of The Economics and Politics of Sports Facilities, concurs, noting, “cities are now tourist and entertainment businesses. Sports are a part of the post-modern city and the new service economy.”³

A popular tool of modern urban development is entertainment. In cities all across the United States, tourism, entertainment and retail development are being bundled together in a ‘themed’ environment, and marketed as the saviors of declining downtown cores and of stagnant suburban shopping areas. Sharon Zukin, argues that these new entertainment centers have “become a driving force shaping fundamental economic activities such as business services and real-estate development.”⁴ A key component in this entertainment model of development is the construction (or reconstruction) of sports stadiums.

City planners acknowledge that they would rather see a company that pays top manufacturing wages than a ballpark. However, consumer confidence determines success, and professional sports are popular. Consider that a home game for a football team, or similar big sporting event will “will fill up hotel rooms, restaurants, and keep long lines at grocery stores and gas stations....throw in the taxes being paid, [and] revenue is being generated for the city.”⁵

² Koerner, Brendan. “Cover Story: Cities that Work” U.S. News & World Report (6/8/98)

³ Questionnaire response – Wilbur C. Rich

⁴ Zukin, Sharon, *The Culture of Cities*. Blackwell Publishers, 1995.

⁵ Questionnaire response – Richard Middleton

Stadium Construction as a political priority

There are several aspects to any long-term urban development in a city. The development of cities can stretch over several decades, involving every level of government and giving citizens ample opportunity to become actively involved. Recent history demonstrates, however, stadium construction often advances so rapidly that citizens have little time to react. Further, evidence suggests that a single type of infrastructure is unlikely to induce widespread private investment without others. In many cases, this results in a conflict between traditional urban planning projects and plans to develop sports infrastructures.

A study conducted in the 1970s by the Port Authority of New York and New Jersey concluded that adequate infrastructure - water, sewers, bridges, streets and mass transit - are vital to the economic health of urban centers. The study concluded that comprehensive public capital plants are one of the major competitive advantages held by large, older cities.⁶ Moreover, though public infrastructure clearly influences land use and development patterns, so do zoning policies, the general economic environment, labor markets and quality of life issues (including available open space). The locations and scales of proposed infrastructure investments need to be coordinated with these elements as well as with existing public capital in the metropolitan region.

Local government officials – at the city and county level – are left to decide how best to manage the course of projects that will change and grow a city. This process must be considered in context with other related issues including the daily management of the city and what the effects of one development project will have on the potential for other city services to operate and improve. Susan Barnes-Gelt, a member of the Denver City Council supports some public funding for sport, because she believes “that great cities in the USA are a mix of attractions and uses.”⁷ She continues, “stadiums can be important parts of civic infrastructure, but they must have quality, longevity, connectedness and street appeal to add value.”⁸ Philip Porter, a professor of Economics at the University of South Florida disagrees. He claims, “No city needs a sports franchise to be competitive.”⁹

Fans, supplemented and mobilized by local corporate interests and the local media, then, constitute the base of political support for subsidized sports facilities. With their emphasis, professional sports have joined education, public safety and preservation of open space as a priority for local officials in many cities. Thomas Bruggink, an Associate Professor at Lafayette College argues that, “if the team is a winner, politicians better favor it. If the team is lack luster, then politicians are more free to act in the best interest of the city.” Similarly, sports fans are likely to accept higher taxes or reduced public services to attract or keep a team, even if they do

⁶ Advisory Committee on Intergovernmental Relations, *Financing Public Infrastructure*; June, 1984.

⁷ Questionnaire Response – Susan Barnes-Gelt

⁸ *Ibid.*

⁹ Questionnaire Response – Philip Porter

not attend games themselves. And, as a result, local government officials – whose constituencies overlap with all these interests – face tremendous political pressure to support sports as well.

That's not to say that stadiums construction – like all urban development – doesn't present political opportunity to local officials as well. These projects mean new taxes, new revenues, and call for the creation of more departments and commissions and therefore more power for politicians and their decision-making processes.

Political Support for Stadium Construction

The main reason local governments began investing in stadium construction was to keep the teams in town. Team owners insist on subsidies to maintain their lucrative professional franchises, and when faced with what they consider inadequate public support, will threaten to move their teams to a city where the public is more generous. This threat to move a team, whether openly stated or implied, is considered by most to be “economic extortion.”

Rodney Fort, an economics professor at Washington State University, notes that no baseball team has actually moved since 1971 when the Washington Senators moved to Texas and became the Rangers. Owners threaten to uproot a team to get a new stadium deal that can provide the millions in added revenue from luxury seats and suites, naming rights, seat licenses and other amenities.¹⁰ Wilbur Rich notes, “the competition for sport franchises is intense. [Houston] refused to build a new facility and lost the Oilers. Now they are backtracking and doing everything the NFL wants to accommodate the Texans.”¹¹ Meanwhile, Safeco Field in Seattle was actually built despite failing with voters at the polls -- the 1995 Washington State Legislature stepped in and approved the combination of tax increases and lottery proceeds after owners stepped up their threats to sell the team.

Stadium Construction and the Political Process

A new emphasis on private sector involvement in urban development rose out of the 1970s with the hope of bringing about renewal and revitalizing the downtown areas of cities. One of the private sector interests that received local government focus during that time was professional sports. As Charles Euchner points out, “cities decided to stress economic development, and sports franchises became a means to that end.”¹² Cities

¹⁰ Bruscas, Angelo. “My stadium's better than your stadium . . . “ Seattle PI – Wednesday, July 14, 1999.

¹¹ Questionnaire Response – Wilbur C. Rich

¹² Euchner, Charles C. (1993) Playing the Field: Why Sports Teams Move and Cities Fight to Keep Them. Johns

found themselves competing to provide new markets and economic incentives for professional sports teams. In the end, cities that enjoyed the presence of a professional team were subject to much national recognition, along with a localized sense of autonomy. They had won.

Overwhelmingly, cities still consider the incorporation of a new professional sports franchise, or similarly the construction of a new stadium or arena to be a victory. Richard Middleton, a political science professor at Jackson State University in Jackson, Mississippi doesn't agree. He argues that "the building of a stadium [only] demonstrates that city leaders and big businesses are all about spending money to add trophies to their trophy cases."¹³

The process. How then, does stadium construction become a priority for local city officials – given the tradeoff with other important interests that are also considered for funding? The process differs in every city, and with every stadium construction proposal. However, there are several components that can be found in every process, including:

- A team owner describing the challenges he/she faces with the team's current situation. Those challenges include: escalating player salaries, rising travel and hotel costs, and the pressure to compete with large-market teams who are amassing huge cash reserves they will use to buy the best players.
- The team owner, expressing his fundamental loyalty to the community, but nevertheless regretfully reporting that unless a new stadium is built, he will be forced to relocate his team to another city. Along with the potential for new revenue, owners often suggest that the fans deserve a more comfortable stadium with the modern conveniences common in the newest facilities.
- Local officials, with the support of the local media, circulating reports describing the economic and image benefits to a city and region of having a championship team and first-class facility. These benefits are identified as the 'returns' to the public sector from its investment and its commitment to building a winning team, a first class facility, and a first class image. Raymond J. Keating of the Cato Institute refers to many of the reports by hired consultants supporting plans for a new stadium as "the worst kind of economic guesswork.... More realistic economic analyses examine actual changes in the economy resulting from the presence of stadiums and arenas. These studies have consistently found no positive impact from professional sports," Keating argues.
- Local politicians, in conjunction with the local media, promoting the construction of a new sports facility as a potential economic and civic asset; a monument worthy of the public's support.
- In some cases, voters are asked to support public financing through referendum. On other occasions, local government officials approve the proposal in a council meeting.

In the end, history has shown that funding for the facility is approved regardless of voter consent, but with the full backing of the labor, corporate, and media interests (described by Metropolitan King County Councilwoman Maggi Fimia as the “iron triangle.”)¹⁴ When construction begins, it is not surprising to realize an increase in the cost of the facility. In many cases, the responsibility for cost overruns is left to the public sector. In other notable examples, such as in Seattle, the team that will occupy the stadium incurs the loss.

Conclusion

There is an extensive political process by which local communities make decisions about which activities provide the greatest net benefits to their citizens. Within this political process, communities must decide how to allocate public funds among many alternative uses. They must satisfy all their current obligations – including the funding of basic local services – as well as plan for future growth to accommodate change over time. One alternative is to plan for long-term growth, which, over the course of time, will improve the status of a city. Another alternative is to build or attract things that will have a more immediate effect. This latter alternative is typified by the building of a new stadium or arena as a component of a city’s entertainment infrastructure.

The desire by major sports franchises and owners for significant public support of their enterprise has resulted in a dramatic shift in how and where resources are allocated. Cities have used stadiums to anchor urban redevelopment plans and/or enhance newly renovated neighborhoods. They have also been used to satisfy requests by teams and owners, or lure new teams to their region – without consideration for the long-term effects on other city priorities. In many cases, where stadium construction takes priority over other, existing, local projects, both the political process and its outcome – the funding of vital local services – are compromised as a result of attempts to satisfy the needs of major sports franchises.

¹⁴ Interview – Maggi Fimia