MINOR LEAGUE BASEBALL: SPORTS FACILITIES AND ECONOMICS

by

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Table of Contents

Table of Contents.................................................................................................................................................. ii

Introduction ......................................................................................................................................................... 1

History of Minor League Baseball ..................................................................................................................... 3

Current Minor League System .......................................................................................................................... 8

Communities and Baseball .............................................................................................................................. 12

Tax Increment Financing Districts ................................................................................................................... 17

Wisconsin Timber Rattlers .............................................................................................................................. 32

Green Bay Bullfrogs ......................................................................................................................................... 40

Will the Three Elements Work Together ....................................................................................................... 43

Bibliography .................................................................................................................................................... 49

"Finding good players is easy. Getting them to play as a team is another story."

~Casey Stengel (Casey Stengel Quotes, n.d.)
Introduction

Living in Northeast Wisconsin, large sporting events are a way of life, especially in
Green Bay. Even though the Green Packers are my football team, my favorite past time
is baseball. My heart has always been with the Milwaukee Brewers, even though for
many years I’d listen or watch the Chicago Cubs with Harry Caray announcing. I’ve
also rooted for the underdog, or the new guy on the field, which has lead me to this
topic of, “Can Minor League Baseball and Communities work hand in hand?” Is it
possible for a Minor League team to bring revenue to a community? What can a
community offer a team?

There is a plethora of research on this exact topic, most that parrots the findings
of other reports. After starting the research, my curiosity was overcome by wanting to
know more about the Minor League system and the relationship with a Major League
team, along with the financials of an established Minor League team.

My paper will begin with a brief synopsis of the Minor League. Hopefully
you will gain an understanding of why the Minors are so important to the Majors, along
with the incredible fan base they have established.

There will also be an evaluation of community opportunities to engage in a
relationship with a minor team. Again, being in Northeast Wisconsin, we have the
privilege of showcasing a Minor League with an affiliation to a Major League team just
down the highway. I’m proudly speaking of our Timber Rattlers and the Milwaukee
Brewers.
What really engaged me in this topic is the Green Bay Bullfrogs; they were, and possibly still are looking for a new place to lay down their roots. What all is needed from a community to help teams find a home?
History of Minor League Baseball

“Baseball is the only sport I know that when you’re on offense, the other team controls the ball.”

~ (Harrelson, 1976)

“Through the innovation and cooperation, Minor League Baseball and its clubs have been able to withstand more than a century of challenges great and small. By remaining dedicated to serving the needs, values and traditions of the hundreds of communities we call home. Minor League Baseball has turned these challenges into opportunities for our clubs and communities to prosper.” Pat O’Conner Minor League Baseball president (O’Connor, n.d.)

The Minor League Baseball league was originally called the National Association of Professional Baseball Leagues and was formed on September 5, 1901. At the time, there were 14 leagues and 96 clubs, all members during the 1902 season. The first Office of National Association of Professional Baseball League (NAPBL) was located and established in Auburn, New York with President Powers at the top of the roster. When Powers left the organization in 1909 the NAPBL consisted of 35 leagues and 246 clubs.

The next President was Michael Sexton; his major job was to calm the embittered battle between the Major League and the Federal League. The Federal League was a professional baseball league that operated as a third major league in conjunction with the National and American Leagues from 1914-1915. The Federal League continually coerced top Minor League teams for players and territory to enhance their league over the other two. During the winter meetings of 1914, Sexton was the leader to combat teams from leaving the NAPBL, for 22 years, the Minor Leagues began to prosper and enhance the world of baseball.
The 1921 season was highlighted with an agreement that Major League teams could also own Minor League teams. Why was this agreement needed? Branch Rickey who owned the St. Louis Cardinals established the farm system from this agreement. The farm systems were designed to guide, train and control the players at different playing levels and prepare them for Major League play (Minor League Baseball Timeline 1901-2001, n.d.). Nine years later, the first night baseball game was played under lights May 2, 1930; Des Moines, IA versus Wichita. Unknown if it would be successful, the attendance numbers proved it was. Des Moines was averaging 600 in attendance, but that night 12,000 fans were in attendance. Night games proved to be profitable for the Minor League and are credited with saving the league from the Great Depression. Night games soon spread to the Major League and baseball had made another milestone in history.

Mike Moore was elected President of Minor League Baseball during the 1991 Baseball Winter Meetings and he officially took on the role in 1992. His first act was to rewrite the National Association Agreement, including the bylaws, which defined the National Association and the leagues (Minor League Baseball Timeline 1901-2001, n.d.) . This agreement had not changed since its creation in 1901. Moore wanted a more corporate structure than a political structure. The following structure was created; the governing authority of the NA is solely the President. However, the President would be working with the 17 member Board of Trustees (one club owner from each of the leagues) and the Council of League Presidents (Presidents of the various leagues). The President of Minor League Baseball is elected at the annual Winter Meetings for a four-year term.
Baseball’s Facilities Standards implemented in 1991 saw many changes. These included setting minimum standards for Minor League ball parks, and this in itself lead to the largest building boom. More than half the teams in the Minors currently play in new stadiums or completely renovated stadiums. With the structure intact, baseball was still being played. The Buffalo Bisons set the all time record for attendance in 1991 with 1,240,951 fans reporting to the ballpark. As a side note, the Bisons exceeded the one million mark during the 1988-1993 seasons.

The Minor Leagues also wanted to increase their fan base in a 1991 movement. President Moore initiated a partnership between the Professional Baseball Promotion Corporation, as another arm of the Minor League and the Major League Baseball Properties to permit licensed merchandise on an international basis (Minor League Baseball Timeline 1901-2001, n.d.). The Promo Corporation extended to national marketing in 1993. With a central office, national sponsors are able to work with any number of Minor League teams from a local level up to national level.

The Minor and Major Leagues came to an agreement in 1997 for player development. This was a ten-year deal between the Minor and Major Leagues to guarantee a player a developmental contract for all 160 teams for the life of the contract. The 1998 season brought the realignment of Triple-A baseball from three leagues into two and the Triple-A World Series was established. Another arm of the Minor Leagues is the Professional Baseball Umpire Corp., which was formed to maintain the umpire program for all leagues. In 1999, the NAPBL officially and formally changed its name to Minor League Baseball, a name that had been used around the Major and Minor League fields for many years.
The National Association office runs the baseball’s infamous annual Winter Meetings, which are held each December, and attended by representatives from all 30 Major League Baseball Organizations, more than 160 minor league baseball teams, various league offices, companies associated with baseball and many more gather for four days during the offseason. This is when many trades and acquisitions are made.

Mission Statement of Minor League Baseball

To promote the game of baseball while providing affordable, fun, family-entertainment to all members of the diverse communities we serve. We achieve this by fostering an inclusive environment that provides ownership, investment, management, employment, business-to-business and fan participation opportunities that are enhanced and supported by grass roots initiatives focuses on education, citizenship and leadership among our youth.

(Minor League Baseball, n.d.)
Current Minor League System

“The best way to catch a knuckleball is to wait until the ball stops rolling and then pick it up.”

~Bob Uecker (Baseball Almanac, n.d.)

The current Minor League System is made up of baseball leagues in North and South America that compete at levels below that of Major League. There are three league levels, Triple-A, Double-A, and Single-A, all levels are operated as independent businesses. They are members of the Minor League Baseball League that have agreements to be farm teams of Major League Baseball.

Triple-A teams are where 15 players a major league team has selected in the draft, but their roster doesn’t have a spot for them. The major team doesn’t want to lose them but would rather develop them to fill a want or need in the future. Sometimes referred to as the “spare parts” division, because a player may have signed with a major league team, but his position is not needed at the time, or a place for injured major players to rehabilitate before returning to their major league team. In a worst-case scenario, if a major team loses too many players to injury, they can pull players from their reserve, that of a Triple-A team, for major league play.

Double-A teams have three leagues in this category, Eastern, Southern and Texas. Players still have the option to jump to Triple-A and be assigned or drafted to the majors. The expectation at this level is the players will be in the majors by the end of season, so the player’s salary tends to be higher at this level. Single-A players will typically have less experience or need to work on concerns, i.e. pitching control and batting are the top two reasons a player would be designated to this level.
Minor league player’s contracts are handled and covered by the Major League. Here is a snippet of the salary ranges, “first contract season: $850.00 per month maximum, after first season is open for negotiation, Triple-A first year $2,150.00 a month, after first year no less than $2,150.00 a month, Double A first year $1,050.00 a month, after first year no less than first year, Single A first year $850.00 a month, again, no less after first year” (Minor League Baseball, n.d.).

Where does the money come from to support these salaries? There are three main sources of revenue for a minor league team: ticket sales, corporate sales (ads, wall signs and sponsorships) and actual game revenue which is a combination of concession profits, merchandise and proceeds. Some of the major expenses of Minor League Baseball are rental of the park (most are owned and maintained by the city), player-related expenses, and payroll for employees (office, promotional, field, parking staff) in addition to league dues and ticket taxes.

The minor league team has two goals: 1. to develop and prepare young players for the majors and 2. run a successful business. There are direct correlations between the major league team and the affiliate minor league team; there’s a joint shared responsibility. The major league organization makes all the decisions about who plays for each minor league team each season. The intense process of deciding which players will report to which team takes place after spring training camp.

Players are not the only ones who work their way up from the minors, so do coaches and managers. In the hierarchy of minor league baseball there’s the:

Major League Club Director of player development
The Manager who runs the team
Coaches who work with players in all areas
Trainers for keeping players healthy

Major league clubs keep an eye on their affiliate teams by sending scouts and front office personnel to watch games and individual players.
Communities and Baseball

“Baseball is like church. Many attend, few understand.”

~Leo Durocher (Brainy Quotes, n.d.)

This season not unlike the past, several million people will go to small ballparks to watch their beloved minor league team. Why would so many people find this entertaining, the players are not big name players, the stadium most likely has a historical meaning but only to the local residents, and in an uncertain economy, why would the fans spend the money? Like the old Chevrolet commercial “Baseball, Hot Dogs, Apple Pie and Chevrolet, They go together in the good ‘ole USA”, or the classic saying “as American as baseball and apple pie”. Minor League teams offer more to a family then just a baseball game.

Minor League Baseball also provides family-friendly entertainment at a family-friendly price; there are activities throughout most stadiums for the children. There’s always a competition of sorts in between innings, and the Timber Rattlers have the Bratzooka and fan contests while the field is being tended to between innings. In addition, the fans typically have the opportunity to meet the players, get their picture taken with them and autographs. There the connections begin and families follow their players to the Majors.

A Minor League franchise is big business with the price tag being in the ballpark of $25 million. These aren’t mom and pop stadiums anymore, they are corporate owned with multimillion dollar budgets. The players’ salaries, health insurance, equipment and coaches for the 160 minor league teams are paid by the Major League affiliate, but the operation costs are paid by the Minor League Team.
Without community support, what could happen to a stadium? Ask the city of Pittsfield, MA. They had a minor league team since 1919 playing at the Wahconah Park. Lou Gehrig played at Wahconah with its wooden grandstand and wooden rafters and wooden owls to discourage pigeons from nesting and causing havoc for the patrons. However, it was built before baseball was played at night. Pittsfield’s leaders declined to build a new stadium, the stadium that had been home for the Mets’ Class A farm team, but without community support, the Mets moved the farm team to Coney Island and its $39 million dollar Key Span Park (Pennington, 2002, p. 1).

According to economists, it has been concluded that building a new stadium either Major or Minor League to act as a sole engine for economic development will not offer a tangible economic return for the taxpayer’s dollar (Pennington, 2002, p. 2). Andrew Zimbalist, an economics professor at Smith College, states: “They (communities) don’t feel any positive economic growth or impact; it won’t produce a huge per capita increase or mean many more jobs” (Pennington, 2002, p. 2). People don’t travel great distances to see these teams. It is revenue re-circulated in the community. They spent it at the minor league ballpark instead of the Cineplex.” Zimbalist and other economists are in agreement that a city uses the ballpark as one piece of a bigger long term puzzle. Then the stadium would be an added resource.

The best quote from Zimbalist, “If you believe in the power of minor league baseball, it doesn’t matter if it raises income levels and creates jobs. The American culture does love baseball; it’s good, wholesome entertainment. That’s how it should be evaluated” (Pennington, 2002, p. 2). A minor league stadium built in the right location could add life to a docile city and renew civic pride that could also be eye catching to companies looking to relocate. At the very least, a minor league team will provide
affordable family entertainment and a spot for other events. According to Steve Densa, Minor League Baseball’s Executive Director of Communications, “a MiLB (Minor League Baseball) club brings money to the area in the form of housing and or hotel nights for the home club and the visiting one, coaches, scouts, umpires and various Major League personnel who visit each one of their affiliates during the season. There’s also business generated for restaurants for these people as well. Other businesses may pop up around the ballpark, which may have not done so if there isn’t a stadium. The ballpark is a community asset and can be used to attract other events throughout the year, such as concerts, fairs, holiday events, etc., those add to the quality of life of the community” (Carr, 2012, p. 1).

Cities such as Lakeland, Florida understand that being home to a MiLB is not a money maker however being part of the Grapefruit League for Spring Training is where the money is. Lakeland charges a Major League team to use the stadium during Spring Training $325,000.00, which offsets the costs of the MiLB team the Flying Tigers, who do not pay to use the stadium. Lakeland’s Joker Marchant Stadium is the Spring Training Home of the Detroit Tigers, and the MiLB Lakeland Flying Tigers. The Tigers and Lakeland have been in partnership since 1966. The city of Lakeland owns Tigertown which includes the stadium and six practice fields. But also has a dormitory for minor leaguers, a large dining hall, and offices for the Tigers and the city’s Parks and Recreation Department which also is responsible for maintaining all facilities. Roger Knoll, Professor Emeritus at Stanford University’s Department of Economics, believes this model works because the city uses the stadium for events outside of baseball. “There’s no real return on that investment to the city itself unless it’s going to use that facility for lots of other things (Carr, 2012, p. 2).
Arthur T. Johnson (University of Maryland’s Professor Emeritus in the Fishell Department of Bioengineering at the University of Maryland) stated that “if it’s (stadium) going to be a successful economic driver, the location of the stadium is going to be very important. Communities have used the stadium to bolster a dying downtown or as part of a redevelopment project or to open new lands for development” (Carr, 2012, p. 1). He also pointed out that a stadium could be a starting point for either residential or retail development. It could also heighten the quality of life for a city, by holding high school and college sporting events to get better use of the facility. He further stated, “Elected officials should be making decisions whether or not, in their strategic vision for the community, is this going to bring something that meets one of their strategic goals” (Carr, 2012, p. 4).

Bill Gladstone, who owns the Astro’s farm team says “We’re selling homespun family entertainment, it’s still about the game, but it’s a game where the fans talk to the players and sit close enough to hear the dugout chatter” (Pennington, 2002, p. 3).
Tax Increment Financing Districts

“Baseball is the only major sport that appears backward in a mirror”

~George Carlin (Quotes on Baseball, n.d.)

A Tax Increment Financing (T.I.F.) District, freezes the tax assessments of an area, like property or sales taxes, at their current rate. It then allows cities to use the funds from future economic growth in the district to pay down bond debt incurred to build its initial infrastructure. T.I.F. districts are an important “ace” up a city’s sleeve for combating urban decay.

A T.I.F. district is an area within a municipality, that after careful consideration is determined to be blighted and without governmental intervention, this area will not attract private investments. T.I.F. districts were originally created because the legislature learned why municipalities were postponing or canceling public improvement that would allow new development. The reason is simply because their taxpayers would be the ones paying for the improvement.

In the State of Wisconsin, T.I.F. is aimed at eliminating blight, rehabilitating declining property values, promoting industry, or encouraging mixed-use development. T.I.F. is actually a financing tool that municipalities can use to promote tax base expansion (Assessment, 2013, p. 2). “When a TIF district is created the aggregate equalized value of taxable and certain municipal owned property is established by the Department of Revenue (DOR). This is called the Tax Incremental Base. The municipality then installs public improvements and property values grow. Taxes paid on the increased value are used to pay for projects undertaken by the municipality. This is the Tax Increment. It is based on the increased values in the TID (Tax Incremental District) and levies of all the taxing jurisdictions that share the tax base” (Assessment, 2013, p. 2).
When a municipality decides to establish a T.I.F. district, notifications must be made to the affected tax entities and hold public hearings to allow all affected parties to be heard. A municipality’s Planning Commission initiates the process, develops the project plan, assembles the public hearings and recommends the boundaries. The criteria that must be met for a TID to be created:

“1. Not less than 50% of the real property meets at least one of four criteria. It must be a blighted area; or be in need of rehabilitation or conservation; or be suitable and zoned for industrial sites; or suitable for mixed-use development.

2. The improvement planned will likely enhance significantly, the value of most of the other property in the district. The specific parcels meeting these criteria do not need to be identified.

3. The project costs are consistent with the reason the district is created. For example, projects planned in a district created to eliminate blight must be aimed at accomplishing that goal.

4. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the municipality. (Effective October 1, 2010, any parcel in a newly created TID that is located in an existing district shall be excluded when determining compliance with the 12 percent limit)” (Assessment, 2013, p. 6).
So, can a team bring the economy up in a community? In Green Bay, the community leaders and business owners were all up in arms during the NFL strike, why, because Packer Season is their time to make money. A home Packer game can generate up to $12 million per game for the community. Just with this tidbit of information why wouldn’t a community want to support a sports stadium (Leland, 2010)?

An article from John Siegfried and Andrew Zimbalist, “The Economics of Sports Facilities and Their Communities” states why it’s not a plausible revenue source” (Siegried & Zimbalist, 2000).

The first step toward a new facility usually is a team’s claim that its existing facilities are “inadequate.” The inadequacy commonly pertains not to seating capacity, structural integrity, or sightlines to the action, but rather to the fact that the stadiums built more than a decade ago do not include the luxury boxes, club seats, catering facilities, and advertising opportunities that generate substantial cash flow from high income fans. In other words, although the existing facilities are not physically obsolete, they are economically obsolete (Siegried & Zimbalist, 2000, p. 98).

What is the key element for a team to sell themselves to a community for financial support? Their established status as a member of a premier league in their sport is a team’s best selling point.

“The premier leagues in all for sports control the geographic mobility of established franchises as well as the authority to anoint new franchises with “major league” status. This gives the sports leagues monopoly power over the placement of
premier league franchises in their sport, enabling these franchises to extract subsidies from communities that might otherwise enjoy considerable surplus from hosting a franchise at a competitive price” (Siegried & Zimbalist, 2000, p. 98).

Major leagues are being very creative with the way they are promoting their teams and opening doors for relocations. Even though the leagues expand at such a fast-paced rate to inhibit the formation of a rival league, they are slow enough to insure that existing franchises retain their bargaining chip when it comes to possible relocation from their current host city. In order for the leagues to negotiate, they hold “exhibition” games in other cities and countries to gather more information on viable and vacant land which, in turn will increase the number of potential host cities for future negotiations.

The author’s ask the proverbial question: Why are local and state governments willing to provide such subsidies?

First, if the demand for attendance at live sporting events is inelastic (if fans are fanatics), the consumer surplus can be substantial. In fact, if a relatively small proportion of high-visibility individuals each enjoy a substantial amount of consumer surplus, they may provide a sufficient base of intense support for a public subsidy to attract a team. Even if the collective surplus created by the team falls short of the required subsidy. Second, a local sports franchise may create external benefits for local residents who never attend games. Fans may follow the team in the newspaper and watch games on television, while never attending an event. A local team provides a topic for conversation around the water cooler at work. These benefits can be of value to many local residents and may provide broad political support for a public subsidy to a team.
Third, residents of many metropolitan areas appear to believe that premier league sports franchises validate the worth of the community as a “major league” city. They may view the local team as free advertising for their tourism industry or a basis for attracting industry and jobs. Such image enhancement has the characteristics of a public good. Because it is impossible to exclude beneficiaries from enjoying it, image enhancement will be under provided in the private sector. If the value of the image enhancement is large enough, it can justify a public subsidy (Siegried & Zimbalist, 2000, p. 99).

The authors make a great point:

The sum of these benefits in a community may approach or exceed the cost of constructing a new playing facility, however, making it worthwhile for communities to pay for sports facilities such a facility is necessary to secure or retain a franchise. Thus is created a situation in which sports teams have the monopoly power to extract some of the consumer surplus, external benefits, and public image enhancement from their host communities, and the host communities (or at least their political leaders) believe that these benefits are sufficiently large to justify paying for a stadium or arena. A deal can be struck (Siegried & Zimbalist, 2000, p. 100).

What are the benefits for a community to financially support a new stadium versus just handing the team money?

Six reasons are presented, the first, construction of stadium will gain political support from the local labor unions, contractors and other interested parties. Second, the physical building creates a stronger bond between the team and community and will hold the team longer than a lease agreement. Third, the stadium is an incentive for
the team to perform well, keep attendance numbers high, cash would not give the team an incentive to improve. “Fourth:

“the 1986 Tax Reform Act prohibited using municipal bonds that are exempt from federal taxation to finance the construction of facilities if more than 10 percent of the facility’s annual debt service is covered by facility-related revenues. Proponents of this provision intended to reduce the use of federally tax-exempt bonds for financing stadiums and arenas. Ironically, the provision has pushed many communities to pay a greater share of stadium costs in order to retain eligibility for tax-exempt bond funding, indirectly requiring taxpayers throughout the nation to increase their subsidization of local sports facilities. Regardless of the merits of the benefit and cost comparison on the local level, federal taxpayers as a group surely gain little from the construction of stadiums and arenas in selected communities” (Siegried & Zimbalist, 2000, pp. 100-101).

Fifth, again political, if the municipalities only promote the way for the community to generate revenue is from building a stadium, then existing or potentially new businesses may be intimidated to ask for financial assistance. Sixth and final, one more political, cash given to wealthy team owners by a municipality will not be seen positively by the constituents. Even if the assumption is made that the fans will spend as much money outside of the stadium as they do inside, the economic impact in proportion to a community economy is very small.

The authors agree that construction of a new stadium would enhance redevelopment plans for the urban core.
“The 1990’s genre of sports facilities are designed like European walled cities, seeking to enclose all commercial activity and revenue flows within its confines, making the life of area retailers all the more tenuous. Only when a sports venue is complemented by a year-round business district or residential neighborhood will there be appreciable independent investment activity” (Siegried & Zimbalist, 2000, p. 109).

In Stadium Finance: Government’s Role in the 1990s, S. Keane looked at stadium finance from the team’s perspective, the evolution of current day stadiums, revenue and multi-purpose stadiums along with five case studies one of which is of high interest, Miller Park home of the Milwaukee Brewers (1996).

Keane points out that with rising costs, due to player’s salaries increasing at an alarming rate over the past 20 years through unionization and court victories, professional teams have become more revenue aggressive. Pro Football and Basketball have salary caps and free agency restrictions built into their contracts, but baseball does not because the player’s choose not to have those limitations. Another discrepancy in baseball is the owners’ choice not to share revenues with other teams. This measure is used in other professional sports arenas to prevent financial dominance by the most economically funded franchises. One way that professional teams have achieved public financing is by threatening to move to another city. Cities have broken down because of the immediate status a city receives by being home to a professional team.

Baseball’s exemption from antitrust laws, recognized by the U.S. Congress, allowed major league baseball to require the approval of the league owners before franchise transfer. The National Football League, which is subject to antitrust laws, cannot require approval for franchise shifts (although, in practice, most clubs seek
approval). Several NFL teams have moved in recent years, creating a destabilizing effect on other teams and cities (Keane, 1996, p. 2).

The evolution of public funded stadiums with make-shift parks began in the 19th Century, the beginning of the 20th Century the owner’s began to finance their own ballparks. During this stage of evolution, only two stadiums remain, Fenway Park in Boston and Tiger Stadium in Detroit. “Cleveland Municipal Stadium was built at public expense in 1932, the era of publicly financed stadiums did not begin in earnest until after World War II. In a time of full public coffers, sports facilities began to be seen as legitimate public works projects and centers of civic pride” (Keane, 1996, p. 2). During the post-war period two Parks built during this time were Milwaukee County Stadium and Candlestick Park in San Francisco. During this time, teams also moved frequently while pitting one city against another to be the team’s home which forced the public financing hand.

One form of revenue from the evolution of stadiums is the creation of Skyboxes, a.k.a. luxury boxes, suites. These elite stadium seats are the feature of every new stadium in professional sports but why? Simple, these seats provide teams with a steady source of revenue each year, the boxes are leased on an annual basis and typically do not include the ticket price for sporting events which are purchased separately for each event by the occupants. This revenue is guaranteed unlike tickets sales which are team performance and weather dependent.

Location of a sports facility is very important; in the early years stadiums were located in the center of a city, where the population was the highest. Ballparks were typically located near streetcar lines to enhance attendance. *Side note, streetcar
owners also were part owners of the local team, thus creating a business relationship with the team.

With the automobile industry and a population shift to urban areas, stadiums were forced to change locations where parking could be accommodated. Stadiums built in the second half of the 20th century are typically located near interstates, not transit lines. Due to the latest economic downturn, downtown stadiums are prime location especially near transit lines. A Chicago transit study revealed that after the recession, residents were more inclined to move to the city and use a form of mass transit. “The average sales price for residential properties in Chicago fell by nearly a third from 2006-2011, but prices within that half-mile area to public transit outperformed the region by 30 percent; homes near CTA stations were particularly adept, outperforming Chicagoland by 47.3 percent” (Ricci, 2013, p. 1).

The recession has highlighted what consumers want to spend their money on, housing and transportation. The American Public Transportation Association (American Public Transportation Association) and the National Association of Realtors (Research & Statistics) also studied home values near baseball stadiums. Some of the survey questions were: analysis of the asking prices in the past year for all the neighborhoods within two miles of an MLB stadium, the price per square footage was for areas, a comparison of ballparks and the most expensive housing property, finally, how Wrigley Field compared to the Nation. The results of this study: “Wrigley Field has a median price of $237 per square foot, while the median for properties close to U.S. Cellular Field is $204 per square foot. Miami, Milwaukee, and Kansas City neighborhoods by their baseball stadiums were on the low end ($105, $72 and $28 per square foot, respectively), and San Francisco, Boston and San Diego came out on top with $653, $584 and $435 for their median price
per square foot” (Ricci, 2013, p. 2). This study also states that there isn’t a concrete correlation; there is a “connection between a team’s likelihood to win the World Series and the price of the area’s real estate. Also, real estate prices do not appreciate more (compared with the rest of the housing market) when the local team wins more games” (Ricci, 2013, p. 2).

One of the arguments regarding public funding for a professional stadium and a city's economic impact of a sports team is the question of direct versus indirect economic benefits.

Direct benefits are the immediate, tangible revenue a community, governmental unit or authority derives as the result of operating a sporting facility. These include rent from sports franchises, property tax on the facility, sales tax on items sold at the facility, income tax on workers associated with the facility, as well as revenue realized from other economic activity immediately associated with sporting events. Indirect benefits result from the economic ripple effects, such as money from tourists who visit a community to see sporting events, visiting teams who stay in the community, and those within the community who may make extra expenditures related to viewing the events. This indirect benefit can be extended to include the economic impact of expenditures in the community by those who derive their wages from these indirect sources (Keane, 1996, p. 5).

The City of Green Bay was faced with loosing the indirect economic sources during the 2010 NFL Lockout. “We have two preseason games, Packers Family Night and also training camp, and all together there’s probably a direct spend of more than $25 million. If there was some sort of stoppage or we lost a part of that month probably from
a visitors standpoint one of the best months of the year,” Brad Toll, president of the Green Bay Area Visitors and Convention Bureau (Leland, 2010).

Case study IV A New Milwaukee Stadium, was brought to the forefront by the Milwaukee Brewers citing that the existing County Stadium no longer would suffice and the team was exploring other locations. “The current County Stadium was built for approximately $7.7 million by Milwaukee County in 1952 in hopes that a major league baseball team would relocate to Milwaukee. The facility was financed through revenue bonds and seated approximately 43,000” (Keane, 1996, p. 12). Beginning in 1953 County Stadium became a multi-purpose stadium, with the Green Bay Packers playing Milwaukee games at the stadium. The Braves played at County Stadium for 13 years with the majority of the years being profitable until 1960’s when they left for Atlanta in 1965. Milwaukee purchased the Seattle Pilots, and the team was renamed the Milwaukee Brewers, and baseball at County Stadium resumed in 1970.

The 1995 football season brought a change for the Green Bay Packers who stated that because County Stadium lacked skyboxes and it would cast them $2.5 million dollars each season because of lost skybox revenue, that they would play all home games in Green Bay. There were other criticisms of the stadium: a number of obstructed views, inadequate parking, too few concessions stands, and congested concourses. Those in favor of keeping County Stadium responded with: better sightlines, large seating capacity is an asset, and the sentimental value.

In March of 1987 a task force was created by the Greater Milwaukee Committee (GMC) to evaluate the stadium and future financial needs of the team. Their assignment was to weigh the pros and cons of a remodel with skyboxes or build new. In 1988 the
final report “dismissed the remodeling plan as nonfeasible and recommended the
construction of a new stadium to create skybox revenue. According to the report’s
findings, renovating County Stadium to include skyboxes and eliminate pillars would cost
approximately $100 million, while an entirely new stadium would cost around $120
million” (Keane, 1996, p. 13). The Brewers still needed money for the new stadium, so
they turned to the state for assistance.

"In July 1991, the legislature passed 1991 Wisconsin Act 37, which authorized a
$35 million loan from the Wisconsin Housing and Economic Development
Authority (WHEDA) to assist the team in raising revenue for stadium construction.
The bill was amended to make luxury boxes subject to the state sales tax, but
the provision was vetoed by Governor Tommy Thompson. Public action on the
stadium issue subsided while the Brewers attempted to obtain sufficient funds
to begin construction. The team never applied for the loan” (Keane, 1996, p. 16).

In 1994, the Brewers made public their plans for a new stadium that included a
retractable roof, but would need public financing because the cost was now $250
million. The Brewers were unable to obtain the money through private financing and
turned to Governor Thompson for public financing. A task force reviewed options which
had been tried in other states, these options included: sports lottery, a regional sales tax,
a special sales tax district in the immediate vicinity of the stadium, in addition, there
would be an agreement with an Indian tribe that would allow expanding gaming for a
portion of the casino revenue. The 1993 advisory referendum turned down expanded
gambling in Wisconsin, and state officials ruled out the negotiation of expanded gaming
compacts with state Indian tribes.
Governor Thompson and Brewer management reached a for lack of better terminology referred to the agreement as a “non-binding memorandum of understanding”, outlining a public-private plan for erecting a new retractable dome stadium near the present stadium site. The facility was to be co-owned by the Brewers and a public stadium district consisting of Milwaukee and Waukesha Counties. A bond issue would provide $160 million of the $250 million construction costs, and the remaining cost would be paid by the team. A significant portion of the team’s obligation would be provided by a WHEDA loan and naming rights to the stadium, which the Brewers would sell to private interests” (Keane, 1996, p. 15). As a result Governor Thompson called a special session of the legislature for the stadium plan financing referred to as 1995 Wisconsin Act 56 which:

“provides for a stadium district including five counties, Milwaukee, Ozaukee, Racine, Washington and Waukesha. Seven of the 13 district board members are appointed by local officials and the remainder by the governor. The district board is authorized to issue bonds for stadium construction if a lease of at least 30 years has been negotiated with the Brewers and if 60% of the board concurs. The expansion of the district from two to five counties enabled the legislature to drop a 1% hotel/motel room tax proposed in the memorandum of understanding. The district’s financial obligations are to be paid from a 0.1% sales tax” (Keane, 1996, p. 15).

What is the cost to the team? Of the $250 million, the Brewers were responsible for $90 million, the team financed $50 million through a WHEDA loan, $25 million from naming rights and $15 million from concession contracts. In addition the Brewers will pay rent of $1.1 million per year and responsible for maintenance of the facility year-round.
The total with rent, maintenance and WHEDA payments is $6 million a year. Act 56 also requires the team to reduce ticket prices for residents of the affected communities of the increased sales tax with designated game days each year and to make financial contributions to youth sports organization.
Wisconsin Timber Rattlers

2012 recipient of the Larry MacPhail Trophy
The Larry MacPhail Trophy symbolizes the top promotion effort in Minor League Baseball
(Minor League Baseball, 2013)

“Baseball, it is said, is only a game. True. And the Grand Canyon is only a
hole in Arizona.”

~George F. Will (George Will Quotes, n.d.)

Our area has one baseball team that contributes to the Major Leagues, by focusing on player development along with preparing the player for Major League Baseball.

Appleton, Wisconsin has been a home to Class A baseball since 1891, proving to be a constant no matter what is changing around it. From 1940 to 1994 the Appleton Foxes played ball at Goodland Field. However, a new stadium was needed because of the repairs and updates to bring the field to Minor League Baseball standards. It was decided that a new modern stadium was the only possibility. Once the location along USH 41 was secured and $5 million in funding for construction, the plan was set in motion.

Fox Cities Stadium is owned by the Fox Cities Sports Authority, a non-profit organization dedicated to the athletics in the Fox Valley. While construction was still in
progress, a local marketing firm helped develop a new name and mascot for the new stadium. A few ideas were in contention, the final vote came down to a survey for school age children, and the most popular name and logo became the Wisconsin Timber Rattlers and Fang as the mascot.

Unlike most of the articles I’ve researched, the Timber Rattlers are a non-stock community owned team, a good counter comparison would be the Green Bay Packers structure. Timber Rattler shareholders aren’t owners but they have the right to participate and vote at the team’s annual meeting.

A Brief History of the Timber Rattlers

Baseball in Appleton started in 1891, when four businessmen posted a $200 bond to enter the Appleton team in the Wisconsin State League. Unfortunately this team dissolved after this season with a winning record of 48-41. 1909, again local investors bought the Wausau franchise from the Wisconsin-Illinois League, and they were named the Papermakers. In 1940, the Papermakers were an affiliate team for the Cleveland Indians; their field was the new Spencer Street Athletic Field. After WWII, 1946-1953 the Papermakers were affiliated with the Philadelphia Phillies, St. Louis Browns and the Boston/Milwaukee Braves. The Papermakers finished their final season with a losing record of 43-77. The 1958 season, baseball returned to the Fox Valley, the team now the Foxes is affiliated only with Washington Senators. In 1961 with Cal Ripken Sr. as Manager of the Year, the Foxes were now part of the Midwest League. In 1966 the Foxes left the Washington Senators for the Chicago White Sox (their affiliation for 21 years). In 1987 the team became affiliated with the Kansas City Royals. In 1993 they were affiliated with
Seattle Mariners, it was during the 93’ draft that the Foxes first round draft, Alex Rodriguez (currently a New York Yankee, third baseman) becomes a Fox. This was also the last season for Goodland Field. Now jump to 2008, it was the end of their affiliation with Seattle Mariners, and construction started on Time Warner Field. The 2009 season has the Timber Rattlers affiliated with the Milwaukee Brewers (Minor League Baseball, 2013).

With the Timber Rattlers success as a Minor League team and their new affiliation with the Milwaukee Brewers, they have received a great deal of newsworthy headlines. The 2012 season had a few Brewers make their rehab home in Appleton. In May it was Carlos Gomez (CF), July was Jonathan Lucroy (C) and in August, Shaun Marcum (P). The Timber Rattler’s President Rob Zerjav was gracious enough to take the time to answer my questions regarding their stadium and city involvement. Mr. Zerjav explained that at the time of construction, the Timber Rattlers reviewed support offered by other communities; however the Town of Grand Chute offered their support for the new stadium, but not financial support. The team applied for and received $400,000 tourism grant from the Fox Cities Convention and Visitor’s Bureau. (Zerjav, R., personal communication, March 2013)

Robert Buckingham, Town of Grand Chute Community Development Director, spoke very highly of this development. I asked that when the Fox Cities Stadium was initially proposed what were any concerns or thoughts regarding the proposed development. “Grand Chute was a strong supporter of the project from the very beginning. The municipality valued the “community-focused” nature of the stadium ownership group (Fox Cities Amateur Sports Authority), and the history and stability of the leasing baseball organization (Appleton Baseball Club, Inc. and the Wisconsin Timber Rattlers). We were not asked to participate with any financial support, but had an
involved role in the site planning of the property” (Buckingham, R., personal communication, October 2013).

The stadium can be viewed from all sides, but I wondered what were some of the features that the organization looked at for the location and if there’s room to expand? Even though Mr. Zerjav was not with the team at the time of construction, he stated that the price of the land was the main feature for the location and also the USH 41 access. Even though there is room for expansion, they are landlocked by the highway to the east, train tracks to the south, wetlands to the north and wetlands and Casloma Drive to the west.

I asked Mr. Buckingham if there were any future plans to create a “Stadium District” even with the stadium being land locked. He responded “we continue to work with development community to bring more complementary activity around the stadium property. Potential plans include a student housing campus for those attending Fox Valley Technical College, mixed use commercial and residential developments, and additional neighborhood convenience and hospitality business.”

Without support from the town, how can a Minor League team offer tickets at a family reasonable price and still generate revenue to cover operating expenses. Mr. Zerjav supplied the following two graphs which clearly show the relationship between revenue and costs (Zerjav, R., personal communication, March 2013):
The costs and revenues are very close in regards to the two biggest costs Facility and People and the two biggest revenues Tickets and Concessions. Advertising is also a very strong revenue source. Costs are very limited which is good for business, and without having player salaries to pay, this shows that a MiLB can be self sufficient with and possibly show a profit with a strong fan base.
I asked Mr. Buckingham if there has been a negative or positive economic impact to the Grand Chute community, “The local economic impact is very strong, at an estimated $5.0 million - $8.0 million annually for all events held at the stadium, (Timber Rattlers full season, NCAA Div. III Baseball Championship, WIAA State Baseball Tournament, and the Donald Driver Charity Softball Game). The stadium events generate an estimated 5,000 overnight stays in area hotels. The Timber Rattlers have a staff of 19 full-timers and 280 seasonal part-timers, and report annual team revenues of about $3.5 million.”

Mr. Buckingham discussed the process a stadium proposal would go through in a municipality. Mr. Buckingham provided the agenda item and supporting documents for when the Fox Cities Stadium expansion was proposed to the Town of Grand Chute. The agenda item was for the Plan Commission and titled Special Exception Request, which listed the areas to be enhanced by the expansion, a quick highlight of the eight areas included additional restrooms, expanded customer service center, larger team store, additional concession stands, renovated club house, expanded administrative offices, additional storage areas, six suites and club seating (Buckingham, R., personal communication, October 2013). This agenda item’s recommendation field stated “staff has reviewed and supports a Plan Commission recommendation for approval of the Special Exception Permit (SE-15-12) requested....” (Buckingham, R., personal communication, October 2013) the part that I wanted to highlight here is staff has reviewed and supports, now that in itself says a great deal about the Timber Rattlers working with the community.

Even though the Village of Ashwaubenon is not home to a team (Lambeau Field is actually in the City of Green Bay), I discussed a hypothetical proposal with Todd
Gerbers, Village of Ashwaubenon Building Inspector and Zoning Administrator, who was able to walk me through the process for such a proposal. “Initially, the developer would meet with Municipal Administration and various department representatives to discuss the benefits (and negatives) for all parties involved. Also during these preliminary meetings, the approval process is discussed which with most larger developments, a PUD (Planned Unit Development) overlay zoning is a preferred process. The PUD process requires review of both the preliminary and final plans at multiple municipal levels that include staff, Site Plan Review Committee, Plan Commission and Village Board. Final approval would be granted by the Village Board after conducting a public hearing” (Gerbers, T., personal communication, October 2013).

Mr. Gerbers also stated that although any one of boards can “open the floor” for public comment, the best time for public comments either in favor or against a project, would be during a public hearing, which is also a requirement of the PUD process.

As shown here, the process can be very time consuming prior to the first shovel of dirt, but once the paper process is completed, everyone has been informed and in agreement for the stadium to begin construction.
“Never allow the fear of striking out keep you from playing the game!”

~Babe Ruth (Finest Quotes, n.d.)

The field and home of the Green Bay Bullfrogs is Joannes Stadium that was built in 1929. It was home to the Green Bay Blue Jays from 1950-1960, they were a class D Minor League team, affiliated with the Cleveland Browns and the Brooklyn Dodgers. From the 1970’s until 2006 it was home to several community teams, Green Bay Blue Ribbons, Green Bay Sultans and the Green Bay Billy’s (Official Site of the Green Bay Bullfrogs, n.d.)
The Green Bay City Council awarded the lease of the stadium to the Northwoods League and Titletown Baseball Group on September 19, 2006. In 2007 renovation began on improving the stadium for the fans, and the Bullfrogs opened that season.

The Bull Frogs are a summer collegiate team, who are dedicated to providing minor league level competition for players that are aspiring to being a professional baseball player. The Bullfrogs play under Minor League rules, a few of these are playing at night, using wood bats, equipment specified by the league, and travel. The players are not paid which also gives them the opportunity to maintain their NCAA eligibility. They live with host families as is the same for Single A and Independent League players.

The Northwoods League was established in 1994, is made up of All-Star teams of college players who play a 56 game schedule between June and August. In 1995 the league had their first All-Star game and Championship playoff. As the league grew the All-Star game became an important event for scouts.

I spoke with Zachary Zerwe, Director of Tickets and Group Sales; the Bullfrogs were looking for a new home a few years ago but not much has been talked about since then. Mr. Zerwe stated that the new stadium was still in the early stages of design in 2008, however with the economic downturn in late 2008 and 2009 the stadium has been on hold (Zerwe, Z., personal communication, March 2013). The reason for the hold status is that even with a somewhat economic growth, people are hesitant to invest with the uncertainty of investment return. In the beginning there was talk of a year round restaurant being included in the stadium plans. There were several areas for the stadium to be built, but the biggest hurdle is finding the funding to support a stadium.
Mr. Zerwe also stated that because the effects of a stadium are difficult to see, it’s even more difficult to convince investor’s to realize that a night at a ballpark is a great way for a family to escape from day-to-day hinders. They’re outside, they’re together and it’s not just a ballgame. It’s the entertainment that goes on during the ballgame. Ballgames are a community gathering spot, that being said, for a local team, residents from neighboring communities will also come to the ballpark for a break from the daily routine. In addition, family, groups of friends may meet before or after the game at a restaurant, some may make a weekend stay at a hotel to catch all the city has to offer. Primarily, the Bullfrogs provide family entertainment, a quality baseball game all without taking a big dent out of families wallets.
Will the Three Elements Work Together

"Baseball is too much of a sport to be called a business, and too much of a business to be called a sport."

~Philip Wrigley (Baseball, n.d.)

I believe I have proven that if you build a stadium the fans will come. But you also need to accessorize the surrounding area with local restaurants, shops, business that will keep the fans there. Communities and clubs can work together, build a family friendly area and maintain this relationship for many years.

As has been pointed out, for a community’s renewal, a stadium could be an attractive base for the community to build around. As Pat O’Connor pointed out, “In any one night, you can see generations of fans in our parks and nothing is more heartwarming. I think that is all because we have such a great product…which is the game of baseball. We sell the sizzle in MiLB, where you can actually get up close and personal with the players. We run good operations… the hot dogs are hot, cold drinks are cold, popcorn is fresh, and the stadium is a safe, clean environment” (O’Connor, n.d.).

In an uncertain market, a stadium by itself would be considered a risk by many communities. However, here in Tundra, what if we had baseball in the summer and a safe, skating place in the winter. We could hold our high school and college hockey games “outside” for a taste of pond hockey, or have concerts local and big name use the stadium when the team is playing out of town. To ease the leaders of a community, they must be convinced that the stadium is not going sit still that the people traffic may diminish but not stop completely for the off season.
The stadiums are designed for baseball but are for the community. This is another asset of Timber Rattlers that Mr. Buckingham pointed out for me, when I asked about having a stronger sense of community since the stadium opened? “Definitely, yes, the stadium is one of the most visible and most visited destinations in the Fox Cities. Being home to the stadium is highly valued by the community. We are especially pleased that the Timber Rattlers make it a point in all their marketing and branding efforts to acknowledge that the stadium is located in Grand Chute (as opposed to an often-used reference to everything in the area being in Appleton)” (Buckingham, R., personal communication, October 2013).

I spoke with Village of Ashwaubenon Zoning Administrator Todd Gerbers regarding what type of land characteristics would be factor into the development of baseball stadium in any given area. “Land characteristics for a stadium would include items such as location, zoning, soil conditions and infrastructure. Location is very important to make sure the site has good access from arterial roadways, large enough area for amount of parking and the impact on neighboring areas relating to noise, lighting, traffic etc. Although areas can be rezoned, adjacent land uses must be considered to maintain compatibility between the different areas. Soil conditions and infrastructure is also very important to make sure the site can support that type of development environmentally, structurally and operationally” (Gerbers, T., personal communication, October 2013).

One question throughout my research is the community still in favor of the stadium long after it has been built. Again, Mr. Buckingham was very positive and his answer was simple, yes. He then added, “The Timber Rattlers just completed a $5.7 million renovation and addition that resulted in upgrades throughout the stadium,
highlighted by the addition of a 250 seat club level and banquet facility, with game day
suites. This new addition provides a year round use component to the stadium that was
lacking before. The entire renovation project brings the stadium up to all Major League
and Minor League standards. The Town of Grand Chute again participated in the site
planning process and provided expedited permitting approvals for the project”.

I asked Mr. Gerbers what are some items of community interest that a proposed
project could offer a community, he pointed out “with a stadium in an area, that use
brings added visitors that typically patronize local establishments for shipping, dining and
lodging purposes. Provided the stadium is designed for the region, the facility could also
be used for other venues. Additionally, as with all developments, it would generate
additional employment opportunities” (Gerbers, T., personal communications, October
2013).

By doing this research I have come to the conclusion that if a community as
whole (from government to residential and business owners) are supportive of a stadium,
then the stadium will be a success. A stadium infrastructure is a huge commitment by
several different agencies and as long as they work and communicate together the
success will be very visible. Once the stadium is constructed, the fans will come.
Bibliography


