

# MAJOR LEAGUE CITIES

by Earl E. Santee

Since 1990, more than 20 professional sports facilities have been built, and half as many are currently under construction or renovation. By the end of the decade, an estimated \$15 billion could be spent on new or improved sporting venues throughout North America. With dozens of team owners shopping for new stadiums or arenas, the construction boom is expected to continue unabated for years to come. And while some of these facilities are antiquated and in need of replacement, the driving factor behind stadium development is economic obsolescence. To accommodate players' rising salaries and to remain competitive, owners increasingly are seeking new venues such as private suites and club seating.<sup>1</sup>

The number of cities clamoring for professional sports franchises far exceeds the number available, and cities around the country are subsidizing the building or renovation of facilities to keep their teams at home. Financing of sports facilities has evolved from almost 100-percent government funding prior to the mid-1960s, to today's mix of private-public funding. And while the current number of facilities being financed primarily by the private sector has increased to more than 20 percent, it is estimated that taxpayers still subsidize well over half the cost necessary to build a professional sports facility. Revenue sources and financing options have broadened considerably with costs ranging from \$125 million for a new arena to over \$200 million for a Major League ballpark. Long gone are the days when ticket sales comprised the bulk of the revenue stream. Public financing of sports facilities includes sales and hotel tax increases, alcohol and cigarette taxes, bond issues, lottery proceeds and surcharges on car rentals, to name a few.<sup>2</sup> Other sources of public sponsorship range from infrastructure improvements to providing land for the sports facility.

Sources of private funds are myriad, including owners' contributions, naming rights, advertising and corporate interests, as well as revenue from luxury suites and club seats. The sale of permanent seat licenses (PSLs) which allows individuals the right to buy season tickets, can potentially contribute millions toward the construction of a new stadium.

Three recently-built ballparks, Coors Field in Denver, Jacobs Field in Cleveland, and Baltimore's Oriole Park, were financed by public funds comprising nearly 80 percent or more of their total cost.<sup>3</sup> Each ballpark reflects a trend back to baseball's urban origins, and each city has developed a mutually successful relationship with Major League Baseball that has exceeded all expectations.

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Coors Field

Photography courtesy of Thorney Lieberman

### Coors Field

Coors Field opened in 1995 as the new home for the Colorado Rockies. The 50,200-seat stadium packed in almost 3.4 million fans in 81 games, averaging 93 percent of capacity. In its second year at Coors (its fourth as a franchise), the team leads the Major Leagues in attendance.<sup>4</sup>

The ballpark belies criticism that a new stadium drives up ticket prices beyond the reach of your "average Joe." Baseball is made available to a wide cross-section of Denver baseball fans with ticket prices ranging from \$4 to \$20 for general admission (\$1 for children and senior sitting in "The Rockpile"). The Rockies' and Coors Field's appeal stretches far beyond city limits. Denver's famed Brown Palace Hotel reports guests coming from as far away as Utah, Wyoming, New Mexico and Arizona, as well as all of Colorado. Hotels within shuttle distance of the ballpark report sellout weekends when the Rockies are in town.<sup>5</sup>

The business of baseball has been very good to the Rockies. But how has it affected the quality of life in Denver? While the stadium was under construction, a December, 1993 article in the *Denver Business Journal* warned in its title, "Businesses may strike out in Coors Field projects." In it, the author suggested that restaurant and bar patronage near the ballpark might be strong on game days, but cast doubts about the rest of the year.<sup>6</sup>

Any fears about Coors Field have turned out to be unfounded. Restaurants and bars in the Lower Downtown (LoDo) district adjacent to Coors Field are indeed packed with customers on game days. Business continues to boom on non-game days, and continues into the off-season, with advance reservations required for many eateries. LoDo, an historic district revitalized prior to the opening of Coors Field, has seen an upsurge in the number of restaurants of more than 70 percent since 1993, from 25 to 60, and the number of brewpubs has grown from

four to nine. Since 1995, none has gone out of business.<sup>7</sup>

Future plans for the area include a \$30 million retail complex which will feature a multi-screen theater complex and a supermarket. The district's residential market has also grown dramatically since baseball, from 270 units to an estimated 700 within the next two years. As many as 125 lofts are planned, ranging in price from \$500,000 to upwards of \$1 million. Lofts at the Ice House, a mere two blocks from the stadium, sold out in one weekend.<sup>8</sup>

City planners concerned about the negative effects of a major league venue near a residential area have been pleasantly surprised. Congestion and lack of parking have not been a problem. With only 5,200 dedicated parking spaces at Coors Field, fans park in central downtown and either walk or ride one of several shuttle buses available. By not surrounding the ballpark with a sea of parking spaces, Coors Field's designers were able to integrate it into the existing neighborhood and not disrupt the city streetscape. Fans walking to and from the stadium add to the vitality of the district, something not so easily achieved if the majority drive to the ballpark. Post-game egress from the stadium is over within 30 minutes, with no snarling traffic jams to disturb local residents.<sup>9</sup>

Coors Field and neighboring businesses have enjoyed an unmitigated success during the past two years. What was once a blighted area of town now bustles with activity. The stadium sits on the former site of the Union Pacific rail yards, which in recent years could only have been described as Skid Row. But, as with many urban comeback stories, Coors Field's contribution to LoDo's revitalization is the result of careful planning and part of a larger redevelopment scheme in Denver. The design of the ballpark was a critical factor in forging a successful integration of the ballpark into the community. Denver's ballpark is pedestrian in scale and traditional in appearance; the use of sandstone and brick complement the nearby neighborhood. Additionally, building the ballpark at the abandoned rail yards (at 20th and Blake) made perfect sense, not only because of its prime location, but its accessibility to transit.<sup>10</sup> While a synergistic relationship does exist between the ballpark and its neighboring historic district, it must be noted that the district was restored well before the arrival of Coors Field.

Coors Field and LoDo are just the beginning of greater plans for Denver. The city's amusement park, Elitch Gardens, has been expanded and relocated to the nearby Central Platte Valley, where plans are also underway for the new Pepsi Center which replaces McNichols Arena as a home for the NBA Nuggets and the Colorado Avalanche.



Jacobs Field

Photography courtesy of Timothy Hursley

### Jacobs Field

Jacobs Field opened in 1994 replacing the dual-purpose Municipal Stadium as the home for the Cleveland Indians. The team's fortunes started to change before opening day, when almost 2 million tickets for the season were sold, a number exceeded only three times in the club's history. The baseball strike pre-empted the Indians' American League Central title run in Jacobs Field's inaugural year, but the following year the team played in the World Series. Even though they lost to the Atlanta Braves, the excitement was not lost on Cleveland's fans. By December, 1995, every single ticket for the 1996 season had been sold, a first for professional baseball.<sup>11</sup>

While a new stadium cannot miraculously transform a team into All Star material, a state-of-the-art facility does give owners a definite edge in recruiting high caliber players. Likewise, the momentum a team gains from playing to capacity home crowds is hard to quantify.

Jacobs Field and neighboring Gund Arena were built by the non-profit Gateway Economic Redevelopment Corporation near Lake Erie in downtown Cleveland. The sports facilities sit on a 28-acre site, which previously had been occupied by warehouses, a market area, and more recently, vast parking lots. Today, there is hardly a square block near the complex that has not benefited from Gateway's presence. It is estimated that \$370,000 are added to Cleveland's economy for every home game, nearly \$30,000,000 for the six-month season. Since Jacobs Field arrived, more than 20 restaurants, sports bars and retail shops have opened in the surrounding area employing nearly 1,000 people. Thousands more parade around in Indians gear, especially in the ballpark. New plans for at least six residential renovations are also underway

in the adjacent area—primarily a conversion of upper floors of warehouses and retail establishments into upper-bracket condominiums and lofts.<sup>12</sup>

Jacobs Field is a very visible player in a major, long-term redevelopment push in Cleveland, one that began in earnest in 1980 when the mayor recruited a task force to examine and provide solutions for the city's economic problems. The early 1990s witnessed the beginning of a retail/cultural district revival throughout Cleveland that continues to this day. A \$400 million conversion of the city's central train station into a shopping center accessible by commuter rail was completed in 1990, accompanied by several new hotels and a restored theater district in Playhouse Square Center. Recent openings in the North Coast Harbor district include the Rock and Roll Hall of Fame and a science center, soon to be followed by the Great Waters Aquarium. In addition, a new NFL football stadium is in the design phase, scheduled for completion in 1999.<sup>13</sup>

As in Denver, the building of these major destination spots was preceded by urban revitalization; in this case, the riverfront area known as The Flats. Comprised of dozens of nightspots on either side of the Cuyahoga River, the area's \$100 million conversion of the area has resulted in an enormously popular entertainment district, with water taxis annually ferrying more than 5 million visitors back and forth across the river.<sup>14</sup>

In response to the building frenzy in Cleveland, the City's convention business has increased 30 percent over 1995. The Chamber of Commerce's tour for business executives in November of this year sold out. Interest in the tour increased as a result of the 1995 World Series coverage showcasing Jacobs Field, according to the Chamber's vice president. Jacobs Field has proven to be a stadium fans want to visit again and again. As in Denver, Jacobs Field is «perfectly adapted to its urban core, resonating with the sights and sounds of Cleveland. Taking its cues from its surroundings—a steel town renowned for its sculptural bridges—Jacobs Field incorporates into its structure elements symbolic of the city. The facade features exposed steel and stones indigenous to the region—granite, limestone and sandstone. These features, combined with the ballpark's openness and strong vertical thrust, reflect and respect the city's architecture. The result is a ballpark that was immediately embraced by Clevelanders, baseball fans or not. Almost as important as what's included in the stadium is what was left out—a sea of parking. As at Coors, the stadium's planners retained the urban quality of Jacobs Field by limiting the number of dedicated parking spaces.

Today Cleveland is becoming a major destination city, and its tourist bureau is targeting not only



Oriole Park

Photography courtesy of Jeff Goldberg

regional visitors but tourists from around the world. (Twenty years ago, Cleveland had nearly bottomed out, placing near the top of the Brookings Institution's list of large cities with the bleakest economies.)<sup>15</sup> Though it is too early to predict the city's long-term future, it is clearly buoyed by the resurgence of the downtown. The astounding reception given the Indians and Jacobs Field has given Cleveland the confidence to proceed with plans for a new NFL stadium.

### Oriole Park

At the time Baltimore's Oriole Park at Camden Yards was completed in 1992, the cityscape differed from that in either Denver or Cleveland. The city's tremendous renaissance had started years before, with the completion of a gleaming harborfront restaurant and retail complex, a science museum and a magnificent aquarium, among other attractions, by 1982. The Orioles had played at suburban Memorial Stadium since the 1950s. Rather than renovate the aging stadium, the Maryland Stadium Authority decided to build a new ballpark and site it near the dynamic Inner Harbor and Camden Station. Ushering in the era of the new old-fashioned major league ballpark, Oriole Park was well received by Baltimore baseball fans. Attendance jumped by 40 percent, from approximately 2.5 million to well over 3.5 million between 1991 and 1992, and continued to increase until the 1994 strike.<sup>16</sup> With the resumption of baseball the following year, fans once again returned in droves, although 15 percent fewer in number. (Losses attributed to the strike are estimated at \$75.1 million, half from the hotel/restaurant industry, and about \$12 million from wholesale and retail businesses.) At the start of the 1995 season, the waiting list for season tickets had 12,000 names on it. Baseball fever continues in Baltimore, due in no small part to Cal Ripken's record-breaking performance in 1995. In 1996, the team sold 28,000 season tickets, more than any other in the American League.<sup>17</sup>

Restaurants and retail shops at the Inner Harbor, four blocks from Camden Yards, report improved business on game nights, but this has not hurt concession sales at the ballpark. (If the amount of food consumed at Cal Ripken's record-breaking game on September 6, 1995 is any indicator, then it is no small wonder. The stadium reported an amazing \$40 worth of concession sales per fan that night—with a sold-out crowd, that amounts to more than \$1.9 million in hot dogs and beer.)<sup>18</sup>

Five-year-old Oriole Park (and the other ballparks discussed) continues to attract large crowds, in spite of a baseball strike that kept countless baseball fans away elsewhere. The ballpark, built in a warehouse district adjacent to Camden Station, offers fans the latest in amenities while retaining the history and charm of the city. The historic B&O warehouse serves as a backdrop to Oriole Park and is part of the ballpark's instant-recognizability factor. As befits a ballpark adjacent to an historic train station, fans can reach Oriole Park by light rail.<sup>19</sup>

### Conclusion

Some economists argue that the primary effects of sports venues are intangible and hard to quantify, while others believe that sports events do not bring any new money to a city. Without sports, they contend, consumers would simply shift their spending to other leisure pursuits, such as movies, dining out and special events.<sup>20</sup> This argument may be true, but only partly so. In terms of bringing new money into an *urban* environment, few attractions could be as successful at bringing tens of thousands of people downtown as a sporting event. In the absence of sports teams, it is hard to imagine an exodus of thousands of suburbanites to downtown theaters on a recurring basis. Sporting events also provide entertainment to families with children of all ages (and in the case of baseball, it is still affordable.) The newer ballparks with their improved amenities make such family outings more enjoyable than ever before. Play areas provide interactive opportunities for the very young, and family rest rooms complete with baby changing stations, make it possible to enjoy the game with as few interruptions as possible.

Sports facilities contribute tax revenue, and various stadium operations contribute additional revenues to cities, depending on the facility's ownership. Taxes from associated spin-off businesses also benefit the city. But perhaps the most widely-felt effect of a well-planned sports facility is two-fold. In the right location, a sports venue enhances the quality of life for local residents, but also contributes to the *perception* of success for a city. The cities of Baltimore, Denver and Cleveland each paved the way for the enthusiastic reception of their sports facilities by first reinvigorating their urban

core and making their cities major attractions, not just places to work. The verdict is in, and cities all over the country are looking at Baltimore, Cleveland and Denver as case studies of successful developments.

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