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MINOR LEAGUE BASEBALL STADIUMS AND THE DECISION-MAKING PROCESS OF  
LOCAL SOUTHERN CALIFORNIA GOVERNMENTAL AGENCIES:  
WHETHER OR NOT TO BUILD USING TAXPAYERS' DOLLARS

A Thesis

Presented to the

Faculty of

California State University, Fullerton

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In Partial Fulfillment

of the Requirements for the Degree

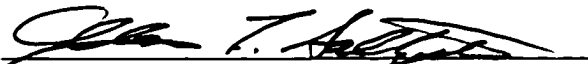
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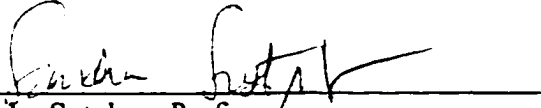
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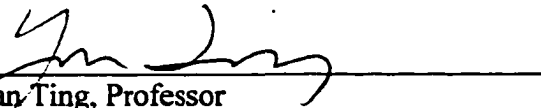
Approved by:

  
Alan Saltzstein, Professor - M.P.A. Coordinator  
Division of Political Science and Criminal Justice

8/4/99  
Date

  
Sandra Sutphen, Professor  
Division of Political Science and Criminal Justice

8/4/99  
Date

  
Yuan Ting, Professor  
Division of Political Science and Criminal Justice

8/4/99  
Date

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## ABSTRACT

Baseball is the national pastime of the United States. The decade of the 1990s has given rise to the popularity of minor league baseball in the nation, and also in the state of California. Within Southern California alone, five new professional (state-of-the-art) stadiums have been built to host California League - A Level professional baseball clubs. These facilities have been built at a break-neck pace of one per year from 1992 to 1996, with some certainty that other communities are going to continue this growth pattern. A survey of these local economic development projects indicates two common factors: 1) the local governmental agency owns or shares in the cost of the land and the facility; and 2) taxpayers' dollars have been spent to finance the project. Examination of the current literature of minor league baseball and local economic development indicates strongly that most (if not all) public agencies should simply not invest in building stadiums with taxpayers' dollars because the agency can not recover sunk-costs, nor should they expect monetary profits from lease agreements and/or special operations of a facility. This work investigates the decision-making process of local government agencies on whether or not to build professional baseball stadiums using taxpayers' dollars. Data includes research of current literature focused on the private-public relationships surrounding professional stadium issues, insightful fact-finding interviews with local government decision-makers, analysis of local case studies, and review of the important political implications.

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**To the families of the three stadium construction workers  
in Milwaukee, who paid the ultimate price,  
to see that 'the game' does go on**

**To the 'angels in the infield' of public service:**

**First Base - JFK;**

**Second Base - MLK jr.;**

**Third Base - RFK;**

**and, at Short-stop - JFK jr.**

**To the starting line-up of my 'Home Team', (I can't win without you):**

**Beloved Wife - Maria Eugenia;**

**Special Son - Bruce Anthony;**

**Darling Daughter - Emma Violet;**

**and, Caring Parents - Bruce and Violet.**

## Chapter I

### INTRODUCTION

There is currently a craze of professional (pro) sports stadium and arena facilities construction across the United States. This economic development boom of spending, building, and hosting pro sport teams has reached dynamic proportions.

Amid the explosions in entertainment jobs, high-tech business and Silicon Valley real estate prices, California is in the throws of another boom: Pro sports stadiums and arenas. Private and public entities in California will be spending more on professional sports venues than on any other single category of local public infrastructure between now and the new millennium.<sup>1</sup>

Generally, this boom is being fueled by the need and mission of pro sports leagues to realize expansion; the constant desire of team owners to increase profits and gain windfalls by procuring state-of-the-art facilities; corporate America's insatiable appetite for live sporting competition viewed from luxury environments (suites and luxury boxes), subsequently resulting in lucrative sponsorship deals; the astronomical salary demands of professional athletes; and, the political desires of local public officials. Michael N. Danielson suggests, "governments make the final choices about public involvement in professional sports."<sup>2</sup> Stadiums are a form of private

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<sup>1</sup> Michael A. Hiltzik and Lisa Dillman, "Who Wins in Stadium Shootout?" *The Los Angeles Times*, 13 July 1997, sec. 1A, p. 1, col. 1.

<sup>2</sup> Michael N. Danielson, *Home Team* (Princeton, New Jersey: Princeton University Press, 1997), 262.



development which agencies are empowered to regulate, but there exist many external political powers and factors which influence the public determination. Whatever the circumstances surrounding a stadium development project, "decisions have to be made by public officials; they are not self executing, regardless of how powerful the forces pressing for approval (of a sports project)." <sup>3</sup>

Basically, all major professional sports teams require major facility developments for their playing venue. Thus, a host community is necessary for the establishment and growth of a team to become a reality, a place where a pro sports team can call 'home field'. Arthur T. Johnson, a University of Maryland, Baltimore County, associate professor of political science, who specializes in minor league baseball and economic development, accounts:

Whereas twenty-six cities host major league baseball teams, and approximately two dozen more host major league teams in basketball, hockey, and football, more than 150 communities host minor league baseball teams in the United States and Canada. That number will increase by nearly twenty when the major leagues complete their expansion plans for four new teams by the late 1990s. Minor league baseball thus is much more national than is major league baseball in terms of citizens' geographical (and financial) ability to attend a game in person. <sup>4</sup>

Professional sports have long been an important part of the economic, cultural, and social life of American towns and cities. Johnson, in an earlier scholarly paper, suggested that, "professional sports could not exist as we know them without local

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<sup>3</sup> Ibid.

<sup>4</sup> Arthur T. Johnson, *Minor League Baseball and Local Economic Development* (Urbana and Chicago: University of Illinois Press, 1993), xii.

subsidies (and federal anti-trust exemptions)." <sup>5</sup> Most people in most communities will provide support to a professional sports home team. Many case studies show that "professional team sports are an important connection between people and the places where they live." <sup>6</sup> However, the important question that looms now more than ever is, at what costs are the taxpaying public willing to subsidize professional sports franchises? According to recent media research reported in a local newspaper article:

Public entities are floating tax-exempt municipal bonds, raising sales and excise taxes, and even dipping into their general funds to finance what are essentially business facilities for multimillion-dollar private enterprises. Of 59 individual projects across the United States, all but five are wholly or partially financed by taxpayers, The (Los Angeles) Times has found. <sup>7</sup>

Minor league baseball is the front-runner of this economic development trend and stadium issue. For every one major league baseball team there are potentially five minor league affiliate clubs which dot the North American landscape. In the state of California, the business of building new or renovating existing professional baseball stadiums, (considering all levels of professional league play), has exceeded the economic development projects of the other three major professional sports; basketball, football, and hockey. There are currently nineteen recognized professional baseball clubs operating in California: five major league clubs, three in the National League and two in the American League; ten California League clubs, considered 'A' level minor league affiliates of the major league; and, one Pacific Coast League club,

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<sup>5</sup> Arthur T. Johnson, "Municipal Administration and the Sports Franchise Relocation Issue," *Public Administration Review* 43, no. 6 (ASPA: Washington, D.C., 1983): 519.

<sup>6</sup> Danielson, *Home Team*, 5.

<sup>7</sup> Michael A. Hiltzik and Lisa Dillman, "Who Wins in Stadium Shootout?", sec. 1A, p. 1, col. 1.

considered 'AAA' level minor league affiliate of the major league. (Four independent minor league clubs existed in the now defunct Western League during 1997-98.)

#### Significance of Study

The current demographics of baseball in Southern California is concentrated among the following five bordering counties: Los Angeles, San Bernardino, Riverside, Orange, and San Diego. Los Angeles, Orange (Anaheim), and San Diego are host to major league teams. San Bernardino County has three communities playing host to California League teams, the communities are: Adelanto, Rancho Cucamonga, and San Bernardino. There is a California League team in Lake Elsinore of Riverside County and in Lancaster of Los Angeles County. The stadium issue has essentially affected all of these professional baseball organizations and respective communities within the past five years. With the exception of the Los Angeles Dodgers (who have stated their reservations about the present status of Dodger Stadium), all Southern California teams and communities have completed private-public stadium projects or have set a planned project into motion. Anaheim has completed reverting Anaheim Stadium back to a baseball only facility, now known as the Edison International Field of Anaheim. San Diego renovated their stadium to host the 1999 National Football League Super Bowl game. Also, in 1998, the people of San Diego voted in favor of a new baseball stadium for the San Diego Padres; a part of downtown redevelopment efforts.

To include communities who have lost minor league baseball teams in the past decade, would expand the Southern California demographic list to include the following communities: Ventura (to San Bernardino), Palm Springs (to Lake Elsinore),

Riverside (to Lancaster), and Long Beach (to Mission Viejo).<sup>8</sup> This phenomenon is known as the pro sports franchise relocation issue and typically involves a prospective host community presenting a better deal or lease agreement for a newer and grander stadium to an existing pro sports team disenchanted with its current physical and economic situation. For the entrepreneurs of baseball (and the private/public relationship) the bottom line of most stadium negotiations is - how many taxpayers' dollars (public subsidies) will be provided in the deal?

This holds true for all such scenarios: an expansion team looking for a home stadium, or a community wanting to retain a team rather than lose a team, or a community successfully obtaining an existing team by luring them away from a host community, and leaving the former stadium vacant. These hard and fast decisions are made, in part, by public officials who are generally persuaded by team officials with external pressures from the business community and local baseball fans to provide subsidies.

Most interested on-lookers must refer daily to the sports world media of cable and television networks, newspapers, and magazine articles to remain updated about the newest developments, latest deals, and slated projects of the stadium boom. Very little exists in the form of academic literature or scholarly articles giving coverage to the issues and implications of this fast growing economic and political trend. Johnson

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<sup>8</sup> Stadium and baseball demographic information for the state of California is attributed to my personal interest in pro sports and as a professional community and park development planner assigned to work on a recently completed stadium facility. Current team locations are found regularly in the Los Angeles Times sports section. Stadium projects and team relocations are derived from: Jim McCue, Director of Media and Public Relations for California League of Professional Baseball, telephone interview, 16 July 1997.

indicates that major league sports are adequately analyzed, yet "little attention has been given to the thriving 'secondary' sports market in the United States, of which minor league baseball is a (large) part." <sup>9</sup> However, the books and papers researched about this current trend strongly suggest that from a local governmental viewpoint, there is reason to be extremely concerned. Most public decision-makers who wish to attract and retain pro sports teams "find it necessary to provide them with substantial publicly-funded benefits." <sup>10</sup> Some suggest that this process is being carried out blindly by a good many public officials.

This study examines the decision-making process employed by local governmental agency officials in Southern California to determine whether or not to build a minor league baseball stadium using taxpayers' dollars. The difficult questions are who will pay for stadium construction, how much (if any) of the taxpayers' dollars will be spent, and what are the funding sources of public monies? There are many more political and economic questions to be considered - these stated questions provide a simplicity to the study examinations and discussions. How the questions are being answered (decision-making process) is just as important as which questions are answered.

The practice of local governmental decision-making is basically inconsistent with most current literature which describes the popular Rational-Comprehensive (Root) method. This method is highly involved, complex, time-consuming, and costly

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<sup>9</sup> Johnson. *Minor League Baseball and Local Economic Development*, xi.

<sup>10</sup> Johnson, "Municipal Administration and the Sports Franchise Relocation Issue": 519.

to practice. Charles E. Lindblom states that the Root method can be considered impossible and irrelevant to most administrators and public decision-makers because this method will strain resources, distort scope, cost too much money and require too much time to complete. Lindblom also suggests that a decision-maker would have to be superhuman to be able to attain the full breadth of comprehensiveness that this theoretical method employs.<sup>11</sup>

Therefore, as Lindblom points out, most local governmental decision-makers utilize a method of decision-making known as the Successive Limited Comparisons (Branch method). It is a very common method for administrators because of its simplicity, ease to grasp and comprehend, relationship to familiar values and objectives (past and current), and there is much less strain on scope, resources, time, and budget.<sup>12</sup> The Branch method ideally considers a successive and limited number of alternatives, thus, reducing the scope of objectives and values to those most familiar and relevant to the decision-maker. This raises a problem for local public officials who are charged with a stadium decision; most officials (and entire agencies) will not have familiarity of making a political decision of the scale and uniqueness which a professional stadium involves. The important question Lindblom raises is, "how can an administrator know whether he has made a wise or foolish decision if he is without prior objectives by which to judge his decision?"<sup>13</sup>

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<sup>11</sup> Charles E. Lindblom, "The Science of 'Muddling Through'." In *Contemporary Public Administration*, eds. David H. Rosenbloom et al., (New York: McGraw-Hill, Inc., 1994), 357.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid, 358.

How are local officials and decision-makers preparing themselves to deal with an issue they may not have faced before? This focus on decision-making will be combined with discussions about two important sides of the stadium issue. They are the business economy of baseball and the political economy of local government. The political economy of a local government can be defined by the politics of the community. The major factors are: the career desires of local politicians; the demands of citizens, as exercised by democratic election; and, strong representation of special interest groups. Typically, the complexity of a local government's political economy will be influenced by the size of the urban location. The business economy of baseball is a major player in many urban locations and economic marketplaces.

Although baseball is deemed 'America's pastime' and often evokes colorful images of romantic rural settings such as irresistible corn fields and prodigious small-town communities; the business of professional baseball is an urban economic phenomenon. Geographer John Bale argues that baseball can be viewed as a "world of hierarchy and territoriality."<sup>14</sup> The factors of hierarchy (business and political decision-making), and size of territory (location, marketplace and demand) are major indicators and determinants of the business economy of baseball and a professional baseball organization's potential for success.

Compared to this big picture of the business economy of baseball, an individual team's annual success competing 'on the sandlot' pales to the collective economic success of the privately owned enterprises organized into a league. Each individual

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<sup>14</sup> John Bale, *Sports Geography* (London: E. & F. N. Spon, 1989), 2; quoted in Danielson, *Home Team*, 5.

enterprise is aware of the others' most recent lease agreement or stadium deal, which causes continual speculation.<sup>15</sup> This perpetuates into a foxhunt-like condition, where targeted and often unsuspecting urban communities and local government officials are sought to provide the next economic windfall for the most demanding private enterprise in a professional baseball league.

How do these strikingly different worlds come together and co-exist for the sake of local economic development and public benefit? The study draws from current scholarly work on the topics of professional sports, predominantly baseball, and economic development; urban management and public policy; economic and political decision-making processes; and, public perceptions - the geographical and sociological considerations of professional sports.

Case studies from three Southern California communities will be presented to provide current and local content, and an analysis of three unique decision-making scenarios. The qualitative data gathered from each of the case studies will show how the same decision about building a minor league baseball stadium was subject to diverse environments, affected by different parameters and issues, and influenced by unique political players and parties. Each case study displays a separate reality and the respective decisions made resulted in varying degrees of success for each local community.

The general focus of the study is to identify the important public policy implications that the business of minor league baseball juxtaposes upon local

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<sup>15</sup> Danielson, *Home Team*, 6.



government agencies and administrations. This will generate discussion about what is good strategic economic planning and decision-making, what are the characteristics of a healthy and positive private-public economic relationship, and what is the value of public benefit.

### The Business of Minor League Baseball

Local governmental agency officials typically operate from within a structured framework of public policy and administrative procedures. Our present governmental administrative system stems back to the Reform Period of 1882-1906, when the Civil Service Reform Act of 1882 (or the Pendleton Act) was passed by Congress and many necessary reforms were made to create a "neutral civil service free from partisan pressures."<sup>16</sup> Minor league baseball, as a private business enterprise, has roots back to this same period and a certain protocol of operation that is often changed via organizational reforms and labor disputes with major league baseball. It is important for public officials, who wish to create public policy for the purpose of hosting a minor league baseball team, to understand the complexities of the business of baseball and the major league relationship with the minor leagues.

The International League (IL), was the first minor league, established in 1877, just five plus years prior to the Civil Service Reform Act. Coincidentally, 1883 marked the first year in which the National League (original major league, founded in 1876), recognized the IL's right to reserve, own players. This was the genesis of the

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<sup>16</sup> Nicholas Henry, *Public Administration and Public Affairs*, Sixth Edition (Englewood Cliffs, New Jersey: Prentice-Hall, Inc. 1995), 241.

relationship between major league baseball and the minors. It is a relationship of one hundred and fourteen years, which can be classified as being either 'very hot' to 'ice cold' dependent on the era, the issues, and the politicians (league commissioners, team owners, players' unions, lawyers and the courts).<sup>17</sup>

The hot/cold analogy is apparent in various situations such as: major league owners' unrestricted purchasing power of minor league players - in contrast - restrictions and limitations on major league owners' purchases of minor league players; major league owners move to buy and own minor league teams - in contrast - a temporary ban on major league owners buying minor league teams; major league farming system for player development - in contrast - antifarming regulations imposed (later these antifarming rules are suspended); and, a draft system of minor league players for major league teams - in contrast - restrictions to drafting only one player per team per draft, as set in 1905, and for a time, a full suspension of the draft system.<sup>18</sup>

Similar to the relationship between local governmental agencies and county seat or state capital, minor leagues confront and compromise controls set upon them by major league rule via frequent, sometimes bitter, negotiations and successive agreements.

Negotiations between the leagues have led to many organizational changes for professional baseball. The major leagues, always flexing power over the minor leagues, often didn't receive the absolute upper-hand that they sought. It can be said

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<sup>17</sup> Andrew Zimbalist, *Baseball and Billions* (New York: BasicBooks - HarperCollins Publishers, 1992), 107. Zimbalist provides an entire chapter dedicated to the history and development of the minor leagues: Chapter 5 'The Minors', pages 105-121.

<sup>18</sup> Ibid.

that the courtship of the minor leagues by the majors took place between the 1890s and the 1920s. This period saw much trying and testing of rules and regulations with every negotiation for a working agreement; hammering-out the basic major-minor relationship for decades to come. <sup>19</sup>

Although the major-minor relationship was frequently adjusted to give the minor leagues fair opportunity, the major league had gained such national momentum throughout the 1930s and 1940s, and over time became too dominant of the business of baseball, that the minor leagues showed signs of demise by the 1950s. Basically, two problems had combined to create severe difficulties for the minor leagues: (1) astute business magnates, who owned major league teams, had succeeded to continue to purchase minor league teams, thus they had developed expansive farm systems and controlled hundreds of players; (2) with such far reaching control over players and teams, minor league baseball was expanded to a point of diminishing return.

Major league farm systems reached monopolistic proportions; the St. Louis "Cardinals' farm system peaked at thirty-three clubs in 1937, controlling six hundred to seven hundred players."<sup>20</sup> The buy-out of minor league teams and players started when major league baseball's popularity (attendance at the gate) peaked in the 'roaring twenties' and continued throughout the great depression years and 'dirty thirties' when business (for baseball) generally remained status quo on into the forties. Branch Rickey's creative leadership of the St. Louis Cardinals was a model major league

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<sup>19</sup> Ibid., 108.

<sup>20</sup> Ibid., 109.

organization of this era. Rickey successfully "built an extensive network of minor league affiliates that transformed the Cardinals from a weak team sharing a stagnant market into a powerhouse that won nine pennants between 1926 and 1946."<sup>21</sup> Minor league teams were greatly restricted economically, while "the rich harvest of Rickey's farm system made the Cardinals the most profitable team in the National League as surplus players were peddled to less productive (major league) clubs."<sup>22</sup>

The Yankees and the (Brooklyn) Dodgers also amassed large farm systems to the detriment of minor league success. Zimbalist notes, "according to a survey done for the 1951 congressional hearings, two-thirds of minor league teams operated at a loss in 1950."<sup>23</sup> Coupled with these financial troubles, the major league owners "decided it was necessary to lower their investment in ownership (major league clubs owned 207 minor clubs in 1951 but only 38 in 1957) and cut back their working arrangements with the minors."<sup>24</sup> In effect, the major league extended the minor leagues good fortune with their haste to 'cut-a-drift' so many previously owned minor league teams.

During the next thirty years, major league baseball was very preoccupied with national and local television broadcast agreements, Congressional debates over expansion, antitrust laws, and fair taxation practices; and, inflation of players' salaries,

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<sup>21</sup> Danielson, *Home Team*, 47.

<sup>22</sup> Ibid.

<sup>23</sup> Zimbalist, *Baseball and Billions*, 109.

<sup>24</sup> Ibid., 110.

a stronger players' union, and free agency issues.<sup>25</sup> The major leagues were so busy getting their own house in order that very little attention was afforded to the steady progress and successes of the remaining minor leagues. Even though the minor leagues dramatically downsized and "limped through the 1960s and 1970s", the 1980s and 1990s have been a period of resurgence and reestablishment; the number of leagues and teams have grown, and attendance consistently rose in total and by club average.<sup>26</sup>

Interest in minor league baseball on the part of fans, prospective owners, and local governments was rekindled in the 1980s. Attendance in 1987, which topped 20 million fans, was the highest overall attendance since 1951, when just over 25 million fans attended games played by nearly twice as many minor league teams.<sup>27</sup>

Johnson further notes that "minor league attendance has increased each year since 1987, reaching a level of 25,244,569 in 1990 and 26,590,096 in 1991."<sup>28</sup> This trend in increased attendance has been the norm for the California (Minor) League of Professional Baseball (Cal League) since 1991, when in each year up to and including 1996, the Cal League has set a new attendance figure record. As of 30 June 1997, seventeen million fans have attended minor league games in the '97 season. That was

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<sup>25</sup> Roger G. Noll, "The U.S. Team Sports Industry: An Introduction." In *Government and the Sports Business*, ed. Roger G. Noll, (Washington D.C.: The Brookings Institute, 1974), 9; James Quirk and Rodney D. Fort, *Pay Dirt: The Business of Professional Team Sports*, (Princeton, New Jersey: Princeton University Press, 1974), 105-106.

<sup>26</sup> Zimbalist, *Baseball and Billions*. 110-112; see Table 5.1 Minor League Attendance, p. 110.

<sup>27</sup> Johnson, *Minor League Baseball and Local Economic Development*. 11. Johnson cites the (*Orange Book*, 1990: 14), as his source.

<sup>28</sup> Johnson, 13.

the earliest in any one season that the minors have drawn this total through the turnstiles. The Cal League mission for the '97 season was to reach the two million fan attendance mark for the first time in its history. As of 30 June 1997, the Cal League attendance had already exceeded 1.2 million.<sup>29</sup>

The business of baseball has a major quandary on its hands. The major league has exposed themselves through national television and media attention, whereas they have drawn the ire and focus of IRS officials, Congressional committees, and the fans. Attendance is down in the majors, a strike eliminated a world series in 1994, and many major team owners are reporting huge financial operating losses. While many major league players have obtained fame, fortune, and superstardom, minor league players are considered apprentices. Zimbalist discusses this disparity poignantly:

In 1990 the average salary at the major league level was 24.5 times the average Triple-A salary. What is perhaps curious is that back in 1950, when minor leaguers were also considered apprentices, the average salary in the majors was only 3.37 times the average salary in the highest classification minors. Somehow top level apprentices in 1990 are worth approximately one-twenty-fifth of a major leaguer, while forty years ago they were worth roughly one-third of a major leaguer.<sup>30</sup>

Current minor league success can partly be attributed to low wages paid to minor leaguers and good fan support, but what is very interesting is, as Zimbalist states, major league baseball is "somewhat jealous of the minor leagues' newfound prosperity."<sup>31</sup>

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<sup>29</sup> Jim McCue, Director of Media and Public Relations for California League of Professional Baseball, telephone interview, 16 July 1997; National Association of Professional Baseball Leagues press release

<sup>30</sup> Zimbalist, *Baseball and Billions*, 106.

<sup>31</sup> *Ibid.*, 112.

If in fact the minor leagues have come of age, what remains constant between the major-minor relationship is the business of baseball. There are three predominant elements of the business of baseball today, they are: (1) structure and governance of baseball; (2) the talent procurement process; and (3) the desire for government subsidies at all levels of professional baseball.

The structure of professional baseball is a simple four level hierarchy, consisting of: The Majors; Triple-A minor; Double-A minor; and Single-A minor leagues (which includes short season ball, rookie ball, and winter ball). The minor league portion of this hierarchy is governed by the National Association of Professional Baseball Leagues (NA), and represents the needs and interests of the minors. Each minor league is independently operated by its own officers and bylaws, but jurisdiction is within the National Association Agreement. Further governance is provided for actions between the majors and the minors by the Professional Baseball Agreement (PBA). A new PBA was signed in December 1990 and expired September 30, 1997 <sup>32</sup> (By January 1998 a subsequent PBA was signed into effect for a ten year period to expire prior to the 2008 baseball season.) <sup>33</sup>

The talent procurement process is conducted via the Player Development Contract (PDC), which is the agreement entered into by the NA and the majors for the governance of player development, movement, employment, and the full compensation system covering these actions. The PDC is an integral part of the PBA. Quite

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<sup>32</sup> Johnson, *Minor League Baseball and Local Economic Development*, 10.

<sup>33</sup> John Oldham, Director of Media and Public Relations for California League of Professional Baseball, telephone interview, 3 August 1999.

frequently it is the PDC that is used as leverage by the majors over the minors in their working relationship agreements. The PDC is uniformly applied throughout the minor leagues with the only variations occurring between league levels. It provides the conditions by which a stated number of players, who are major league property, are assigned to develop within the minor league system of affiliate teams to a specific major league team or parent club.<sup>34</sup>

There are two exceptions to the PDC, they are: (1) teams which operate without a PDC cooperatively with a number of major league clubs to gain a stock of players; and, (2) teams which operate without a PDC independently signing their own players - high school, college/university, amateur travel club or foreign players undrafted and/or without contract - to field a team. These two exceptions only exist at the A-level of professional baseball.<sup>35</sup>

Fundamentally, it is the PDC that provides the necessary economic subsidies to minor league baseball teams from their parent major league teams. The most recent PDC obligated economic subsidies of a base salary and travel expense stipend for "a minimum number of players, coaches, and a manager; a certain amount of equipment, including bats (twenty-five dozen), balls (a hundred dozen), and one set of uniforms per year."<sup>36</sup> Thus, the minor league team has 18 to 20 players (20-AAA; 19-AA; 18-A), base salaries and travel expenses, plus equipment and one uniform covered. The

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<sup>34</sup> Zimbalist, *Baseball and Billions*, 109; Johnson, *Minor League Baseball and Local Economic Development*, 20.

<sup>35</sup> Johnson, *Minor League Baseball and Local Economic Development*, 20-21.

<sup>36</sup> *Ibid*, 21.



minor league club must pay each player an additional amount, that is not to exceed, \$15/day for meal expense; the player must cover his own excessive spending with regard to travel, extra gloves or shoes, and miscellaneous, while the alternate uniforms are provided by the minor league team.<sup>37</sup> Johnson concludes precisely that, "the PDC covered a significant portion of the minor league organization's labor expenses as well as a good percentage of its operating expenses."<sup>38</sup>

The third predominant element of the business of baseball - the desire for public or government subsidies, does not share the same history, governance, or procurement structure with other more traditional business elements of professional baseball. Historically speaking, baseball was largely developed at all levels by business men, syndicates, and baseball families without major government subsidies. The current governance system of baseball has tradition and protocol, but the hunt for public subsidies and threats of relocation are elements of the modern day business economy of baseball. The procurement process is structured to promote the growth of the game of baseball. However demands on the modern game of baseball have shifted the national development focus increasingly to include the international marketplace. Generally, the increased demands for public subsidies have coincided with the game's need to greatly evolve and expand the business economy of baseball. This phenomenon is apparent in all levels of professional baseball.

There can be both good business reasoning and economic reasoning for

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<sup>37</sup> Oldham, California League of Professional Baseball, 3 August 1999.

<sup>38</sup> Ibid.

baseball teams to seek public subsidies and to collectively evolve the business of baseball beyond national traditions. It makes good business sense to secure monies which are granted or extended, so long as there is honesty and integrity in the utilization of such funds; greed and wanting may but should not apply to this reasoning. All things remaining equal, most leaders of capitalistic enterprises will take advantage of economic situations where demand outstrips supply, particularly when they are in control of supply. This affords the existing private owners "greater leverage in bargaining for new stadium construction, new luxury boxes, lower rent, or a greater share of concession and parking revenues." <sup>39</sup>

Such is the case for the major league pursuit of public subsidies. It cannot be attributed to one man, but perhaps Arnold Johnson 'planted a seed' for the rush to come to practice demand and supply principles and solicit public funds. In 1953, Arnold Johnson, in a single deal, acquired Yankee Stadium and Blues Stadium (in Kansas City) for \$6.5 million from Dan Topping and Del Webb, with terms for a twenty-year leaseback arrangement. In 1954, Johnson paid \$1.2 for Connie Mack Stadium in Philadelphia and \$6.7 for the Philadelphia Athletics baseball team, to Connie Mack and sons, Earl and Roy. At the time of this deal, Johnson owned Yankee, Blues, and Connie Mack Stadiums in three different cities and the Philadelphia Athletics baseball club. By 1955, Johnson was extremely busy; he sold the land under Yankee Stadium to the Knights of Columbus and later the stadium to John Cox. (Cox later donated the stadium to Rice University, and in 1973 New York

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<sup>39</sup> Zimbalist, *Baseball and Billions*, 124.

City bought the stadium and refurbished it.) Also in 1955, he moved the Athletics to Kansas City where they occupy the Blues Stadium, which he sold to the city of Kansas City for \$650,000, with a leaseback arrangement. <sup>40</sup>

Johnson's timing was such that his widespread purchasing activities coincided with the relocation of the Boston Braves to Milwaukee; modern day relocation began with "Louis Perini, a Boston contractor who started the game of musical chairs in baseball by shifting the Braves to Milwaukee in 1953." <sup>41</sup> Perini and Johnson spearheaded the relocation issue era, which the Dodgers and Giants brought greater focus to by 1958 <sup>42</sup>, and set precedent for public subsidies via local governmental involvement in stadium ownership and subsequently expansion bidding.

They certainly had people debating over where ownership loyalties lie, as would later be the case for the O'Malleys (Dodgers) and Horace Stoneham (Giants). Perini, Johnson, the O'Malley's, and Stoneham all persevered with astute business sense, in that only a small window of opportunity was afforded each owner, yet each executed his respective plans for relocation swiftly. The year 1951, marked the beginning of serious Congressional hearings with regard to professional baseball business practices and whether or not the 'old guard' system of owners had created

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<sup>40</sup> Quirk and Fort, 406-407: In the section entitled Data Supplement, beginning on p. 377, Quirk and Fort provide chronological 'Ownership Histories'. The Arnold Johnson discussion is an analysis of the person, his actions, and that period in baseball, 1951 up to and including initial major league expansion in 1961.

<sup>41</sup> Danielson, *Home Team*, p. 54.

<sup>42</sup> Mark S. Rosentraub and David Swindell, "Just Say No? The Economic and Political Realities of a Small City's Investment in Minor League Baseball." *Economic Development Quarterly* 5, no. 2 (Sage Publications, Inc., May 1991): 153.

(and were supporting) a monopoly. Congress wanted answers as to why major league owners would not readily expand their product and supply pro baseball to other major cities presenting demand and expansion opportunities.<sup>43</sup> It was obvious by relocation happenings that there were alternate markets in demand of and for baseball to economically expand the baseball product.

Professional baseball has business and economic decisions to make within its own governance structure; these decisions essentially impact public policy issues at all levels of the national/political structure of government. The actions taken by the major league and the minor leagues to obtain public subsidies are for the same result, to gain stadium deals and leases. However, the stadium issue as defined by minor league scenarios is different in character and composition than most major league situations. Most major league stadium issues are conducted by large political bodies commissioned within major city governments (some of which still resemble the 'political machine' style of city governance), and often are tied to county and/or state political agendas or interventions, and voter initiatives. The minor league pursuit for public subsidies is conducted at a lessor scale and in a greater number of smaller communities; nevertheless, there are significant local impacts and important public policy implications to consider.

#### Local Governmental Policy Implications

There are several factors that prompt a community to become host to a minor league baseball team and to provide public subsidies to establish the relationship.

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<sup>43</sup> Zimbalist, *Baseball and Billions*, 124.

These factors are: (1) local private interests actively pursue a team franchise; (2) local governmental agency actively pursues private party with current franchise or franchise rights; (3) private party outside community with current franchise or franchise rights pursues community to host team; and, (4) local community residents organize and lobby for a team to host. It is possible for more than one of these general factors to simultaneously exist within a community and wed together for the common cause of establishing a minor league baseball team. There are also many examples of local officials forced to create public policy and act on the stadium issue to retain a team. The key element of any factor or combined effort is the stadium issue.

It is precisely the stadium issue that formulates a host community's relationship with a minor league team. The stadium issue is also the focus of local governmental policy implications. The concerns about local public policy are now more widespread and predominant from small city to large town across the country than perhaps any other aspect of the business of minor league baseball. Dean V. Baim notes:

No longer is the decision to build a stadium made by private individuals whose personal wealth rises or falls with the appropriateness of their decision. Most new sports facilities are constructed by government entities with goals far less clearly defined than the entrepreneurs'. Preserving taxpayers' wealth may be of concern to government decision makers, but it competes with other goals. For example, it often is argued that promotion of civic pride is a legitimate goal of a local government agency, and that hosting a (professional) sports team contributes to civic pride.<sup>44</sup>

Local government officials or decision-makers should not involve themselves in a public-private relationship, for the benefit of a minor league baseball team and

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<sup>44</sup> Dean V. Baim, "Sports Stadiums as 'Wise Investments': An Evaluation." *A Heartland Policy Study*, 32 (Chicago: The Heartland Institute, November 26, 1990): 1; The word (professional) is a substitution for major league found in the original quote. The policy study uniquely applies to all levels of professional sport.

stadium, if they are doing so with (as Baim notes), "goals far less clearly defined than the entrepreneurs'."

This scenario can be avoided with good economic development analysis and strategic planning. A precise and focused review of how a stadium issue affects local public policy can be executed, such that, a relevant goal or mission be contained within a plan which is clearly defined and appropriate for the local community debating whether or not to encumber taxpayers' dollars to build a stadium. The public policy implications that are most considered concerning the stadium issue for a local agency are:

**(A) Financial Resources**

- \* To fund or not to fund a professional baseball stadium?
- \* What type of funding shall be used?
  - special tax,
  - special district assessment,
  - local municipal bond initiative,
  - redevelopment fund, or,
  - general fund?

**(B) Decision-Making process**

- \* Economic studies and analysis of costs and benefits shall be considered.
- \* Political relationships and ramifications loom large in any process.
- \* Project and administrative considerations, ie. controls and human resources.

**(C) Economic Development and Management**

- \* Is there a presence of good economic development strategic planning?
- \* Will the stadium issue be consistent with the current strategic plan?
- \* Can the management of a stadium prove to be a wise investment?

These local governmental policy implications, for the purpose of this study, are a general framework from which the local agency can govern over a private-public relationship for the appropriate determination of whether or not to build a stadium and host a team.

The consensus of scholarly work on the topic indicates that cities are lured into these relationships, are not very well prepared for tough decisions regarding public funding, and essentially face the realities too late in the process. Rosentraub and Swindell note that, "the justification for bringing any team to a city, including a minor league team to a smaller city, is the anticipated economic impact and benefits of the team." However, they also suggest that the economic and political realities of a small city can not provide such substantial economy and benefits.<sup>45</sup>

Arthur T. Johnson's work supports the theory that Rosentraub and Swindell have presented. Johnson cites that, "very few communities, regardless of the league level of their team, reported generating sufficient revenues from professional baseball to cover the operational costs of the stadium."<sup>46</sup> Each of the authors have provided studies to further our understanding of the trend of local public agencies funding of stadiums for minor league baseball and the economic development rationale that applies. The body of this study will analyze further the current literature and investigate three local Southern California communities responses to the professional stadium issue.

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<sup>45</sup> Rosentraub and Swindell, "Just Say No?" The Economic and Political Realities of a Small City's Investment in Minor League Baseball.", 153-154.

<sup>46</sup> Johnson, *Minor League Baseball and Local Economic Development*, 27.

Many factors surround the relationship between private enterprises of minor league professional baseball, and local governmental agencies. Professional baseball has a very unique and storied past; however, current political precedents of the business of baseball with the public sector show symptoms of excessiveness with regard to demands made on taxpayers' dollars. Local public officials are in a position to shape these relationships either toward the advantage of private enterprise or toward public benefit. This study will display that this type of private-public relationship, regardless of which political skew exists, is generally formed by a unique set of parameters, differing characteristics of involved personalities, and varying respective community values.



## Chapter II

### FINDINGS and THEORY DEVELOPMENT

Minor league baseball has always been played at a lesser scale than major league baseball. Major league baseball, "the bigs" or "the show," is the ultimate dream of every competitive ballplayer. The presentation of the major league game is the grandest scale of the sport for every club, organization, and host city. The host cities of major league baseball include every great metropolis in the nation, as well as most major cities, and two major cities in Canada. <sup>1</sup>

Robert A. Baade notes that, "a third of the sixty largest municipalities in the United States are building or planning to build stadiums, and almost all believe their plans are economically justifiable." <sup>2</sup> The difficulty surrounding the stadium issue for any host city is that many economists have attempted to prove that there is an economic rationale for public subsidization of stadium development (land, design, engineering, construction, operation - any combination of capital and major costs), and

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<sup>1</sup> James Quirk and Rodney D. Fort. *Pay Dirt: The Business of Professional Team Sports* (Princeton, New Jersey: Princeton University Press, 1992), 3; "The Stadium Game," by Washington D.C. correspondent for, *The Economist* (London: The Economist Newspaper Limited), May, 4th, 1996, American Survey, 26.

<sup>2</sup> Robert A. Baade, "Is There an Economic Rationale For Subsidizing Sports Stadiums?" *The Heartland Institute* No. 13 (Chicago: Heartland Institute, February 23, 1987), 18.

yet there is no consistently supported positive economic rationale.<sup>3</sup>

Many issues surrounding major league baseball are pertinent to the minor league condition and situation. A mid-size to small city, or large town aspiring to host a minor league baseball team will essentially have to consider the same criteria and exercise a similar political and economic decision-making process than that of a host city (or potential host) of a major league team. The primary difference between the minor league versus the major league relationship with local public governance is in scale. However, the issue of private team owners and public officials agreeing to public subsidization of a sports stadium, at the major league level, also applies to a minor league scenario.<sup>4</sup>

There are local governmental agencies willing to put themselves at great risk, being on the verge of financial ruin with depleted general funds and staking it all for the opportunity to be a host community for a minor league baseball team. Rosentraub and Swindell state that the smaller communities "have greater difficulty containing all spending than do larger areas,"<sup>5</sup> (The noted spending is both a direct and indirect economic impact of being a host community to a professional baseball team at any level of league play.)

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<sup>3</sup> Ibid. The economic summary that Baade refers to is entirely consistent with all other reference sources of economic studies performed on public subsidization of stadiums, as located through research.

<sup>4</sup> Benjamin A. Okner, "Subsidies of Stadiums and Arenas," in *Government and the Sports Business*, ed. Roger G. Noll (Washington, D.C.: The Brookings Institution, 1974), 325.

<sup>5</sup> Mark S. Rosentraub and David Swindell, "Just Say No? The Economic and Political Realities of a Small City's Investment in Minor League Baseball." *Economic Development Quarterly* 5, no. 2 (Sage Publications, Inc., May 1991): 156.

The smaller community will essentially not become or transform into a "major" league city by virtue of hosting a minor league team. Smaller communities (and minor league teams) also do not experience large economic impacts, such as national television broadcast deals and major league level attendance figures for their home games. They will remain as "minor" league communities. Furthermore, smaller urban fringe communities and rural communities experience "the greater possibility for the leakage of economic impacts to other areas." <sup>6</sup>

The decision for a small community to host a minor league team is acute and very critical to the impact it will have on the economic and political realities of the respective local governmental agency. The recent increases of local governmental agencies hosting minor league baseball has drawn considerable attention and focus resulting in the creation of an appropriate basis of informative and investigative scholarly studies. This chapter serves as a summary of the existing scholarly literature regarding public subsidization of minor league professional baseball stadiums, local economic development, and local political decision-making processes.

How are the local officials and politicians addressing the issues surrounding their agency's efforts to complete a stadium project and host a minor league team? Is there a logical economic strategic planning process in existence; does the local agency expect economic growth or not; if yes, what are the expected benefits of hosting a team? Do the public decision-makers have an appropriate political/economic decision-making process employed for this scale of community development; is benefit cost

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<sup>6</sup> Ibid.

analysis applied and exercised in a manner that would consider all the social benefits and costs to the case community? These questions and issues will be analyzed and discussed throughout this study with regard to the findings of the related research.<sup>7</sup>

Important findings from the reviewed literature will be discussed pertaining to the theory development of this paper. The most pertinent theoretical models will be presented in further detail at the conclusion of this chapter. The following summary and analysis will also serve as the scholarly foundation for the selected research methods and theory testing employed on three local case studies introduced in the following chapter. The remainder of this paper (analysis of case studies, implications, and conclusion), will also derive a basis from the literature review and research foundation of this chapter.

#### Summary of Literature Review

The dreams and wishes of little league baseball players become the sacrifices, determination and hard work of minor league baseball players; they are faced with steep odds of suiting-up in a major league team uniform, taking a position in the field, and taking a turn at bat in a regular major league game. Local public officials and decision-makers may find themselves in position to provide a bridge between childhood dreams and 'big league' careers. Invariably, they will also have to decide how many public taxpayers' dollars will be included in the political equation to make a minor league professional baseball stadium a reality.

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<sup>7</sup> Baade, "Is There an Economic Rationale For Subsidizing Sports Stadiums?" 4-5; Okner, "Subsidies of Stadiums and Arenas," 326-327; similar hypothetical questions are raised by Baade and Okner, but each policy study covers all professional sports at various levels of play (predominantly major league/major city scenarios).

A review of the current literature will provide insight and understanding into the local political decision-making process, about whether or not to build a minor league baseball stadium using taxpayers' dollars. A series of tables will provide general and detailed annotations about findings from the literature reviewed. There will be two general categories of research sources, covering the most relevant literature; the two general categories are Primary Sources and Secondary Sources. Scholarly literature on the topic of minor league sports (preferably baseball) and local economic development, and writings providing a model with a direct focus to theories on strategic community planning and local political decision-making analyses constitute this chapter; each source shall be reviewed as either a primary or secondary source.

The category of Primary Sources is defined as scholarly writings that have collected data directly and present a systematic study or analysis of the data.

The category of Secondary Sources is defined as scholarly writings that are a summarized hypothesis of the current literature or a journalistic styled report (or book) which expands the work of primary source authors. (There is fundamental utilization of case studies in the literature of both the primary and secondary source categories.)

Many other scholarly writings have a unique relationship to the theoretical development of this paper, but have only a minor impact on this study. Many scholars and authors provide theories regarding professional sports and government that lend a unique perspective on socio-economic, socio-geographic, and socio-political issues that are worth considering for a greater breadth of study. These works have been reviewed and considered, but are not specifically a part of this chapter's framework.

The structure (or template) of the literature review of both primary and secondary sources is as follows:

- A. title of book or paper, and name(s) of author(s);
- B. statement of focus of writing - indicating a major focus and minor focus;
- C. summary discussion of the writing;
- D. identification of main or critical viewpoint by author(s); and
- E. analysis of the writing - discussion of major findings and implications.

For structure and format, refer to Template of literature review and research summary notes, in Appendix A. Each book and scholarly writing that is identified later in this chapter has a completed template of literature review; these individual research summaries collectively create the main body of research for the paper.

The remainder of this chapter will be focused on the summarization of research sources. The summarization of the research sources will be conducted via graduated divisions of summary, analysis and detail. The graduated divisions are: the general analysis of primary and secondary sources; the focal analysis of points of view and competing arguments; and, the detailed analysis of pertinent models. Each division of analysis is supported by a series of tables which help to abbreviate the literature review summaries and findings.

The first two tables identify Primary Sources from Secondary Sources: stating author(s) (alphabetically ordered); year and title; briefly describing the Central Finding of the source; and, an indication of Argument, (a pro or con argument, or neutral viewpoint with regard to the stadium issue and public subsidies), combined with an initial Summary discussion of the source literature.

Table 1 and Table 2, present an initial analysis of the body of research; the important findings and implications will be subject to further (or focal) analysis based on the sources stated argument; pro, con, or neutral.

The focal analysis of the literature review will be presented in the form of three tables with expanded discussion of core arguments and key implications of each source, (initially developed from the individual research summaries and further categorized in Tables 1 and 2). These tables will respectively represent the pro argument; the con argument; and, neutral viewpoint. The sources (either primary or secondary), which bear the most direct relevance to the paper's theoretical development will comprise this level of analysis. (Sources which present pertinent models of economic development, strategic planning, and/or decision-making analysis, will be given priority focus in this section.) Finally, the chapter will be concluded with a detailed analysis and presentation of subsequent models of economic development, strategic planning, and decision-making analysis.

The summary of literature review is as follows:

**TABLE 1** **Primary Sources**

Author(s): Year. Title	Central Finding	Argument: Summary
Baim; 1990. <i>Sports Stadiums as "Wise Investment": An Evaluation</i>	Informed local officials, citizen participation, and stricter limits on public subsidies to private parties, improves decision making process of tax	PRO Argument: Baim directly gathered financial data on 14 case studies; a fiscal feasibility analysis of major league multi- purpose stadiums (for

Table 1, continuedAUTHOR(S): YEAR.  
TITLE

Central Finding

Argument: Summary

Baim; 1990.  
(continued.)

dollars spent on stadiums.

football and baseball).

Baim; 1994.  
*The Sports  
Stadium as a  
Municipal  
Investment*

From a thorough analysis of public funded stadiums; civic pride, tax opportunities, growth of business and local economy are attainable benefits. Public costs should be and can be minimized.

**PRO Argument:** Baim expanded his 1990 policy study paper into a policy study book of 15 case studies; a thorough fiscal feasibility analysis of major league multi-purpose stadiums (for football and baseball).Johnson; 1993.  
*Minor League  
Baseball and Local  
Economic  
Development*

Local officials lack basic understanding of the business of baseball/minor leagues; relevant knowledge, well defined goals/ economic development strategies are needed for precise decision-making.

**NEUTRAL Viewpoint:** Johnson collects data directly on 15 minor league case studies; he analyzes the use of stadiums for downtown development/redevelopment planning strategies.Johnson; 1986.  
"Economic and  
Policy Implications  
of Hosting Sports  
Franchises:  
Lessons From  
Baltimore."

Private team ownerships exercise too much monopoly leverage over local officials. Local agencies do not have an advantage; however, with little or no proof, many officials claim that hosting a sports franchise 'is worth it'.

**PRO Argument:** Johnson collects data directly on one case study: the City of Baltimore. This study analyzes the public policy issues of relocation and retention major league football and baseball, respectively.Johnson; 1983.  
"Municipal Admin-  
istration and the  
Sports Franchise  
Relocation Issue."

Local administrations are advised to develop strong relationships with private ownership to seek fair negotiations - local congressional intervention is not good public policy.

**NEUTRAL Viewpoint:** Johnson collects data on the four major sports leagues' franchise relocations; he develops a chronology and analysis of resultant public policy.



**Table 1; continued**

Author(s); Year.  
Title

Central Finding

Argument: Summary

Johnson and Frey,  
eds.; 1985.  
*Government and  
Sport: The Public  
Policy Issues*

Further abuses to public trust and welfare as a result of the business of sports will increase the need for public policy adoption and federal government intervention.

CON Argument: As editors, Johnson and Frey, collect data directly with respect to the public policy relationship and controls over amateur and professional sports.

Okner; 1974.  
"Subsidies of  
Stadiums and  
Arenas." In  
*Government and  
the Sports Business*

An economic analysis of public subsidization of stadiums presents externalities of benefits and costs that render the stadium issue a difficult one to solve; majority of cases are atypical.

NEUTRAL Viewpoint: A classic analysis of the subsidization of stadiums; Okner collects data during the time period 1970-71, directly about public subsidies allocated to major sports franchises.

Zipp; 1996.  
"The Economic  
Impact of The  
Baseball Strike of  
1994."

The major league baseball cities and four non-baseball control cities were unaffected, in the sale of non-durable goods, by the baseball strike; it is likely that the business of baseball experienced an artificial growth of sales and attendance in the host cities of the minor leagues.

CON Argument: Zipp directly collects important data regarding the 1994 major league baseball seven week strike. This study of a natural experiment (focused on 30% of the season), was analyzed for its economic impact on all 26 major league cities, (9 small market and 17 large market) and four non-baseball cities.

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From this initial analysis of primary sources of research, it is evident that the issue of public subsidization of professional baseball stadiums is well framed in arguments of pro and con, as well as expressed by neutral viewpoints. The primary

sources are generally focused on the economic investment aspects of stadium development as it relates to downtown and local development. It is interesting to note that of the eight primary sources reviewed, only two sources are presenting a distinctly con argument about the above mentioned topics, and one of the con arguments simply states that 1994 baseball strike did not have any major significant effect on the local area economies studied.

However, these initial observations should be viewed with caution when considering public subsidies for minor league stadiums by local municipalities. Some rationale for public subsidies of stadiums by major cities to home teams is provided by the many major city/major league team case studies that exist in all major professional sports leagues. Major cities have a greater financial capacity to absorb the high cost of stadiums; some metropolitan areas support several teams. The minor league scenario is more atypical and unique with respect to varying local economies and small city politics.

The common aspect of all primary sources is the extensive and thorough use of multiple case studies for important analysis and findings; as many as 15 and 14 major league cities/stadiums are noted in Baim and Johnson's respective works. There does exist within the primary sources an imbalance of research focus on the major professional stadium issue versus the minor league stadium scenario. Only Johnson's work on minor league baseball and local economic development directly pertains to all aspects of theory development of this paper.

The secondary sources presented below, will be analyzed, summarized, and

presented in relationship to the above summary of primary sources.

TABLE 2 Secondary Sources

Author(s): Year. Title	Central Finding	Argument: Summary
Baade; 1987. <i>Is There An Economic Rationale For Subsidizing Sports Stadiums?</i>	Public officials must further investigate economic impacts; benefits versus costs, to rationalize the public subsidization of professional baseball stadiums.	CON Argument: Baade provides an assessment of the current history and future prospects of private ownership and financing of baseball stadiums, and compares this to the trend towards public financing and ownership.
Baade and Dye; 1988. <i>Sports Stadiums and Area Development: A Critical Review</i>	Current literature on the arguments of economic rationale for a public subsidized stadium is weak, but proper planning, appropriate public policy and well balanced strategic economic development will provide positive benefits and results.	NEUTRAL Viewpoint: Baade and Dye expand Baade's policy study of public financing of stadiums. They identify, chronicle and analyze the current literature on the stadium issue and review the important questions that should be posed to make stadium decisions.
Barnekov and Rich; 1989. "Privatism and the Limits of Local Economic Development Policy."	Local public officials' entrepreneurial attitudes lead to a narrow vision of local economic development strategies and opportunities; private business and corporate benefits are the norm and the local/general public benefits are typically exaggerated or non-existent.	CON Argument: Barnekov and Rich analyze and chronicle traditional local economic development policy; they state that contemporary policies display an underlying commitment to privatism. They argue that the 'status quo' is limited in focus and benefits are distributed unequally.

**Table 2; continued**

Author(s); Year. Title	Central Finding	Argument: Summary
Danielson; 1997. <i>Home Team: Professional Sports and the American Metropolis</i>	Stadiums are essentially a key component to urban places, local development and civic pride. Danielson proposes that the focus of private/public partnerships and team/place relationships should be an all encompassing commitment to success by team owners and local officials.	<b>PRO Argument:</b> Danielson authors the most current book on the subject of the sports fans' experience of residing in a major city and supporting a professional home team. Danielson discusses all four major sports, but focuses on, the nation's pastime, baseball.
Markham and Teplitz; 1981. <i>Baseball Economics and Public Policy</i>	Local economies are comprised of private enterprises competing with one another; the business of baseball is a private enterprise. The economic competition for baseball is not on the diamond; baseball the enterprise, is in direct economic competition with all other forms of entertainment.	<b>NEUTRAL Viewpoint:</b> Markham and Teplitz provide an analysis of the economics of baseball and public policy which is designed for controls on the business of baseball. They identify the problems that exist between baseball's economic activities and public policy, and pose the necessary questions that may remedy current problems.
Quirk and Fort; 1992. <i>Pay Dirt: The Business of Professional Team Sports.</i>	If the business of baseball and the generation of revenue from stadiums is lucrative, why are operating losses quite often cited and taxpayer dollars sought after by private team owners?	<b>CON Argument:</b> Quirk and Fort develop a thorough study of the business and economics of professional team sports. Like Danielson, they discuss all sports with an emphasis on baseball.
Rosentraub and Swindell; 1991. "Just Say No?"	Many political and economic risks, external and leaking benefits, make	<b>CON Argument:</b> Rosentraub and Swindle provide a critical analysis

**Table 2; continued**

Author(s): Year. Title	Central Finding	Argument: Summary
Rosentraub and Swindell; (cont'd.) The Economic and Political Realities of a Small City's Investment in Minor League Baseball."	a strong argument against public investment in minor league baseball; defined as recreational spending, the money spent at minor league games is viewed as redistributed dollars.	of local governments building stadiums and seeking minor league professional baseball teams; they argue against anticipated economic benefits and the suggested growth of local economy.
Rosentraub, et al.; 1994. "Sport and Downtown Development Strategy: If You Build it, Will Jobs Come?"	Local government decision makers generally deal with the issue of building a subsidized stadium as an isolated expenditure; local economic development and local sports strategies are not substantial enough to change economic patterns and create new downtown vitality.	<b>CON Argument:</b> Rosentraub, Swindell, Przybylski, and Mullins expand Rosentraub and Swindell's previous paper on local government and minor league baseball. They provide a focus on the sports strategy as it applies to downtown development; they present that sports strategy is of inconsequential impact on development and growth.

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In sum, the secondary sources present a generalized and broader focus on the topics of public policy with regard to the business of baseball, and professional sports economics. The secondary sources are predominantly con arguments; typically arguments against governmental interventions and local public partnership relations with the private owners of ballclubs, at all levels of professional baseball. The common conclusion for the con argument is that there is not an economic rationale for the public subsidization of professional stadiums.

The one pro argument, an argument for the benefits of hosting a professional sports franchise, is Danielson's book, *Home Team: Professional Sports and the American Metropolis*. Danielson discusses the positive aspects of public good, civic pride, and professional sports issues; he advocates that as 'home teams', professional sports and governmental jurisdictions are now very much a joint venture which should be fostered by both parties for the benefit of all.<sup>8</sup> Aside from Danielson, the secondary source authors are very critical toward public participation and investment of taxpayer dollars for professional stadiums and liberal stadium leases to private sports teams.

In contrast, the primary source authors, who have gathered the data directly, are less critical about public subsidies for stadium development and local economic development based on their findings that privately owned professional sports teams provide some level of growth and support to host communities. However, not all case studies presented in the literature display direct benefits of consistent growth and local economic development for host communities. Some authors conclude that a few jurisdictions and sports teams show some direct and indirect public benefits, such that a positive economic rationale can exist. Case studies that demonstrate positive growth and economic opportunities from public subsidization of stadiums are the basis for a positive economic rationale and several pro arguments.

In comparison, the primary and secondary sources are both focused on two major topic areas of the stadium issue, they are:

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<sup>8</sup> Michael N. Danielson, *Home Team* (Princeton, New Jersey: Princeton University Press, 1997), 304.

- A. Economic aspects of professional sports, with regard to;
  - \* the business of professional baseball
  - \* local economic development, profitability, and job creation
  - \* monetary costs versus public benefits
  
- B. Public policy issues about professional sports, with regard to;
  - \* public goods and services delivery
  - \* public/private relationship and negotiations
  - \* public entrepreneurial investment

Both major topic areas are covered well by the research sources found in the literature review; however, the analysis of case studies and findings are largely based in all major professional sports, (with major league baseball being most often referred to). Only three research sources of sixteen draw reference to minor league professional baseball and local governmental agency relationships or case studies. This creates a fundamental void in the literature available to local governmental decision-makers and officials.

The void in the current literature can be identified as the following topic area:

- C. Local governmental strategic planning and decision-making, with regard to;
  - \* investigative analysis and findings on minor league baseball
  - \* local public policy and community development stadium planning
  - \* rationale for subsidizing stadiums from decision-making analyses

There is a direct relationship between the topic areas A and B, and topic area C.

Therefore, further development in topic area C, can be achieved by a detailed analysis of related findings from research sources and an investigation of current case studies of local governmental agencies' decisions about minor league baseball stadiums.

This paper will attempt to 'key stone' the related findings of research sources with the local case studies. There are significant findings from the research sources

that both oppose and support public subsidization of professional stadiums. The local governmental agency (official) will not find a breadth of source literature about minor league baseball, strategic planning and decision-making analyses for minor league stadium development. Therefore, the significance of this paper is the foundation from which it is developed, that is, the current literature synthesized with current local (southern California) governmental case studies. The paper also ventures to form a simple plan or general outline for a decision-making model and public policy guideline that can be applied to local governmental decisions on whether or not to build minor league professional baseball stadiums.

A focal analysis and more detailed summary of the literature review findings are presented in the following three tables: the pro arguments are focussed in Table 3; secondly, the con arguments are together in Table 4, and finally, the neutral viewpoint writings are focussed in Table 5. The structure of Table 3, Table 4, and Table 5 is as follows: identify author(s) and year (chronologically ordered); identify the reference status (primary/secondary source); expanded discussion on Important Findings; and stated Key Implications.

The further inclusion of research sources in this focal analysis is limited on the basis of the degree of relationship to the theory development of minor league baseball and local agency decision-making process. All research sources provide important arguments and valuable findings, nevertheless, the federal/congressional issues and the professional sports (basketball, football, and hockey) focus are distant from the purpose of this chapter.



The detailed summary and focal analysis will set forth the varying arguments and viewpoints with a direct relationship to local economic development and decision-making. The findings, implications and pertinent models of local economic development and decision-making are core elements of the research applied to the theory testing of the case studies profiled in Chapter IV.

The detailed summary and focal analysis of literature review begins with a closer look at the Pro Arguments, as follows:

**TABLE 3** Pro Argument Sources

Author(s); Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Danielson; 1997. Secondary Source	A ballclub is "a community asset", a franchise of private business which many feel "really belongs to the town."(p. 66) It is common for civic leaders to stress the positive about their team/ place. "Intangible benefits are centrally important because prestige, communal identification, community pride, and emotional attachments matter when places wrestle with sports issues." (p. 116) Citizens develop a strong attachment to place, this "psychological attachment to the city is as important as the fans' identity with the team." (p. 304) Danielson views the 'home team' as an essential community asset.	Local politicians and officials have the decision-making control over their jurisdiction (or place). "Places could set limits, promote private facilities, drive harder bargains, be realistic about the benefits of professional sports, and insure that voters had to approve sports projects." (p. 305) Good economic development promotes civic pride; stadiums are vehicles of economic and urban development; a stadium can foster civic pride and be a vital element of economic stimuli and public well-being of a community.

**Table 3; continued**

Author(s): Year Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Baim; 1994. Primary Source	Decision-makers who look only at "the stadium's cash flows may understate the social benefits received by sports facility investment." (p. 4) Potentially, direct benefits and positive externalities are lost if the decision to build a stadium is foregone. "Since decisions are made by weighing costs and benefits, an individual considering the construction of a sports facility will have a tendency to ignore the social benefits if he or she is unable to capture them." (p. 4)	Local administrators and development managers can better prepare themselves for stadium decisions if they "obtain a degree of specialization in knowledge regarding specific industries, such as automobile parts or sports management."(p. 14) Public stadiums are predominantly downtown sites where they are part of urban renewal projects; public agencies lead renewal projects to generate tax revenue, higher land values, civic pride, and business growth of local economy. Stadiums anchor these projects, (p. 198).
Baim; 1990. Primary Source	Municipal tax rates and bases vary from city to city, "it is not possible to make a generalized statement regarding the direct impact of stadium development upon municipal treasuries." (p. 18) Dodger Stadium, a private built, owned, and operated stadium, Baim cites, "earned a positive net accumulated value." (p. 6) "Stadium construction is not a low-risk investment"; private investors are likely to step-up-to-the-plate if local officials deal firmly. (p. 5)	Public stadiums have the same potential to earn a positive value over time; local officials can create stadium deals to duplicate Dodger Stadium's success. (The City of Los Angeles was actively involved in moving the Dodgers from Brooklyn to LA with public roads/utilities dealings with the owners; a tax abatement was not granted.) Civic involvement and prudence is necessary in a decision to build a stadium with tax dollars. (p. 18) Where subsidies are extensive, documented proof of the external public benefits should be a condition of approval.
Johnson; 1986. Primary Source	External benefits can be realized by "assuming that the intangible and indirect benefits of hosting a sports team exceed its intangible and indirect costs." (p. 412) It is difficult to measure either the in-	Being prepared to deal with indirect and intangible benefits will help local officials overcome the monopolistic attitudes of private team owners. A decision-making specialization in this area enables a public

Table 3; continued

Author(s): Year.	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Johnson; 1986. (continued.)	direct benefits or costs, however, research indicates there are more indirect/intangible benefits than indirect/intangible costs. Where there are financial losses, the private owners, not the local agency is hurt more directly and proportionately by the deficit scenario (p. 424).	official to identify mismanagement and imbalanced lease agreements. "From a public policy perspective, it is valid to justify investment in sports in terms of intangible benefits and a city's "psychological health." (p. 424) Reducing public subsidies and maximizing multi-event usage of stadium is important.

The pro argument sources support the theory that stadiums can derive positive social benefits for local municipalities. The dominant conclusion is that there are many external and indirect benefits for host communities, aside from the possibility of some direct benefits, derived from the public subsidization of stadiums for professional sports teams. There are two major deficiencies with the pro arguments: firstly, the indirect and intangible benefits vary from stadium project to project, and city to city, rendering some social benefits atypical; secondly, the externalities which may prove a stadium project 'worth it' can be defined by extensive benefit-cost analysis, yet local officials seemingly decide stadium issues without practicing this level of economic analysis.

Therefore, local officials and decision-makers must develop a unique plan or strategy specifically tailored to address the political and economic realities of their respective jurisdiction. They must also be willing to instigate the appropriate inquiries, investigations, and decision-making processes to render successful programs

and projects. A general outline for a decision-making model and/or a public policy guideline will be of value to local governmental decision-makers in dealing with stadium issues.

The pro argument sources do not offer pertinent models of economic development and decision-making. Therefore, the following pro argument strategies of public-private stadium economics will be a part of the detailed analysis and chapter conclusion: reducing public stadium subsidies, making educated/specialized determinations about stadium deals, counter private monopolistic attitudes with community supported decisions, and setting up a lease plan that will place the business responsibilities of operations more squarely on the private team owner.

The focal analysis of the con argument sources is contained in Table 4, as follows:

**TABLE 4** **Con Argument Sources**

Author(s): Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Rosentraub et al.; 1994. Secondary Source	Building a subsidized sports stadium is a single investment or development entity, it does not constitute a sports strategy for economic development of a city or municipality. Most academic analyses of economic development and sports stadiums do not provide an assessment of sports strategy for urban renewal and downtown development, (p. 223).	Successful communities have numerous initiatives for economic growth and development led by public officials, and by private and nonprofit leadership, (p. 227). Local officials need to properly recognize economic market conditions, development growth opportunities, and implement good economic development strategies and programs to realize optimum policy scope,

**Table 4; continued**

Author(s): Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Rosentraub et al.; 1994. (continued.)	After an analysis of the city of Indianapolis' aggressive total sports strategy - "there were no significant or substantial shifts in economic development." (p. 236) A host city will reflect atypical or unique situational aspects.	success, and public benefits as defined for a community's needs. (p. 233) "A sports strategy will not be an economic stimulus for a community or region." (p. 238)
Quirk and Fort; 1992. Secondary Source	There are exaggerated economic realities in the business of baseball that revolve around stadium operations (and players' salaries). The value of a stadium (or team) to a city is highly questionable. "If these facilities are going to generate so much income for city businesses it seems strange that they generate so little income themselves that they must be subsidized by city taxpayers." (p. 172) The private owners have grown accustomed to seeking public subsidies for stadium deals.	It is not good economic strategy to support a professional ballclub with taxpayer dollars; many stadium deals are support programs for the home team. "The economy works best when investments are made on the basis of the market-determined rates of return that investments can earn, rather than on the basis of administratively determined tax breaks or public subsidies." (p. 124) Good government policy will downsize the importance and value of a sports team and stadium to a local and regional economy, (p. 123).
Rosentraub and Swindell; 1991. Secondary Source	A group of Fort Wayne, Indiana, investors bought the Class A minor league Wausau (Wisconsin) 'Timbers', with the intent to relocate them into a public subsidized downtown (Fort Wayne) stadium, (P. 153). A study was conducted to review the economic reasoning behind the city not approving subsidies, only a loan to the local investors; as a result the investors sold the team and the 'Timbers' remained in Wausau, Wisconsin, (p. 154). The critical survey finding was,	Stadium costs, for a minor league host community, may not be covered by direct revenues because some of the anticipated benefits are indirect and external, (p. 156). These benefits, if they actually exist, are not easily monetized nor contained exclusively within the local economy of a small city. When both a local governmental agency and a private investment party feel that the cost of a minor league stadium is too high, the local officials should be steadfast on such decisions and not bend to demands

**Table 4; continued**

Author(s); Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Rosentraub and Swindell; 1991. (continued.)	"27.3% of the revenues resulting from a baseball team represent new growth for the economy...at least 72.6% of the recreational spending by fans to attend baseball games would be simple redistribution of recreational dollars." (p. 160)	to subsidies for favor of hosting a team. "Minor league baseball does not make enough money to warrant the investment." (p. 164) (This secondary source provides a pertinent strategic planning/analysis model, entitled; Figure 1: The Tiers of the Economic Impact of Minor League Baseball Teams, p. 155)
Barnekov and Rich; 1989. Secondary Source	American cities facing physical and social decline have sought local economic development programs as a means for urban renewal and economic recovery. The social or public benefits lag behind; "the benefits of local economic development policies generally have been exaggerated, and the costs largely have been ignored. The virtues...serve only a narrow band of urban interests; in a number of respects, local economic development has exacerbated the difficulties of many urban communities." (p. 214) (This secondary source provides a pertinent list of "rationales employed to justify the local economic development policies of the 1970s and 1980s," p. 215)	Government officials must better understand the limits of local economic development and privatism to reverse the process of public benefits lost and the further decline of central cities and urban places. "Benefits are not distributed equally, and the costs fall heavily on groups that can least afford to pay, that lack the resources to take advantage of improved urban amenities and that may not be compensated for the destruction of neighborhoods or the displacement from homes and businesses." (p. 232) A basis for alternative frameworks of expectations; of policies; of project impacts; and, of the performance of local economic development programs is needed.
Baade; 1987. Secondary Source	There are two fronts by which the stadium issue is addressed: public policy and tax dollars; and, the economic competition to host a professional sports franchise. Public officials are met with difficult decisions on both fronts.	With the number of built stadiums exceeding the number of operating professional sports franchises, local decision-makers are taking enormous risks if they can not prove the economics of their investment in a publicly subsidized

**Table 4; continued**

Author(s): Year.	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Baade; 1987. (continued.)	"Taxpayers are becoming more skeptical about stadium economics, and market conditions are changing in a way that even further diminishes their economic justification." (p. 7) Professional sports leagues deliberately limit the number of new franchises offered to perspective host cities.	stadium. The indication of stadiums out numbering teams suggests that municipalities are not economically motivated in pursuing a team to host, (p. 10) There are no significant economic effects to sports facilities and a team - at best there is an impact on the civic pride and promotion of a community, (p. 16).

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The con arguments against public subsidization of stadiums are all economic based rationales. The dominant conclusion (or common rationale) is: if the costs of building a stadium can not be covered or exceeded by actual and direct monetary benefits, then the decision to build should be foregone. The shortcomings of some economic rationale are: firstly, once a stadium is built there will exist numerous economic opportunities through programming and event planning that may have been overlooked in an economic analysis; secondly, to forgo a stadium project may become a large opportunity-cost for the future of a community which may derive public benefit from a sports facility. There are decision rules in Benefit-Cost Analysis (BCA) that counter these economic based con arguments and rationales. These will be introduced and discussed as part of the detailed analysis and chapter conclusion, as will the pertinent models of economic development and rationales for decision-making, noted in Table 4.

In sum, the pro and con arguments are divided on the issue of economic

benefit: indirect versus direct - public/external versus tangible/actual; competing points of view about the same issue. The implication that a host community is characteristically unique or atypical for each case study, is a common finding within the research sources. The neutral viewpoint sources support both sides of the economic benefit issue and the uniqueness of case studies.

The focal analysis of the neutral viewpoint sources is contained in Table 5, as follows:

**TABLE 5** Neutral Viewpoint Sources

Author(s): Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Johnson; 1993. Primary Source	The essence of a minor league baseball team's relationship with a host community is the stadium. Negotiations between team and city typically revolve around a stadium project focused on covering the planning, design and construction costs. One or both parties (private owner-public agency), will be directly invested in a stadium, (p. 31). "The capacity for undertaking planning and the political will to implement a plan are necessary to develop a plan that will guide successful economic development." (p. 55) Not all strategic plans, as conducted by governmental agencies, are successful. The same can be said for the	Small cities may lack the necessary resources and expertise to implement a strategic plan and minor league stadium. It is paramount that a small cities strategic plan is carried out by a team of experts, entrepreneurial leaders, and champion politicians; all of which must maintain full commitment to the plan and be politically allied to the success of the project. Program goals are a critical element of a strategic plan. Johnson discusses five important goals for a city's plan to implement a successful minor league baseball stadium, those goals are: 1) Identification and acceptance of goals (to be set in plan); 2) The goal of operational viability;



**Table 5; continued**

Author(s); Year. Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Johnson; 1993. (continued.)	expectations of a stadium plan, most attempts and plans to implement a minor league stadium will not succeed. "The planning effort must have the support of the city's top officials and key community leaders. One or more of these individuals must serve as the champion or policy entrepreneur of the plan." (p. 55)	3) The goal of targeted development; 4) The goal of enhancing the community's image; and, 5) The goal of increasing recreational opportunities, (p. 245-50). (This primary source also provides a pertinent pro-growth strategy model; Figure 1: The Growth Model as a Logical Statement, p. 3)
Baade and Dye; 1988. Secondary Source	The stadium issue places the pressure of decision-making squarely on local public officials and the pressures are substantial. The pressures range from city urban center decline; recent governmental reforms of reduced federal and state grants to cities; the cost of public service delivery with fewer resources; sports leagues aiding their teams with monopoly power; and tax-payers resistance to local officials wanting to build a subsidized stadium. Even retaining a team is a scary issue for local officials, "it's almost worse for a city's image to lose a major league team than to have never had one at all." (p. 266) Good planning can result in a successful stadium project; a proactive team retention plan creates positive economics.	The local official must realize that private owners will not help plan a good stadium along side of their public counterparts; they are likely to persuade with quick business tact and strategize an advantageous stadium deal with public subsidies and lease agreements, in opposition with the local communities best interests. 'Ceteris Paribus', assuming all other things equal, "even if building and operating stadiums is a potentially profitable enterprise, it is surely conceivable that entrepreneurs would prefer a public underwriting of the risk to a commitment of their own funds." (p. 266) Stadiums can stimulate local area development, however, rationale for subsidies is "weak on the premise that spending on stadium events is net new spending for the area." (p. 274)
Johnson; 1983. Primary Source	Movement of pro sports franchises from one host city to another, gives local officials something serious to consider from the moment in which a	The public investment is in the stadium and not in the team. However difficult a relocation may seem, the team can continue to operate based on a surplus of

**TABLE 5; continued**

Author(s); Year Reference Status	Important Findings: Expanded Discussion of Core Argument	Key Implications: Stated with Regard to Theory Development
Johnson; 1983. (continued.)	stadium is built and a home team inaugurates the facility. "The control of the number and location of franchises has given sports entrepreneurs leverage to exact concessions from those cities desirous of attracting a franchise as well as from those desperate to retain an existing franchise." (p. 522) Although many public policy analysts call for congressional intervention, it is just as widely accepted that such intervention in local economies is not good public policy, (p. 524).	stadiums. The value of a stadium with a team, is debated from social benefits to real costs - opportunity costs to real benefits - when a stadium is vacated the economics are real loses with no debate. A benefit-cost analysis can provide answers before the 'lights go out' on an empty stadium. "The point is that no comprehensive cost-benefit analysis has been done in any city." (p. 524) A good BCA will enable local decision-makers to go before their community, with a credible decision to build and display decision-making fortitude 'not to bend' for more subsidies when a stadium is held as ransom, (p. 527).
Okner; 1974. Primary Source	The basis of the stadium issue is costs versus benefits; it is difficult to determine intangible benefits. "Thus, public ownership of ball-parks could be justified if extensive social benefits arise from public provision of sports facilities." (p. 327) The major costs are the funds to build a stadium; interest, amortized principle, and foregone tax. The implicit costs of debt service cause economic shortfalls; Okner estimates the average stadium covers only 60% of total costs, (p. 332).	The value of social benefits can be expressed in monetary terms using BCA. Okner cites four social or external benefits generated by a sports facility: 1) Spill over sales, employment, and taxes from events; 2) New recreational opportunities; 3) Increase in community's morale; and, 4) Growth of youth sports interests, (p. 328). All alternatives to subsidies should be extensively reviewed. "All subsidies involve a grant or transfer of real income from the government to the private economy." (p. 343)

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The neutral viewpoint sources are valuable to the theory development of this

paper because stadium issues consist of many aspects that become very case specific and atypical when reviewing public decisions about baseball and local economic development. There are valid and competing arguments (pro and con), on the stadium issue. However, it is the neutral viewpoints that generally provide the best all encompassing perspective. The neutral viewpoints lend support to the important findings and key implications of the pro and con arguments.

In sum, the neutral viewpoint sources identify competing points of view and conclude, with consistency, that each case study of public subsidization of a professional baseball stadium constitutes a unique set of economic and political parameters. This neutral analysis of data is valuable in that it allows - after a thorough investigation and review of findings and implications - the reader to draw an independent conclusion based on a full scope of data. The most pertinent neutral viewpoint sources will be analyzed and discussed in greater detail herein the following section.

#### Pertinent Models of Economic Development and Decision-Making

The investigative nature of this chapter is summarized further with a detailed analysis and identification of pertinent models of local economic development, strategic planning, and decision-making. This analysis will serve as a basis for theory testing. With regard to local governmental agencies' decisions on whether or not to build minor league baseball stadiums using taxpayers' dollars, the analysis will create a structure of key models, methods and rationales for the purpose of testing three local case studies.

### Analysis of rationales of local economic development

There are three figures, each presenting an important perspective on economic development; Figure 1, presents a general perspective, entitled; The Limits of Local Economic Development; Figure 2, presents an economic rationale for minor league baseball stadiums, entitled: The Economics of Minor League Stadiums: Program Goal Setting; Figure 3, presents an economic rationale based on external or social benefits that a minor league baseball stadium may provide, entitled: Defining External Benefits From Stadium Development Economics.

These figures present the best evidence of theoretical support for economic rationale discussed in the research sources, and they will help discern the most pertinent data from the literature review for application to theory development and theory testing of case studies. They also present 'critical thinking' data which can be applied to a general outline for creating public policy and decision-making analyses for stadium issues. Each figure is followed by a brief discussion about theoretical and analytical support.

This extensive list of "rationales employed to justify the local economic development policies of the 1970s and 1980s," is presented as a basis for a critical analysis (see Figure 1, on the following page). Barnekov and Rich argue that the reverse of each rationale (or assumptions and expectations) is the current reality of local economic development programs. Therefore, their critical analysis would not support public subsidization of a baseball stadium. Local officials should be concerned that "the priorities of some of the most economically distressed groups in

**FIGURE 1**                                  **The Limits of Local Economic Development**

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- 1) Local governments must find ways to stimulate the expansion of private activity because the private sector has the pivotal role in urban economic innovation and development - including job creation;
  - 2) The best way to stimulate the expansion of private activity in urban areas is for local governments to form partnerships with their private sectors and to use limited public funds to "leverage" private investments;
  - 3) Economic development efforts can and should be "targeted" to disadvantaged groups and/or distressed communities;
  - 4) Public resources should be concentrated on projects that would not be viable without public subsidy;
  - 5) Local governments should concentrate economic development efforts on those sectors likely to be in the forefront of a high-technology, service oriented, post-industrial future;
  - 6) To be effective, local governments must address economic development as a technical rather than political issue;
  - 7) Local economic development programs are low-cost options for local government because they rely substantially on private investment;
  - 8) Communities can capture the benefits of investment in economic development; and,
  - 9) Everyone in the community will share in the benefits of local economic development, and the costs will not be concentrated in any one segment of the population.
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Source: Timothy Barnekov and Daniel Rich. "Privatism and the Limits of Local Economic Development Policy." *Urban Affairs Quarterly* 25 no. 2 (Sage Publications, Inc., December 1989): 215.

American cities have been systematically ignored or neglected by the way in which local economic development is pursued and the extent to which it has overshadowed other civic priorities." <sup>9</sup>

**A baseball stadium - when viewed purely as a local economic development**

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<sup>9</sup> Timothy Barnekov and Daniel Rich. "Privatism and the Limits of Local Economic Development Policy." *Urban Affairs Quarterly* 25, no. 2 (Sage Publications, Inc., December 1989): 232.

project - is not likely to provide economic support or capture social benefits which would improve the status and situation of an economically distressed group. A stadium project coupled with a proactive economic development strategy may be an exceptional means to address basic social and community needs. This would require that one or more public benefit sector, not-for-profit organizations be directly involved in the political decision-making process on a stadium development project.

To overcome the basic shortfalls of economic development programs, local officials and decision-makers must define and set realistic program goals and strategies that directly reflect the status quo of the 'to-be' host community. The need for sensitive and strategic community planning and benefit-cost analysis is paramount and should be integrated into the local governmental decision-making process. Figure 2, found on the following page, outlines important aspects of program goal setting.

Johnson provides a practical foundation which promotes and supports the economic development rationale for minor league baseball stadiums. Local officials can involve their experts, specialists, and managers together with community and private sector business leaders to set and define program goals for a stadium project. "They can also serve as benchmarks for evaluating whether local officials have attempted to protect the public interest in their negotiations with team owners."<sup>10</sup> Each city and community is characteristically different from one another; each project is atypical with a unique set of parameters. It is important to reflect the community's

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<sup>10</sup> Arthur T. Johnson, *Minor League Baseball and Local Economic Development* (Urbana and Chicago: University of Illinois Press, 1993), 246.

**FIGURE 2 The Economics of Minor League Stadiums: Program Goal Setting**

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- 1) **Identification and Acceptance of Goals:** determine which goals best fit the community's interests and which are priority goals.
  - 2) **The Goal of Operational Viability:** a plan for the stadium to potentially be self-supporting; exclusive of debt service; viable long term stadium agreement for all parties; maximize revenues and minimize costs (potentially, takes time to accomplish and realize; an early plan and goal priority is best case).
  - 3) **The Goal of Targeted Development:** to serve as an anchor to a community or regional economic development program for increased economic activity and public benefits; the stadium plan purpose is to provide a positive impact.
  - 4) **The Goal of Enhancing the Community's Image:** replace negative community image; instill a positive image; and, promote community and public good.
  - 5) **The Goal of Increasing Recreational Opportunities:** additional recreational amenities as a part of stadium and/or surrounding public grounds.
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Source: Arthur T. Johnson, *Minor League Baseball and Local Economic Development* (Urbana and Chicago: University of Illinois Press, 1993), 245-252.

identity and uniqueness early in the process of programming and goal setting.

The five key elements that constitute Johnson's program goal setting are uniquely transferable to a general outline for public policy and decision-making analyses about whether or not to build a minor league professional baseball stadium. It is critical and important for local decision-makers to identify important economic development opportunities and stadium related goals to simply ascertain whether a stadium project is a realistic benefit for the local community. Public stadium issues

are typically framed with precise arguments about the economic rationale for or against subsidization. However, an analysis and evaluation about a community's economic development and strategic planning programs - the future of a community - should be an agency's primary focus. Hence, the stadium issue or project can be dealt with as an integral element of greater scale community and economic development planning program.

When community planning is an agency's primary concern, the stadium issue can be framed in a unique and different manner. The local decision-makers can take into account the 'spin-off' benefits or external benefits that a stadium project will afford the host community's economic development and advanced planning programs. Johnson emphasizes the minor league stadium's worth to a small city (local host community); he states:

The stadium, however, should be more than a place to view seventy minor league baseball games in the summer. It should be conceptualized as a community resource that provides many different types of recreational opportunities. . . . the stadium should be viewed as a part of the community's infrastructure. A new stadium is a capital improvement, much like a library, museum, bridge, or airport. <sup>11</sup>

It is generally understood and accepted that a minor league baseball team and stadium will benefit baseball fans and business supporters. The stadium issue arises from the reality that there are many people, residents, business owners, and politicians alike, who are not convinced of any benefit from minor league baseball to a host community. Therefore, the need to conceptualize and determine external benefits is

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<sup>11</sup> Ibid, 252.



critical to the success of a stadium project. Typically, external benefits are an integral part of benefit-cost analyses. Public decisions to build capital projects such as bridges and highways are often supported by economic rationale from evaluated external benefits contained in benefit-cost analyses.

**FIGURE 3** Defining External Benefits From Stadium Development Economics

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- 1) Possible generation of additional employment, consumer sales, and tax collections resulting from sporting events;
  - 2) Additional recreational opportunities for community residents, especially if attendance at sporting events replaces other activities that are socially destructive;
  - 3) Beneficial effects on the morale of the citizens resulting from the presence of a (successful) sports team in the city; and,
  - 4) The encouragement of an interest in sports among young players with elders coaching and instructing, serving as role models.
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Source: Benjamin A. Okner, "Subsidies of Stadiums and Arenas." In *Government and the Sports Business*, ed. Roger G. Noll. (Washington D.C.: The Brookings Institute, 1974): 328.

Okner's analysis of external benefits is specific to sports facilities - stadiums and arenas. The findings and implications Okner offers are from a 'benchmark' survey of twenty stadiums and arenas from the sports seasons of 1970-71; his key study has been well expanded and supported by many others since, such as Baade and Dye, Baim, Danielson, and Johnson. Although the external benefits noted seem realistic, Okner is skeptical about being able to measure the value of public benefits in monetary terms. He provides a neutral viewpoint by suggesting:

The fact that so many of the benefits a city derives from the existence of a sports facility are intangible makes it difficult to achieve a consensus about them because their value cannot be measured in monetary terms. In essence, proponents of such facilities place a very high subjective value on the external benefits derived from the facility, while opponents do not.<sup>12</sup>

Okner's findings are directly related to the central thesis of this paper. The current literature concludes from both single cases and from several case studies (and the respective analyses), that intangible and external benefits are either of low value or, as Okner indicates, a very high subjective value. With this conclusion, that external benefits are basically considered a critical point in any decision-making process about a stadium project - benefit-cost analysis is essential in determining whether external benefits exist or not. And, if so, decision-makers can realistically account for the (low or high) value of external benefits. In summary, the use of benefit-cost analysis is not specifically indicated in the current literature, yet must be considered to measure the value of external and public benefits inherent in a stadium project.

#### Analysis of models of strategic planning

With so many current scholarly researchers and writers making reference to Okner's study, it is interesting to note that proponent and opponent sources make good use of his work. Given the atypical nature of a city/stadium/private economy/community relationship it is understandable that there is a great diversity and overlap of pro, con and neutral studies. This means it is paramount that municipalities

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<sup>12</sup> Benjamin A. Okner, "Subsidies of Stadiums and Arenas." In *Government and the Sports Business*, ed. Roger G. Noll, (Washington D.C.: The Brookings Institute, 1974): 327.

implement sound economic development programs and that local officials practice a specialization of strategic planning for their respective development projects; the end result can be an exact and correct decision on whether or not to build a stadium using taxpayers' dollars.

There are three tables, each presenting a unique perspective on strategic planning and analysis for stadium/public development projects: Figure 4 presents a broad view of minor league baseball economics entitled: *The Tiers of the Economic Impact of Minor League Baseball Teams*; Figure 5 presents a pro-growth strategy entitled: *The Growth Model as a Logical Statement*; Figure 6 presents strategic planning for a baseball stadium project entitled: *Key Elements of a Strategic Plan for Stadium Decision-Making*.

**FIGURE 4    The Tiers of the Economic Impact of Minor League Baseball Teams**

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Tier 5	Psychological/Identity Gains
Tier 4	Tax Revenue Increases
Tier 3	New Jobs
Tier 2	Capital Infrastructure
Tier 1	New Spending By Fans, Teams

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Source: Mark S. Rosentraub and David Swindell, "Just Say No?" *The Economic and Political Realities of a Small City's Investment in Minor League Baseball.* *Economic Development Quarterly* 5, no. 2 (Sage Publications, Inc., May 1991): 155.

Rosentraub and Swindell's analysis begins with the concept and premise that,

"the economic impact of a baseball team is no different from assessing the influence of any business on a community."<sup>13</sup> Tier 1 indicates that there will be new spending in the community as a result the presence of a team; Tier 2 says real growth is experienced in the community from the construction of stadium facilities and public infrastructure; Tier 3 maintains the creation of temporary, seasonal, and permanent jobs is a positive impact on the community; Tier 4 accounts for the overall tax revenue increases as a result of a new team and stadium; and Tier 5 notes that psychological benefit occurs with improvement of city image and success of the community's home team.<sup>14</sup>

It appears from the tiers of economic impacts that most small cities should go ahead and build a minor league baseball stadium. However, Rosentraub and Swindell astutely point out that "cities must be careful to determine if these extra benefits exist, because direct revenues from the stadium are not likely to cover its costs."<sup>15</sup> They support this statement with the accepted standard finding from Okner (as cited by Baade and Dye):

When the costs of paying interest and amortizing principle are included, stadium revenues cover only 70% of the stadium costs. Okner goes on to argue that publicly owned stadia have an additional implicit cost from not collecting property tax on would-be private development of the parcel. When his estimate of foregone taxes is included, the average stadium covers only 60% of total

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<sup>13</sup> Mark S. Rosentraub and David Swindell, "Just Say No?" The Economic and Political Realities of a Small City's Investment in Minor League Baseball." *Economic Development Quarterly* 5, no. 2 (Sage Publications, Inc., May 1991): 154.

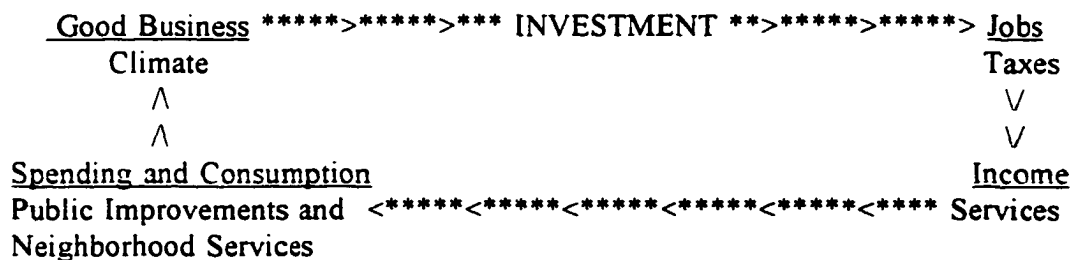
<sup>14</sup> *Ibid.*, 154-156.

<sup>15</sup> *Ibid.*, 156.

costs.<sup>16</sup>

As stated previously, Johnson identifies a stadium development project as a capital improvement for a host community. Capital improvement projects are economic development opportunities for local agencies; those agencies that employ appropriate strategic community planning and decision-making analyses are likely to receive optimum benefits from their efforts, decisions, and investments. Capital improvements and investments therefore, represent potential growth for a community. Johnson also presents in simple terms, diagrammatically, the following growth model as a logical statement.

FIGURE 5 The Growth Model as a Logical Statement



Source: Arthur T. Johnson, *Minor League Baseball and Local Economic Development* (Urbana and Chicago: University of Illinois Press, 1993), 3.

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<sup>16</sup> Ibid. As cited in Robert A. Baade and Richard F. Dye, "Sports Stadiums and Area Development: A Critical Review," *Economic Development Quarterly* 2, no. 3 (August, 1988), 166; as derived from, Benjamin A. Okner. "Subsidies of Stadiums and Arenas." In *Government and the Sports Business*, ed. Roger G. Noll, (Washington D.C.: The Brookings Institute, 1974), 325-347. Baim, Johnson and others have also adopted Okner's 1970-71 survey finding as an academic/industry standard with the understanding that, as the decades have unfolded, public subsidies have increased substantially for baseball stadiums.

The growth model is cyclical by process; the model will perpetuate so long as there remains a positive strategic plan, such as a stadium project to drive the process. The cycle begins with an economic development investment, a baseball stadium project. The stadium development leads to more jobs and a greater tax base. Potentially residents of the community benefit from a stimulated economy and increase their incomes. Local spending and consumption allows the municipal government to increase resources and service delivery levels. Levels of public service improvement become more visible throughout the community in streets, parks, schools, lighting, police/fire, and health; improvement in quality of life. With rising standards throughout the city's local economy, the business climate improves and attracts additional investment to the community; thus, the cycle begins again.<sup>17</sup>

If the growth model is to succeed as a strategic plan it must be tailored to the community's specific economic development needs and provide significant tangible benefits to the community. If too many of the (plan's) public benefits are indirect and intangible, the actual and implicit costs will continually out-weigh monetary benefits. A process or planning strategy is valuable for keeping a local economic development program or project on track. The strategy may also serve as an intermediate step or strategic test, to support the crucial step in the process - the decision to approve or deny public funds on a stadium project.

Figure 6 provides a breadth of key elements from various sources that grouped

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<sup>17</sup> Arthur T. Johnson, *Minor League Baseball and Local Economic Development* (Urbana and Chicago: University of Illinois Press, 1993), 3.

together captures the essence of the public decision-making process.

**FIGURE 6** Key Elements of a Strategic Plan for Stadium Decision-Making

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- 1) Public subsidies - programming the alternatives: set a subsidies limit and make reductions to minimize subsidies - no subsidies is best case; provide substantial trade-offs in 'no subsidies' alternative;
  - 2) Derive support from community and business leaders: these players and 'rain-makers' will set tone for political process; are valuable barometer of community desires; and may champion a conceived or unique investment alternative - include support of city's top officials and foster this support;
  - 3) Utilize community supported decisions to counter monopolistic attitudes of league-backed team owners; a legion of support is best for public decision-makers role;
  - 4) Long term lease agreement plan with no city tax loses, (example - original city of Los Angeles 'Dodger Stadium' deal with Walter O'Malley and family); sell public land for symbolic amount to preserve property tax base, reducing opportunity-cost and promoting normal business like conditions; and,
  - 5) Maximize the design of the stadium for multi-use opportunities - each day the stadium spends in a non-use status is a cost over-run.
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Sources: Comprised as a detailed analysis of sources identified in Tables 1 through 5; predominantly Tables 3, 4 and 5.

The goal of good planning strategy is to reduce the risk of making a poor decision and a bad investment with public funds. It is good to take seriously the need to develop a specialization in decision-making, not only for the need to make exact decisions, but to also be able to identify mismanagement in public administration. Local economic development programming and strategic planning are inter-related

processes; well executed decision-making is the vehicle by which local officials create and implement public policy.

### Analysis of decision-making

Local governmental decision-making is generally a political and economic process which varies from city to city and program to program. As reviewed in Chapter I, Lindblom discusses and compares two methods of decision-making; the branch method has greater practicability than the root method for local economic development decisions about stadiums. However, given the large number of references to external, indirect, and intangible public benefits, throughout the primary and secondary sources of this study, it is useful to provide a brief analysis of Benefit-Cost Analysis (or BCA). BCA is often regarded as the appropriate type of decision-making analysis to employ for stadium projects (due to externalities and opportunity-costs). The research indicates BCA is not applied to stadium decisions by local governmental officials and decision-makers.

BCA is more widely applied at the federal and state levels of government where greater environmental concerns exist. It is unfortunate that cities and municipalities under-utilize BCA given the thorough analysis derived from specific project application.<sup>18</sup> Cities have unique and sensitive environments of which are integrated with regions that make up a state and the nation. The following figure outlines the basic concept of BCA in a nine step process:

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<sup>18</sup> Anthony E. Boardman, et al. *Cost-Benefit Analysis: Concepts and Practice*. (Upper Saddle River, New Jersey: Prentice Hall, 1996): 5.



**FIGURE 7 Conceptual Structure of Benefit-Cost Analysis**

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- 1) Decide whose benefits and costs count (have standing);
  - 2) Select the portfolio of alternative projects or programs;
  - 3) Catalogue potential (physical) impacts and select measurement indicators;
  - 4) Predict quantitative impacts over the life of the project;
  - 5) Monetize (attach dollar values to) all impacts;
  - 6) Discount for time to find present values;
  - 7) Sum: Add up the benefits and the costs;
  - 8) Perform sensitivity analysis; and,
  - 9) Recommend the alternative with the largest net social benefits.
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Source: Anthony E. Boardman, et al. *Cost-Benefit Analysis: Concepts and Practice*. (Upper Saddle River, New Jersey: Prentice Hall, 1996): 5.

In the case where a project does not reach a positive net social benefit value the project should then be foregone. Each of the research sources case studies were found to use an economic analysis other than BCA. In case studies where only simple or direct benefits and costs are cited, stadium projects are reported as projects which failed to cover actual costs with benefits. Typically, the external benefits are then mentioned and discussed as rationale to consider if a project is found to be politically viable for a community to undertake.

For example, Okner expresses that the average stadium only covers between 60% to 70%, dependent on the opportunity-costs of foregone property tax. However, in contrast Okner also discusses the presence of intangible benefits (which through BCA are given a monetized value - see step no. 5 in Table 12, above), and states, "thus, public ownership of ballparks and arenas could be justified if extensive social

benefits arise from public provision of sports facilities." <sup>19</sup> Therefore, two implications arise: Firstly, BCA is precisely a project specific application of economic analysis, supported by its lack of general application in academic research covering economic based stadium decision-making; and, secondly, given a more wide-spread public practice of BCA, there would perhaps be much less of a 'boom' in stadium development and construction.

The implication regarding the need for a greater practice of BCA, would allow local governmental officials to turn-the-tables on greed driven private owners who persuade excessively for public subsidies; slow-down the process of city to city bidding competition; and, level off the monopoly teams have over host community stadiums. The questions local officials should be addressing may be substantial enough to make sound decisions on the stadium issue without requiring a BCA be performed. When there exist reasonable doubt or uncertainty, a BCA is a useful decision-making tool.

From the literature review, it is evident that the economic rationale for the public subsidization of minor league professional baseball stadiums is weak. The con arguments are based on the lack of positive benefits or profitable returns from stadium case studies which directly constitutes the theory of a weak economic rationale for public subsidies of stadiums. The pro arguments discern that, although economic rationale for public subsidies of stadiums is weak, there exists the possibility for

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<sup>19</sup> Okner, "Subsidies of Stadiums and Arenas." In *Government and the Sports Business*, 327; also see p. 332, and, Baade and Dye, for reference to analysis of percentages quoted.

external and intangible public benefits from stadium developments. The neutral viewpoint sources strongly indicate, as do most sources - pro and con, that each case study of a minor league professional baseball stadium subsidized by a local governmental agency, is a unique scenario with an individually characteristic set of political and economic parameters.

In sum, these central findings primarily lead to key implications that fundamentally assist the theory development of this paper. The key implications are as follows:

- I. Stadiums as independent or isolated community development projects rarely demonstrate a positive economic rationale for public subsidization; a local agency would benefit from strategic economic development and community planning that may include a multi-purpose stadium as an integral part of a plan.
- II. It is demonstrated that stadiums create external and intangible public benefits; local governmental agency use of benefit-cost analysis, which can appropriately identify and evaluate public benefits, is not discussed in context of stadium issue analyses and decision-making processes for any of the case studies found in the source literature.
- III. Each case study of a host community with a public subsidized stadium is characterized as having a unique set of political and economic parameters; local officials and decision-makers should carefully investigate and identify what important conditions and parameters exist within their community for the basis and establishment of goal setting programs that may include a stadium development project.

The central theory development is: local governmental agencies can demand greater exactness from political decision-makers rendering decisions about public subsidies for minor league professional baseball stadiums when they employ prescribed plans or

outlines for economic and community development policies and decision-making processes. This paper will venture to present a general outline for this purpose and be an important addition to the body of knowledge addressing the stadium issue.

In Chapter III, Research Methods and Theory Testing, the basis of central findings and key implications will be applied in an investigative manner to profile three Southland case studies. The latter part (of the next chapter) will provide a review of data collection and fact-finding interviews with local officials from each of the three case studies. Chapter IV will present an analysis of the case studies relative to the central theory; Chapter V will cover the implications derived from the theory testing and analysis of case studies.

## **Chapter III**

### **RESEARCH METHODS and THEORY TESTING**

Stadium development projects generally are created through a project specific process. The research sources have noted that the decision-making process engaged by cities and communities to determine whether or not to build stadiums is unique from one local administration to another. The same can be said in general about the varying state of local economies from city to city, and a focal characteristic and purpose of BCA is the versatility of specific project application. This chapter will introduce and review the unique specifics of three local governmental agency case studies, and inherent similarities within each case study.

The similarities found in the stadium development process are the important political and economic issues and questions that need to be addressed and answered by local governmental agencies. The summary of literature review in the previous chapter identifies stadium issues, discusses important findings and key implications, and presents pertinent models for local economic development, strategic community planning and public decision-making processes. This research foundation puts the critical issues and questions about public subsidized stadiums into focus; it also supports the observation that there exists a need for a stronger connection between the accepted theories and actual local governmental agency performance with regard to

subsidizing minor league baseball stadiums.

Local government agency case studies provide a basis for further investigation, data collection and analysis of current theories on public policy and the stadium issue. The profile and discussion of local governmental agency case studies on the stadium issue with regard to current theories will facilitate testing of this paper's central theory. The central theory is that a local government agency decision about whether or not to build a minor league baseball stadium using taxpayers' dollars is most effectively and appropriately made by integrating sound economic development policy, precise urban land-use planning guidelines and public administrative staff professional expertise within the political decision-making process. The case studies are investigated to determine if there exists a common general outline or plan for a public decision-making model or guideline that is applied to each respective local government agency decision.

The investigation of case studies, carried out by local research and fact-finding interviews, will probe for answers to a limited, but important set of questions (each question in the set begins with Q.), they are:

- Q. How do local officials frame and address issues surrounding stadium development?
- Q. What type of growth and development consensus exists within the host community?
- Q. Is there a logical economic strategic planning process in existence?
- Q. Is a stadium projected to be a part of a larger development plan or vision?
- Q. Does the local agency expect economic growth from a stadium development?

Q. What are the expected benefits of hosting a team?

Q. How are expected benefits estimated and/or evaluated?

Q. Is there an appropriate political/economic decision-making process employed?

Q. Is benefit-cost analysis applied to consider social benefits and costs?

These issues are previously discussed within the summary of the literature review and related research. For consistency of analysis, the same issues are the basis of data collection and fact-finding interviews on three local case studies, presented in this chapter. It is valuable to test the methods of research findings against the central theory about local and current case studies for the purpose of reaching a limited consensus of the decision-making process of local governmental agencies on minor league stadium issues.

The initial premise for this paper was driven by the numerous case studies of public investment in stadiums and arenas generated over five decades within the four major sports' designs for expansion, rival leagues, and minor league systems. The balance of stadium and arena ownership has shifted from private to public: taxpayer dollars now account for the popular means of funding of these developments. Case studies are necessary to document how public decisions are made. Baim notes that Milwaukee County Stadium was the first case study of a publicly built facility; which resulted in the Boston Braves being lured to Milwaukee for the 1953 major league baseball season.<sup>1</sup>

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<sup>1</sup> Dean V. Baim, *The Sports Stadium as a Municipal Investment* (Westport, Connecticut: Greenwood Press, 1994), 21.

The idea of a municipally financed stadium in Milwaukee was proposed as early as 1909 and progressed to the point of site selection, but it was not until 1950 that the proposal received final approval. Milwaukee became growth conscious after World War II, and a major league baseball team was considered a way to maintain the city's economic base.<sup>2</sup>

In order to create a timely thesis study, the scope of this chapter includes a manageable number of case studies. Many local case studies were considered; the initial breadth of research was a total of eight case studies, three were selected for this paper. Briefly demonstrating the current prevalence of the stadium issue within Southern California local governmental agencies, Figure 8, on the following page, chronicles a list of case studies that have been generated over just a five year period.

The eight local case are limited to one professional minor league of baseball, the California League of Professional Baseball - Class 'A', (Cal League) . The list of case studies is also limited to the period, 1992 to 1997, and represents the stadium and host community dynamics of the Cal League's Freeway Division, (formerly known as the Southern Division).<sup>3</sup> The stadium issue is not limited to Southern California communities and governmental agencies; Northern California host communities of the Cal League and of other independent professional baseball leagues are also generating dynamics of stadium building, team relocations and league expansion, statewide.<sup>4</sup>

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<sup>2</sup> Ibid: Baim makes reference to City of Milwaukee, *Report of the Commission on the Economic Study of Milwaukee*, published in 1948.

<sup>3</sup> However, the High Desert Mavericks, of Adelanto, along with the Lancaster JetHawks, were recently moved from the old Southern Division to the Valley Division - formerly the Northern Division - as a result of the league's realignment prior to the 1996 season. From - Jim McCue, Director of Media and Public Relations for California League of Professional Baseball, telephone interview, 16 July 1997.

<sup>4</sup> Ibid.



**FIGURE 8**      **Local Governmental Agency/Minor League Stadium Issue:  
Chronology of Southern California - Period 1992 to 1997**

Agency/Case Study: Home Team - Major League Affiliate	Decision on Stadium Issue: Result	Baseball Season/ Significant Date
City of Adelanto: High Desert Mavericks - Florida Marlins	Yes, subsidized stadium; Awarded expansion team.	Began play in 1992.
City of San Bernardino: San Bernardino Spirit - Seattle Mariners	No; lost home team to City of Rancho Cucamonga.	Team left after 1992.
City of Rancho Cucamonga: Rancho Cucamonga Quakes - San Diego Padres	Yes, subsidized stadium; Franchise relocation.	Began play in 1993.
City of Lake Elsinore: Lake Elsinore Storm - Anaheim Angels	Yes, subsidized stadium; Franchise relocation.	Began play in 1994.
City of Temecula: Bid for Palm Springs Angels	No; lost stadium bid to City of Lake Elsinore.	Bid attempt in 1993-94.
City of Riverside: Pilots - Seattle Mariners	No; lost home team to City of Lancaster.	Task force, Riverside 1995-96.
City of Lancaster: Lancaster JetHawks - Seattle Mariners	Yes, subsidized stadium; Franchise relocation.	Began play in 1996.
City of San Bernardino: San Bernardino Stampede - Los Angeles Dodgers. Note: Dodgers ended affiliation in Bakersfield, in 1996.	Yes, subsidized stadium; Awarded expansion team.	Began play in 1997.

Source: Local governmental agency and minor league stadium case study information for Southern California is compiled from personal contacts to each local agency during initial research period, at which time the selection of three case studies for this paper was made. Current minor league team locations and major league affiliations are found regularly in the Los Angeles Times sports section. Stadium projects, league expansion and team relocations are confirmed by: Jim McCue, Director of Media and Public Relations for California League of Professional Baseball, telephone interview, 16 July 1997. Mr. McCue's e-mail is - [calbasejim @ aol.com](mailto:calbasejim@aol.com).

The research methods and theory testing of this chapter will be directed by the following three local case studies:

1. City of Rancho Cucamonga, San Bernardino County;
2. City of Lake Elsinore, Riverside County;
3. City of Riverside, Riverside County.

City of Rancho Cucamonga represents a yes decision, with a completed stadium project in 1993; City of Lake Elsinore represents a yes decision, with a completed stadium project in 1994; and the City of Riverside represents a no decision, with a stadium issue arising in 1995 (culminating in a city council appointed task force recommendation to forego a professional stadium project in November of 1996).

These three local case studies were selected for their direct proximity to each other, the timing of their respective decisions about building a public subsidized stadium, and the implicit uniqueness that each case study bears one from the other.

The selected case studies will be profiled in the first half of this chapter. The case study profiles will consist of general information about the city, the form of government, and a brief outline regarding their respective stadium issue and political decision. The latter half of this chapter presents a review of data collection and fact-finding interviews that develops the case studies further and helps prepare a theory testing basis of information, which applied to the central theory becomes the focus of the final two chapters.

### Profile of Case Studies

#### City of Rancho Cucamonga, San Bernardino County

The City of Rancho Cucamonga is a relatively new growth city in San

Bernardino County which incorporated in 1977 as a general law city. The three former town sites that constitute incorporation are Cucamonga, Alta Loma, and Etiwanda. Each of these former town sites had their own unique community identity; each town site had community facilities such as schools, parks, post office, and train station.

The heritage of the community, dating back to the mid to late-eighteen hundreds, is viticulture. The viticulture of the region was established by competing vineyard operations of French and Italian immigrant families. These operations employed many migrant laborers, predominantly Mexican families who were encamped together on or just outside the vineyard estates. As the town sites grew, during the past one hundred years, they began to blend as one large community.<sup>5</sup>

The city is located in the west valley of San Bernardino county, bordering Los Angeles County (city of Upland) to the west, the city of Ontario to the south, and the city of Fontana to the east. The community is situated on 36.5 square miles of foothill landscape and alluvial fan geography. There are three significant southerly natural drainage systems, (Cucamonga, Deer, and Day Creeks), which have been altered by state engineering projects for flood control and ultimately connect to the Santa Ana River drainage corridor. These three creeks span the city from west to east and divide the landscape into two distinct areas. The northerly back-drop of the community is the San Gabriel mountain range, with the Cucamonga Peak (9,008') centrally located. The

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<sup>5</sup> Historical data provided by the historic preservation master plan element of the City of Rancho Cucamonga General Plan; also derived from discussions with planning staff over the counter at the planning department, 11 March 1997.

U.S. Forest service maintains the San Bernardino National Forest, including the Cucamonga Wilderness, which immediately borders the northern city limits. This typical landform profile is centrally located in the Transverse Ranges province of Southern California geography. <sup>6</sup>

The current population is approximately 116,000 residents. The median age of the population is 25.3, and the largest age bracket is 30 to 39 years comprising 21.4% of the total population. The ethnic and cultural composition of the community's total population is as follows: the White population is 64.9%; the Hispanic population (Hispanics removed from all other ethnic groups) is 21.7%; the Black population is 6.5%; the Asian population is 6.4%; and the Native American population, including all other groups is 0.5%. The population has grown approximately 14.4% from 1990 to 1997; however, the community experienced almost 40% growth from its year of incorporation in 1977 through the decade of the 1980's. <sup>7</sup>

The community's average household income per year is at \$56,741. The bracket of yearly earnings per household with the highest percentage of population is the \$45,000 to \$59,999 bracket comprising 18.4% of the total population. It is noteworthy that 28.4% of the total population, (the sum of the highest two earning brackets) is earning a household income of over \$75,000 per annum. The level of education of the Rancho Cucamonga population is a factor that supports the good

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<sup>6</sup> Crane S. Miller and Richard S. Hyslop, *California: The Geography of Diversity* (Palo Alto, California: Mayfield Publishing Company, 1983), 29.

<sup>7</sup> Demographic data provided by the City of Rancho Cucamonga Redevelopment Agency - taken from *Community & Economic Profile: 1997-1998*; Demographic Information on pages 11-18.

income distribution of households; 62.7% of the population has attained some college education and 21% of the population has attained a bachelor degree or higher. <sup>8</sup>

Predominantly a bedroom-community for working-age families commuting into Riverside, Los Angeles and Orange county places of employment, housing in Rancho Cucamonga is very well established and planned for by the city administration and building industry. By 1990 housing starts were up over 100% from 1980 construction figures. Housing starts have slowed since 1990, however a positive 10% increase in housing starts was reported through to 1998. The average cost of a home is \$162,322; this is 38.4% higher than the County of San Bernardino (yet 35.5% lower than Los Angeles County). <sup>9</sup>

The working-age (16 through 65) population of Rancho Cucamonga was estimated to be 73,500 in 1998; approximately 57.8% of the total population in 1998. Understanding that a percentage of the population may chose not to work or may not be capable of maintaining employment, this indicates about half of the total population are with a career, working a job or are pursuing employment. The number of reported jobs in the community in 1998 was approximately 36,900 - therefore, about 36,600 residents of Rancho Cucamonga are commuting outside of their community for employment. <sup>10</sup> This analysis supports Rancho Cucamonga's distinct reputation as a professional/working class bedroom community.

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid; Housing Information on pages 19-26.

<sup>10</sup> Derived from a simple analysis of demographic data provided by the City of Rancho Cucamonga Redevelopment Agency - taken from *Community & Economic Profile: 1997-1998*; Employment on pages 27-36.

Rancho Cucamonga's municipal administration is a Council - Manager form of local government. The city staff totals approximately 280-personnel divided into four labor and management groups; those groups are: 1) Labor/worker group; 2) Secretarial/administrative support group; 3) Professional management group; and 4) Executive group. The city council and administrative decision-makers take pride in emphasizing growth and quality of life in the community; their leadership directs major issues of housing, economic development, public safety, open space and recreation.

Rancho Cucamonga's emphasis on family and quality of life is seen in its heavy investment in parks and recreation facilities and programs. The community has an extensive system of neighborhood parks, fields and courts offering every conceivable form of family recreation, including a wide variety of tournaments and league play. Nearly every park has picnic and children's play areas. There are 150 miles of municipal bike, hiking and equestrian trails, and a 6,500 seat stadium. <sup>11</sup>

The City of Rancho Cucamonga became host community to the Rancho Cucamonga Quakes Professional Baseball Club for the 1993 season of Cal League baseball. The city executive and professional management staff, exercising direct control, planned, designed, and implemented a 42-acre park project called the Adult Sports Park. The Sports Park is a regional scale park project for teen and adult sports recreation. The project was built at a total cost of approximately \$18 million. The Sports Park project consists of three tournament softball fields, two tournament soccer pitches, an upper-division Little League tournament diamond, an animal shelter unit, and as a focal design element - a 5,100 seat professional baseball stadium, dubbed the

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<sup>11</sup> Ibid, 2.

'Epicenter'.<sup>12</sup> The stadium construction costs were approximately \$11.8 million.

The city departments and public officials that took active roles in the public process to manage, plan and build a sports park and stadium were the Redevelopment Agency, the City Manager's office, City Council (serving as the Redevelopment Agency), and the Community Services and Community Development Departments. The initial preliminary planning discussions about stadium issues took place in 1985; the discussions and direction to create a stadium development plan became redefined in 1987, at which time a feasibility study was considered necessary for continued strategic planning. By August 1990, a Feasibility Study concluded that Rancho Cucamonga and region could very easily support a minor league baseball team and subsequent stadium.<sup>13</sup>

The Redevelopment Agency, in October 1989, approved Resolution No. RA90-012 to execute a professional services contract with a selected architectural firm for development of a sports complex with a minor league baseball stadium. The motion carried unanimously (5-0). The agency decision to approve was generally received as a popular decision by the community at large, but agency meetings typically received less attention throughout the community than a city council meeting and public

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<sup>12</sup> The 1993 approved plan of the stadium called for 3,500 capacity-seating; by the 1994 filing of Notice of Completion with the county records office, team management and city decision-makers had agreed to modify the design adding 1,600 more seats - 800 seats were added to each end of the structure (around the baseline cafes and bull-pens) raising the capacity for baseball to 5,100. By 1996 two more modifications were agreed upon again increasing the stadium seating capacity to 6,500: information derived from the project file records and as-built drawings.

<sup>13</sup> "Proposed Rancho Cucamonga Sports Complex Feasibility Study." Williams-Kuebelbeck & Associates, Inc., August 06, 1990. Irvine, California, 1.

hearing. However, one agency member stressed the need for a more modern municipal library facility and believed that the library/education issue should have been given more preference and priority than the stadium/sports park project. This agency member received support from a special interest group called 'Friends of the Library'; together they formed the most predominant voice of opposition on public record against the motion to build a stadium. <sup>14</sup>

One year later, on December 19, 1990, the Redevelopment Agency approved Resolution No. RA90-012 to authorize the advertising of the "Notice Inviting Bids" for the Sports Complex project. This motion was also carried unanimously (5-0). Communications from the public was limited to the 'Friends of the Library' dispute of the \$11 million dollar price tag of the stadium - claiming that the sports park could be built without a professional stadium for about \$9 million. Their proposal was that an equitable amount of finances and resources be dedicated to the design and development of a new central library. <sup>15</sup>

This grass roots effort, as suggested by 'Friends of the Library', to stress municipal library improvements was immediately recognized by the Redevelopment Agency as a noble cause for the public good, hence the suggestion to establish a

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<sup>14</sup> Information provided from a review of Minutes and Resolution No. RA89-012 (Approval to execute Professional Services Agreement with Grillias Pirc Rosier and Alves (GPRA) for development of plans and specifications for the Rancho Cucamonga Sports Complex), by the Redevelopment Agency of the City of Rancho Cucamonga, dated 4th day of October, 1989.

<sup>15</sup> Information provided from a review of Minutes and Resolution No. RA90-012 (Approving plans and specifications for the "Sports Complex Project" in said city and authorizing and directing the City Clerk to advertise to receive bids), by the Redevelopment Agency of the City of Rancho Cucamonga, dated 19th day of December, 1990.



library development committee to initiate planning for a new facility. Agency members would also explore the possibility that future revenues of the stadium could be earmarked for library development costs. The community and city administration found this political compromise to be positive and worthwhile; the stadium development component remained integrated into the sports park approved plan and a new committee opportunity was forming to build a new library. It was reputed that the agency member who was allied directly with the 'Friends of the Library' compromised the position of opposition to keep the stadium votes unanimous (rather than 4 to 1), because opposition toward the sports complex project may have created unnecessary future opposition to library project approvals.<sup>16</sup>

Political compromises and discussions of pertinent issues regarding the sports complex project were not isolated to the community of Rancho Cucamonga. The political decision to build the Rancho Cucamonga sports complex and stadium encouraged the San Bernardino Spirit baseball club ownership - affiliate of Seattle Mariners (former minor league team of Ken Griffey Jr.) - to make serious political demands of the City Council of San Bernardino for a new stadium development project to replace the sub-standard Fiscilini Field. The City Council of San Bernardino did not cave in to the private interest and ownership pressures and strongly refused to subsidize a new stadium. The 1992 San Bernardino Spirit ownership group struck a Player Development Agreement (PDA), with the San Diego Padres

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<sup>16</sup> Ibid; and discussions with Chuck Buquet, Former Councilman/Mayor Pro Tem and Agencymember. Personal interview: Rancho Cucamonga, March 25, 1997.

organization and immediately negotiated with the City of Rancho Cucamonga for a lease agreement in the nearly completed new stadium. With their agreements secure, the ownership group assembled the 1993 inaugural Rancho Cucamonga Quakes Professional Baseball Club.<sup>17</sup>

The council, commissions and administration of the City of Rancho Cucamonga were successful throughout the planning and development stages of the adult sports park and stadium at staying focused within a universally accepted consensus that this project would benefit the community at large. The political decision-makers were adept at framing this project in such a manner that it received community-wide endorsement. The stadium issue and decision to build was framed by four key arguments. They are: 1 - solution to recreation demand conflict between youth and adult sports; 2 - increase in family entertainment options; 3 - integration with economic development plans to attract future business; and 4 - a unique marketing opportunity to promote 'a world-class community'.

The following pages provide a photographic study of the Rancho Cucamonga community, the Adult Sports Park, and the Quakes Stadium - 'Epicenter'.

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<sup>17</sup> Source information derived from scheduled interviews with Rancho Cucamonga city officials conducted during the Spring semester 1997; these same interviews will be presented in further detail in the latter half of this chapter.



Figure 9 Historic Virginia Dare Winery sets urban design guidelines in Rancho Cucamonga.



Figure 10 New development along historic route 66, follow strict architectural design guidelines.



**Figure 11** The Civic Center, located near relic vineyard, displays common architectural elements too.



**Figure 12** Design guidelines are thoroughly complied with, even storage rental facilities comply.



Figure 13 The Adult Sports Park and Stadium free-up demand conflicts in neighborhood parks.



Figure 14 This upper division little-league ballfield at the sports park has reduced demand conflicts.



Figure 15 The Quakes Stadium and Quakes team are a well received addition to the community.



Figure 16 The 'Epicenter' is well located with views toward the mountain ranges and Cajon Pass.



Figure 17 The Adult Sports Park provides soccer, softball, little-league baseball and pro baseball.



Figure 18 Multi-use design allows softball on three fields outside stadium, even during game day.



Figure 19 Going to minor league baseball games is an affordable family outing for the community.



Figure 20 'Win a new car'; promotional opportunities for local businesses during home games.



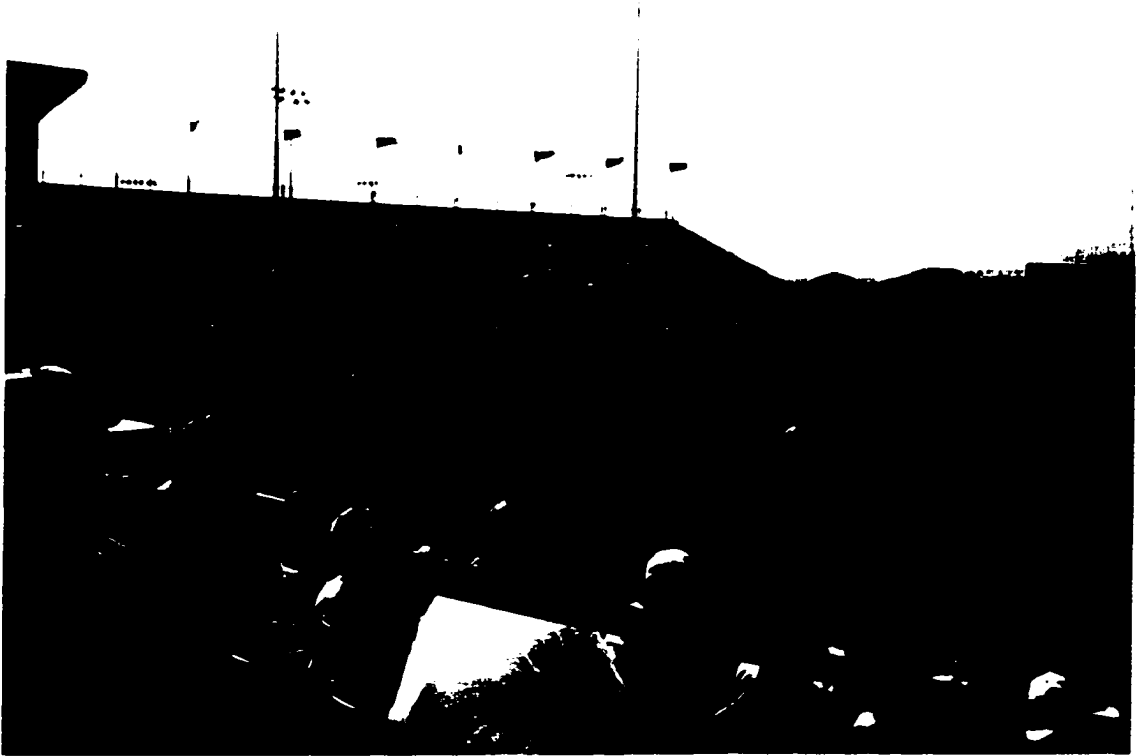


Figure 21 Ball games have a festive atmosphere via stadium design and team organized functions.



Figure 22 The 'Epicenter' provides job opportunities for locals needing seasonal employment.

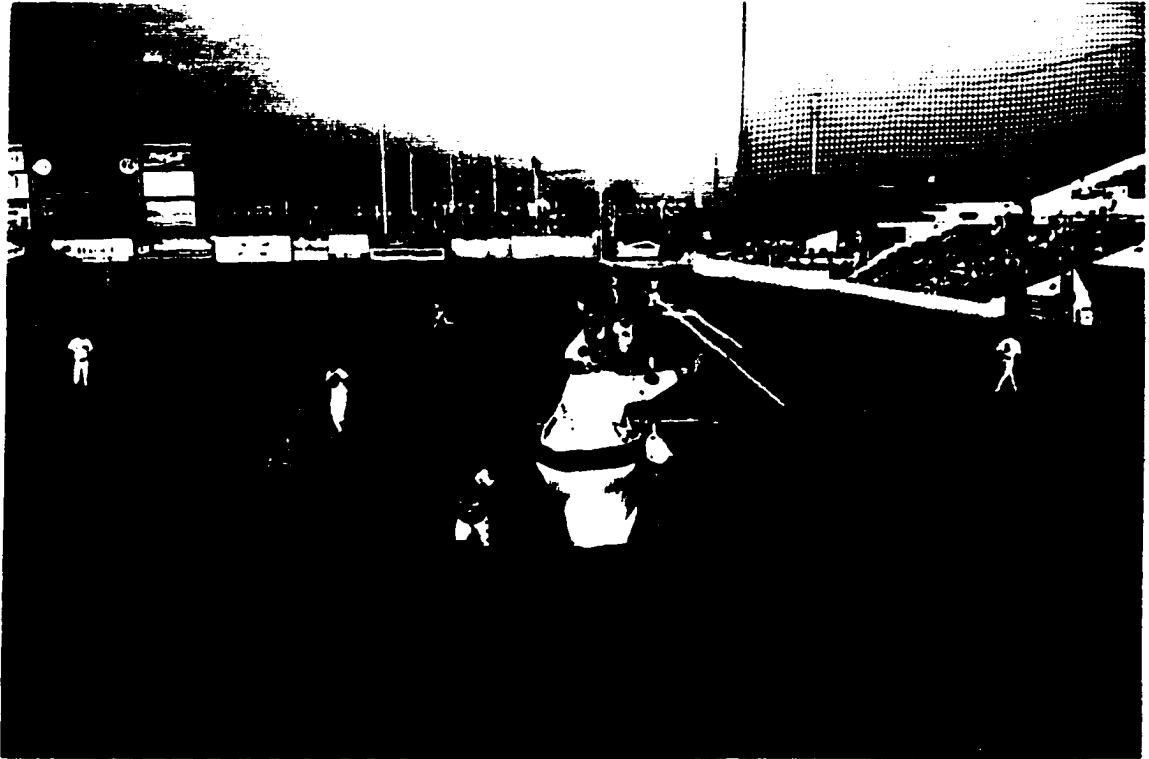


Figure 23 Team mascots 'Tremor' and 'After-shock', provide entertainment and lead contests.



Figure 24 Luxury boxes, cafe-field level and grandstand seating all have a closeness to the game.

City of Lake Elsinore, Riverside County

The City of Lake Elsinore is a 110-year old community with a mix of older established infrastructure and new growth opportunities in Riverside County. The City of Lake Elsinore incorporated in 1888 as a general law city; the population was 1,012. By the end of World War II, the population stabilized to approximately 3,800. Some limited growth occurred between 1950 to 1980, which saw the population modestly increase to near 5,000. A boom in development occurred after 1980 (raising the population to near 25,000), as a result of the Interstate-15 corridor project from north San Diego County to south San Bernardino County. This was a long awaited project for residents of three counties; San Diego and Riverside residents now drive direct to Las Vegas and beyond (to Canada), while San Bernardino and Riverside residents now drive direct to San Diego and Mexico. <sup>18</sup>

There are also natural sulfur springs in the region that generated tourism with the development of several recreational spas. This development dates back to the 1870s; during this time Lake Elsinore was a popular stop on the Butterfield Stage Coach lines, from Los Angeles-Pomona-Corona and San Bernardino-Riverside-Corona, to San Diego. Lake Elsinore's recreational lure was attracting a tourism base of recreational cottage ownership and annual visitation streams. The recreational lure sustained as train lines supplanted the stage lines, until the advent of commercial airline travel approximately one hundred years later. <sup>19</sup>

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<sup>18</sup> Lake Elsinore Stadium: Feasibility Study, November 1992, 2.

<sup>19</sup> Historical extrapolation for the City of Lake Elsinore and region provided by the City Clerk's office of the City of Lake Elsinore, over the counter during an informal visit; March 31, 1997.

The city and surrounding community is situated on 33.73 square miles of rolling hills landscape, river basin and natural lake geography. The city and lake are tucked up against the escarpment (east) side of the Santa Ana Mountains - a physical barrier from south Orange County - in a low point of the San Jacinto Plain called the Elsinore Trough. The taller Santa Rosa Mountains to the east - Mt. San Jacinto (10,804') - generate westerly drainage patterns that collect in the lake. Lake Elsinore is a part of the natural drainage system of San Jacinto River and Alberhill Creek. This typical landform profile is centrally located in the Peninsular Ranges province of Southern California geography.<sup>20</sup>

The city is located in the southwest region of Riverside county; the Ortega Highway offers rural routing west into Orange County (directly to San Juan Capistrano and the Pacific Coast). Easterly connections route travellers into rural Riverside County towns such as Perris, Hemet, and San Jacinto. The Interstate 15 remains the major transportation route in and out of Lake Elsinore and environs connecting the region north to San Bernardino County and south to San Diego County and southwest to Orange County. The U.S. Forest service maintains the mountain forest areas called the Cleveland National Forest. Lake Elsinore is a State Recreation Area for sailing, boating, fishing, swimming, camping, and picnics.

The current population is approximately 28,200 residents. The median age of the population is 28.4 years, and the largest age bracket is presented as 25 to 44 years comprising 35.7% of the total population. The ethnic and cultural composition of the

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<sup>20</sup> Miller and Hyslop, *California: The Geography of Diversity*, 33.

community's total population is as follows: the White population is 66.7%; the Hispanic population (Hispanics removed from all other ethnic groups) is 26.0%; the Black population is 3.9%; the Asian population is 2.3%; and the Native American population, including all other groups is 1.1%. The population grew 205.6% from 5,982 in 1980 to 18,285 in 1990; the community has experienced approximately 26% growth from 1990 through 1995, and an additional 20% is expected from 1995 through the year 2000. <sup>21</sup>

The community's median household income in 1990 was at \$30,801, whereas, the largest population of yearly earnings per household is the \$50,000 to \$74,999 bracket comprising 18.4% of the total population. It is noteworthy that 11.9% of the total population, (the sum of the highest three earning brackets) is earning a household income of over \$75,000 per annum. Although there are no figures on college level education for city residents, it is indicated that area enrollment in local school districts for kindergarten through 12th grade education is 14,588; approximately one-third (residing in many of the 8,000 plus homes within city limits) are Lake Elsinore residents. <sup>22</sup>

Predominantly a recreation-based community for families enjoying a rural setting, working-aged residents typically commute into the cities of Riverside, San Bernardino, Corona, Ontario and Temecula, or to Los Angeles and Orange county

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<sup>21</sup> Demographic data provided by the City of Lake Elsinore (City Clerk), as generated by the City of Lake Elsinore and Lake Elsinore Valley Chamber of Commerce - taken from *Community Economic Profile for Lake Elsinore, Riverside County, California (1996-1997)*: Demographic Information on pages 1-4.

<sup>22</sup> Ibid.

places of employment. The housing and building industry has responded dramatically to the accelerated growth demands brought on by the completion of the I-15 highway corridor project. By 1990 housing starts were up over 83.5% from 1980 housing unit figures; however, the dramatic increase in housing figures from 1970 to 1990 was a growth of about 290%. Housing starts have slowed since 1990, however a positive 35.8% increase in housing starts was reported through to 1998. The average cost of a home is \$115,250 - this is 24% lower than the County of Riverside average cost of a home.<sup>23</sup>

The population of the greater Lake Elsinore region (Elsinore Valley Census County Division), was estimated to be 79,271 in 1990; total employment of the region in 1990 was 30,426.<sup>24</sup> Approximately 23% (18,285) of the region's population resided within Lake Elsinore in 1990. If an equitable percentage of employment was available and accessible to Lake Elsinore residents, potentially, about 7,000 Lake Elsinore jobs existed in 1990. The working-age (18 to 64 years) population of Lake Elsinore in 1990, was about 10,600. Considering that a percentage of this population bracket may chose not to work or may not be capable of maintaining employment, indicates that a significantly lessor number than 10,600 residents are with career, working a job or are pursuing employment. Thus, the number of residents pursuing jobs in Lake Elsinore vicinity is in balance with the number of jobs currently available. Therefore, Lake

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<sup>23</sup> Ibid: Housing Information on page 4.

<sup>24</sup> The Elsinore Valley Census County Division or 'Community Area' is comprised of the following cities and towns: Lake Elsinore, Canyon Lake, Alberhill, Wildomar, Lakeland Village, Sedco Hills, Sun City, Menifee Valley, and Quail Valley.

Elsinore residents are not pressured into commuting outside of their community for employment, unless they choose to do so or personal career growth has dictated so.<sup>25</sup>

This analysis supports Lake Elsinore's characteristic as a quaint lake-side recreational/rural community with revitalized growth potential.

The city's municipal administration is a Council-Manager form of local government. The city staff totals 32 personnel currently functioning in one of four areas: 1) Labor/worker; 2) Secretarial/administrative; 3) Professional mid-management; and 4) Executive. The employees are in a hierarchy structured directly under the City Manager; the staff divisions are not unitized. The City of Lake Elsinore became host community to the Lake Elsinore Storm Professional Baseball Club for the 1994 season of Cal League baseball.

The city executive staff, a private investment group (with land development interests), and a private team of professional consultants worked together to create, design and plan a 3,000-acre specific plan (originally known as the East Lake Master Plan), located at the northeast end of the lake and adjoining flood-control channel. Phase One of this specific plan - now entitled 'The Liberty Project' - was initiated by the design and implementation of an \$11.4 million (the original estimate), minor league professional baseball stadium. The Liberty Project is a 15 year build-out specific plan to cost \$2 billion with over 10,000 proposed homes that add approximately 30 to 40 thousand new citizens to the current population. The new

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<sup>25</sup> Derived from a simple analysis of demographic data documented by the *1990 Census of Population and Housing* (040 California; 160 Lake Elsinore city; 155 Riverside County), as provided by the Riverside County Economic Development Agency - two page fax correspondence, and, *Community Economic Profile for Lake Elsinore: The Lake Elsinore Labor Market Area*, page 3.

6,000 capacity-seating professional baseball stadium/amphitheater, which can hold 10,000 capacity, is heralded as the focal design element of this master plan.<sup>26</sup>

The stadium development and off-site improvement project is situated on 32 acres; the stadium is built-out on 22 acres of this total. This initial 32 acre development project has experienced cost over-runs that have virtually doubled the original probable cost of construction of \$11 million to \$22 million. An 18-hole golf course with mixed density residential and mixed use commercial/business is planned for the remainder of the 780 acre phase one of the Liberty Project. A 97-acre parcel owned by the City Redevelopment Agency contains the stadium acreage; a private investment group exercised a development option for the stadium as a part of a redevelopment bond agreement.<sup>27</sup>

There existed a political ebb to the flow of the Lake Elsinore stadium development project. Although the City of Lake Elsinore ultimately supported the project and provided the leadership and administration necessary to provide fiscal implementation, the political decision-makers (city council, redevelopment agency members, or city manager's office) did not spearhead the project ideation, planning and design process. City officials had only contemplated and preliminarily discussed the idea of a specific plan element - East Lake Master Plan - for the large area that the stadium project became a part and helped to initiate.

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<sup>26</sup> Taken from *Lake Elsinore Stadium: Feasibility Study*, submitted by Young Investment Group to Mr. Ron Molendyk, City Manager of City of Lake Elsinore; November 17, 1992.

<sup>27</sup> Source information derived from scheduled interviews with Lake Elsinore city officials conducted during the Spring semester 1997; these same interviews will be presented in further detail in the latter half of this chapter. *Lake Elsinore Stadium: Feasibility Study*, page 10.



The initial preliminary planning discussions about stadium issues and implementation of a specific plan took place in 1992. The direction to create a stadium development plan was officially presented in a feasibility study submitted to the City Council in November, 1992, by a private company, Young Investment Group. This private investment group had initiated by way of their feasibility study the following elements of the stadium development project: a) positive feasibility report; b) positive economic/fiscal impact report; c) preferred site selection; d) detailed stadium plan, which included an amphitheater element; and e) precise design/engineering/build proposal. <sup>28</sup>

City officials did not commission any public (parallel) studies to confer or refute any of the private feasibility study findings and proposals. An executive and division management review of the submitted study was undertaken; within weeks (December 1992), Young Investment Group was asked to proceed with the Schematic Design Phase of the project schedule. The City Council reserved the right to deny the project in part or total during this phase. By March 1993, the design development phase had been deemed final and approved. The stadium development and off-site improvements were approved to be built on the preferred site, with the stadium to be complete by late 1993, no later than March 1994. This resolution was enacted without political or public opposition and oddly, seemed to lack the public/political fanfare that is expected of a stadium project of this scale. <sup>29</sup>

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<sup>28</sup> *Lake Elsinore Stadium: Feasibility Study*, 'Elements of the Study', pages 1-19.

<sup>29</sup> Scheduled interviews with Lake Elsinore city officials.

Very limited political impact resulted within the Lake Elsinore community area; however, political ramifications were decisive in Palm Springs. Lake Elsinore's stadium development encouraged the Palm Springs Angels baseball club ownership (former minor league team of Anaheim Angels' Garret Anderson and Jim Edmonds), then affiliate of the California Angels, to consider relocating to the Diamond. The 1994 Professional Baseball Agreement (PBA), included improved standards for minor league stadiums; the Palm Springs stadium was considered sub-standard by these new PBA bylaws. The 1993 Palm Springs Angels relocated to the 'Diamond' and became the 1994 inaugural Lake Elsinore Storm.<sup>30</sup>

The city stadium - officially known as the 'Diamond' - is located three blocks southwest of Interstate-15, on Diamond Drive, exit I-15 at Railroad Canyon Road. The city departments and public officials that played a role in the public/private venture to design, plan, and build a stadium were the City Manager's office, Redevelopment Agency, City Council, and the Planning and Development Services, and Community Services Departments. Given this private/public relationship behind the stadium project, Young Investment Group was able to advance the project at pace which left public hearings and local political input with a lot to be desired. Meetings on the project were fashioned by the private players (officials, agents, and consultants of Young Investment Group), as project development progress forums; they did not entertain public input to the stadium development process.

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<sup>30</sup> Stadium projects, team relocations/chronology, and the PBA standards are derived from: Jim McCue, office of California League of Professional Baseball, telephone interview, 06 August 1997.

The (political and executive) administration of the City of Lake Elsinore was not able to spearhead the planning and development stages of the 'Diamond' stadium and amphitheater project; Young Investment Group were the private force behind the project and directly affected the progress and implementation of this development. The city remained dedicated to the realization of the stadium and continues to support the greater effort required to implement the remainder of the 780 acre phase one of the Liberty Project. However, the 'Diamond' remains as the only existing development of this redevelopment planning area.

The political decision-makers justified their approval of the project with four key arguments; thus, the stadium issue and decision to build was framed as follows:

- 1 - to capitalize on the well-being of positive development trends that resulted from completion of the Interstate-15 corridor project;
- 2 - modern enhancement of Lake Elsinore's image as a recreation-orientated community;
- 3 - integration with (and initiation of) phase one of redevelopment specific plan - the 'Liberty Plan';
- and 4 - a unique marketing opportunity to promote community pride within Lake Elsinore and the Elsinore Valley region.

The following pages provide a photographic study of the Lake Elsinore community; the unique heritage, current growth developments, and the Lake Elsinore Stadium - the 'Diamond'.



Figure 25 The Butterfield Stage Coach Line brought business to Inn's of the period, circa 1880s.

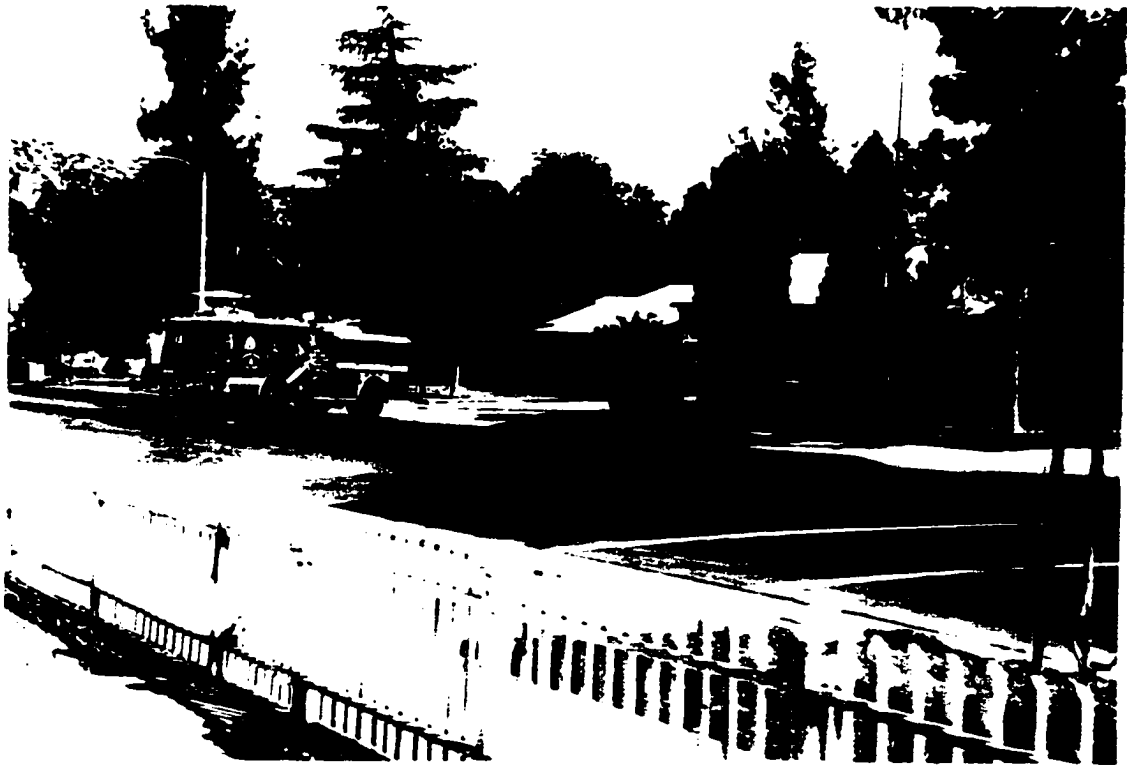


Figure 26 Lake Elsinore community has a rustic 'home-town' atmosphere; Fire unit in neighborhood.



Figure 27 New housing starts along the recently completed I-15 corridor continue at a boom pace.



Figure 28 The Lake Elsinore Outlet Center brought economic growth as I-15 was completed.



**Figure 29** The 'Diamond' from view lots; premium home construction continues growth pattern.



**Figure 30** Lake Elsinore is a State Recreation Area; the region is popular for lake and hot-spas.



Figure 31 The City Hall, located on Main Street, reflects the city's past and heritage.



Figure 32 The turn-of-the-century downtown, Main Street, has been revitalized with a streetscape.



Figure 33 Two of only four local ballfields, located up-shore from the 'Diamond', at Lakepoint Park.

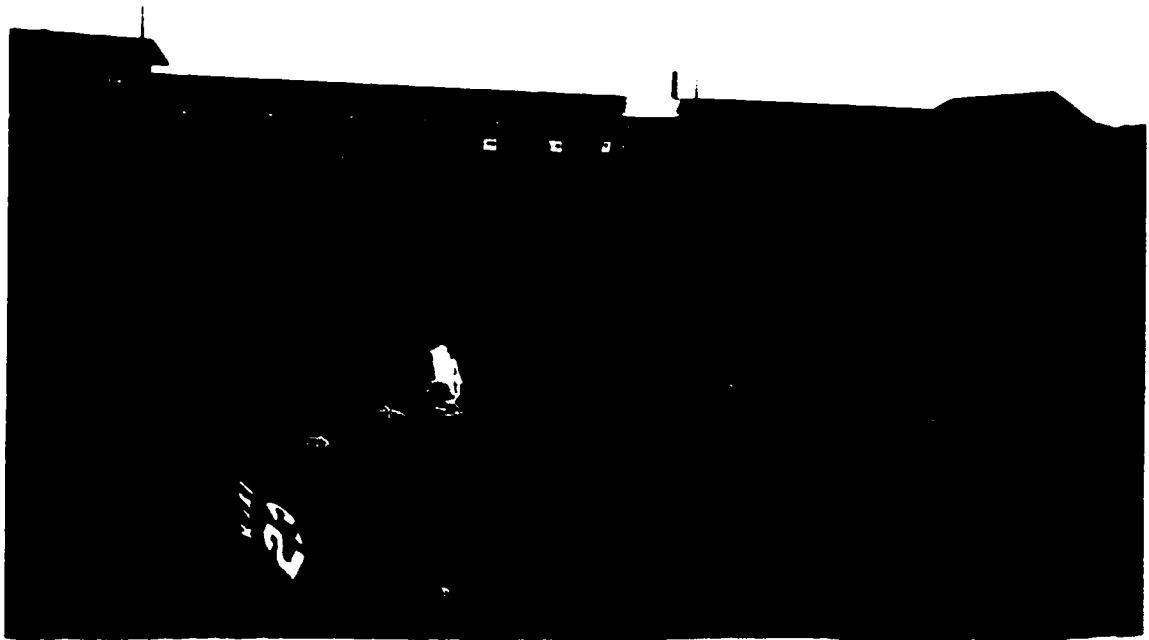


Figure 34 The 'Diamond' ballfield is a sharp contrast to a lack of city park playground facilities.





Figure 35 The 'Diamond's' unique architecture is reminiscent of the grand old-style ballparks.



Figure 36 The 'Diamond', familiar landmark seen from I-15; will help to increase local land values.

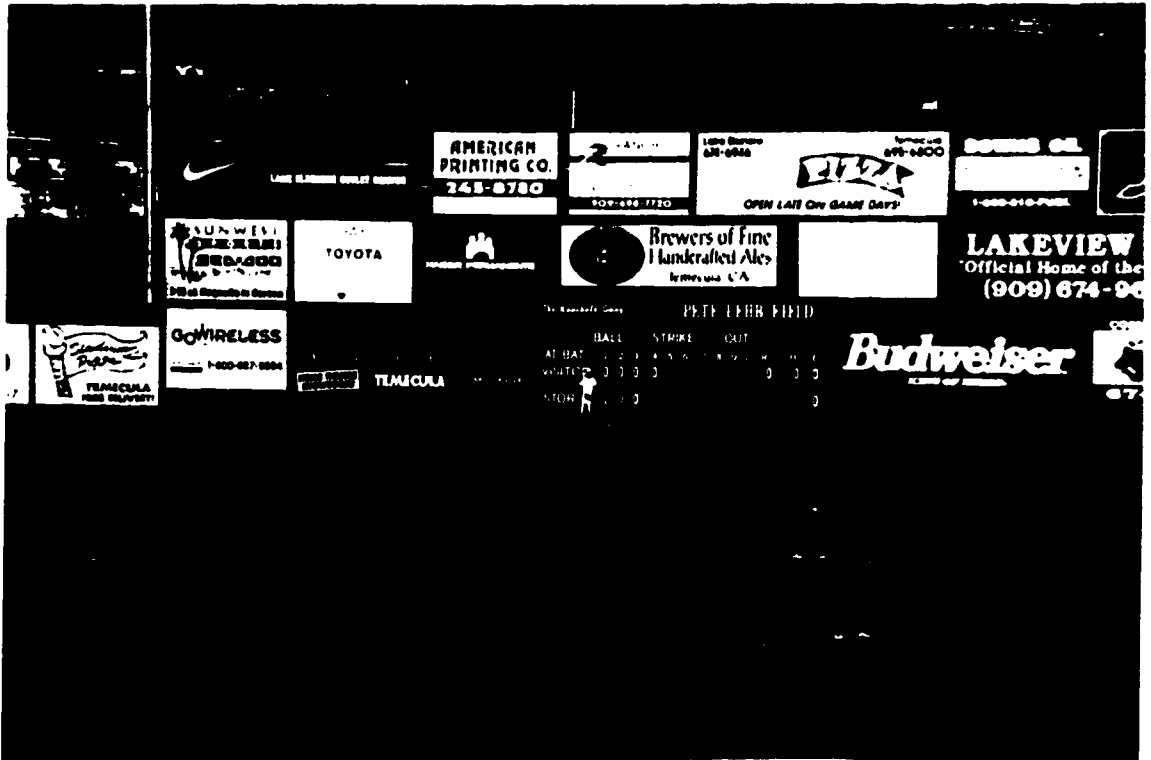


Figure 37 Home-run wall/scoreboard provide businesses w/ advertising and marketing opportunities.



Figure 38 Between innings the team staff provide contests and promotions for willing fans.



Figure 39 Club style restaurant, w/fountain and built-in Bar-B-Que, increased construction costs.



Figure 40 Luxury Sky Boxes, situated above the grandstand, also increased construction costs.

### City of Riverside, Riverside County

The City of Riverside is a 115-year old community with a mix of older established infrastructure and modest growth opportunities. The City is the county seat of government for Riverside County. Riverside incorporated in 1883 as a charter city, and began as the citrus produce and export capitol of the Inland Empire. Today both citrus and dairy establishments continue in conjunction with predominantly light industrial (and some heavy industrial) production/distribution to markets beyond the region via trucking and railways. The University of California, Riverside (UCR), and Riverside City College (RCC), are well established academic institutions that also help define the current environs of the City. <sup>31</sup>

Light industry has gathered in and around Riverside steadily since post World War I, but has tailed off since the advent of high technology in the 1980s. However, housing starts in Riverside County have increased over the past twenty years, resulting in approximately 45% increase in population - Riverside County was ranked the 5th-largest numerical increase in population of California counties between 1970 and 1980. The City of Riverside has exercised a dynamic plan for new housing starts in suburban areas of the city, and projects that revitalize downtown housing. <sup>32</sup>

Riverside is situated on 78.46 square miles of rolling hills landscape and river basin geography. The city of Riverside, as its name suggests, is located east and south of the Santa Ana River. The river and flood plain provided fertile soils and much

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<sup>31</sup> Information gathered from discussions with Greater Riverside Chamber of Commerce staff: Mindy Cornelius, Information Specialist; telephone interview on 06 August 1997.

<sup>32</sup> Miller and Hyslop, *California: The Geography of Diversity*, 13.

needed irrigation water for the establishment of early citrus crop production. The Santa Ana River begins north and east of the city in the San Bernardino Mountains of the Transverse Ranges, flows south-westerly and cuts north of the Santa Ana Mountains of the Peninsular Ranges out to the Pacific Ocean at Newport Beach. Riverside is a part of the Inland Empire region; this region is an inland valley landscape that transitions between the above mention typical provinces of Southern California geography. <sup>33</sup>

The City of Riverside has experienced three highpoints of downtown development. In 1876, the Mission Inn was established and became the City's first recognizable landmark; the Inn attracted many visitors during this early era of community development. The Inn, was successful and well situated (centrally located downtown) and the City's founding fathers had the first City Hall constructed directly across the street from the Inn's grand entrance, about eight years later. Also attributed to the Mission Inn's success was the creation of an early wagon and stage coach route connecting Pomona in Los Angeles County with Ontario in San Bernardino County to Rubidoux in Riverside County and across the Santa Ana River by wooden bridge to the Mission Inn. Today this road is still known as Mission Boulevard in all three counties. <sup>34</sup>

This first period of growth later included city park development, when in 1897, the City retained the design services of Frederick Law Olmstead Jr. (son of Olmstead

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<sup>33</sup> Miller and Hyslop, 29-33.

<sup>34</sup> Historic information obtained from the Downtown Riverside Development Group of the Redevelopment Agency of the City of Riverside; telephone interview 07 August 1997.

Sr. - known as the 'Father of Landscape Architecture', creator of Central Park, New York City, and other renowned city park projects in United States and Canada).  
Olmstead Jr., successful in his own right - Landscape Architect of San Francisco's Golden Gate Park - designed Fairmont Park which opened in 1898. Fairmont is a majestic city park of 165-acres, with an 80-acre central lake feature (Santa Ana River water fed - Lake Evans). The park is centrally located between two of the oldest entries into town from the west: Mission Boulevard and Market Street. Each road routes travellers downtown and to the Mission Inn. <sup>35</sup>

With the advent of automobile travel, the extravagant Mission Bridge was constructed in 1922-23, connecting Rubidoux with Riverside in grand style. This bridge project led to the beginning of a second highpoint period of community development. Hollywood personalities took notice of Riverside's established downtown and concerted their efforts with the City for the development of a Fox Theater for both stage and movie productions. The Fox Theater opened in 1929, and Riverside became a much visited local by top performers, such as Judy Garland, Bing Crosby, and Frank Sinatra. In December 1939, the movie epic 'Gone With The Wind' made an exclusive engagement showing at the Fox Theater (just days after the Atlanta, Georgia, gala premier celebration). <sup>36</sup>

The third highlight period in downtown development took place in the mid

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<sup>35</sup> Fairmont Park historical chronology obtained from the Park and Recreation Department of the City of Riverside: telephone interview 07 August 1997.

<sup>36</sup> Historic information obtained from the Museum of Photography and Fox Theater director, Susan Rogers: telephone interview 07 August 1997.

1960s when the older established downtown was in need of redevelopment. To regenerate consumer and patron interest in central downtown, which was being drawn away to suburban shopping centers and enclosed malls, the City with the expertise of EDAW (an urban design firm), created a pedestrian mall amongst the original shops and buildings on Main Street in a revitalization effort. The design was successful with a new City Hall and new performing arts center (Raincross Square), being located at opposite ends of the mall. The pedestrian mall also sparked interest in the recently completed renovations of the Mission Inn.<sup>37</sup>

Riverside ranks as the highest populated city in Riverside County; the current population is now approximately 250,799 residents.<sup>38</sup> The median age of the population is 26.1, and the largest age bracket is 30 to 39 years comprising 17.3% of the total population. The ethnic and cultural composition of the community's total population is as follows: the White population is 70.8%; the Hispanic population is 26.7% (Hispanics are not removed from race groups, therefore the sum of the parts may exceed the total population); the Black population is 7.4%; the Asian population is 5.2%; the Native American population is 0.8%; and, all other races and ethnics

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<sup>37</sup> General historic information derived from two year period of employment in an urban design and landscape architecture office in downtown Riverside, located in the Old City Hall historic building; detailed historic information provided by the Planning Department of the City of Riverside, telephone interview on 07 August 1997.

<sup>38</sup> Information provided and compiled by Riverside (City) Planning Department, *Population Estimates & Projections City of Riverside*, Revised May 27, 1998: Population and housing unit estimates for 1998 and after are based on straight line projections - as computed by the Riverside Planning Department.

combined are 15.8% of the population.<sup>39</sup> Population growth between 1990 and 1998 was a modest 12.6%, while an accelerated 23.6% growth was previously experienced between 1980 and 1990.<sup>40</sup>

The median household income in 1990 was \$36,471, of 75,763 households; based on a annually compounded growth rate of 4.8%, the average household income for 1998 was approximately \$53,068.<sup>41</sup> Additionally, the largest population of yearly earnings per household is the \$35,000 to \$49,999 bracket comprising 20.4% of the total population. The number of households earning \$75,000 and greater per annum in 1990 was 10,255; this is 13.5% of all households. The level of education amongst the Riverside population is as follows: 53.7% have attained some college education; and, 19.3% have attained a bachelor degree or higher.<sup>42</sup>

Riverside has consistently been the leading city in Riverside County for population, employment, housing, and education, for over one hundred years. Unlike Rancho Cucamonga and Lake Elsinore, the city of Riverside is much less a bedroom community; however, the environs of Riverside have experienced similar accelerated growth patterns in housing, industry and commercial development during the 1980's.

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<sup>39</sup> Demographic information derived from *Demographic Profile 1990 Census - City of Riverside, Riverside County, California*: Source 1990 United States Census as compiled by Riverside Planning Department; May 5, 1994. Obtained from the Riverside Planning Department during Spring Semester 1998.

<sup>40</sup> Compiled by Riverside (City) Planning Department, *Population Estimates & Projections City of Riverside*. Revised May 27, 1998.

<sup>41</sup> Ibid: source National Planning Data Corporation, MAX Online Demographic Services (this is a straight line projection - not adjusted for inflation.)

<sup>42</sup> Riverside (City) Planning Department, *Population Estimates & Projections City of Riverside*, Revised May 27, 1998.



Overall the growth has been modest and quite steady. Housing units increased by 14,467 between 1980 and 1990, this marked a 22.5% growth rate - an accelerated rate. The estimated increase in housing units from (78,567 units) 1990 to (84,685 units) 1998 is 6,118 new units, which is a modest 7.8% growth rate. The average cost of a home is \$160,748; this is 12% higher than the County of Riverside average cost of a home. <sup>43</sup>

The city of Riverside is located in the northwest region of the county. Freeway routing and access is provided by the 60 Freeway (connecting east and west), 91 Freeway (connecting west), and Interstate 215 (connecting north and south). The city's governmental administration is carried out by a City Manager - Council form of local government. The city staff totals 2,100 personnel; the city administration is traditionally departmentalized for a full scope of public services. The major departments are: 1) Office of the Mayor and Council; 2) City Manager's Office; 3) Redevelopment; 4) Public Works/Engineering; 5) Public Safety; 6) Building and Safety; 7) Parks and Recreation; 8) Planning; 9) Maintenance; 10) Public Utilities; and 11) Administration. Each department has an independent staff hierarchy structured under the City Manager and executive directors.

The City of Riverside became host community to the Riverside Red Wave Professional Baseball Club for the 1988 season of Cal League baseball. The Red Wave, an affiliate of the San Diego Padres, played at the Riverside Sport Center on the UCR campus, sharing the facility with university, high schools and city programs.

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<sup>43</sup> Ibid.

This ballfield was considered over-used and under-maintained by virtue of a full annual use schedule. Furthermore, the City prohibited the sale of alcohol at this venue. Add the fact that the facility was considered sub-standard, for pre-1994 PBA standards, and all these factors led to the team's decision to leave Riverside after the 1990 season of Cal League baseball.

The Rancho Cucamonga stadium development project provided some adverse spin-off that politically impacted Riverside in 1992. The San Diego Padres organization (two years after vacating Riverside), struck an agreement with the former owners of the San Bernardino Spirit (a Mariner's affiliate), to inaugurate the Rancho Cucamonga Quakes (in 1993). This left both the San Bernardino ballclub and the Seattle Mariners organization temporarily without affiliate/minor league ownership in the California League. For both organizations there was a scramble for greater control and direction, and difficulties from stadium issue talks with both the Riverside City Council and San Bernardino's City Council.

The resolve for the Mariners organization, the 'Spirit' ballclub and the City of San Bernardino was three fold: 1) The Mariner's contracted players on the 'Spirit' ballclub would leave San Bernardino for Riverside; 2) Riverside would again host a team at the UCR ballfield - the Riverside Pilots Professional Baseball Club, a Seattle Mariner affiliate - began play in 1993; and 3) Those 'Spirit' ballplayers not contracted with the Seattle Mariner's organization benefited from a short-term agreement with the Cal League and the City of San Bernardino to remain in San Bernardino, as an independent ballclub and retain the nick-name 'Spirit'.

Unfortunately, the Pilots played only three seasons in Riverside, and left Riverside after the 1995 season of Cal League baseball, for the same reasons that previously led to the departure of the 'Red Wave' ballclub in 1990.<sup>44</sup>

The City of Riverside considered building a new stadium and addressed the stadium issue with the formation of a Task Force. On March 19, 1996, the City Council agreed to the formation of a 20-member task force to study the stadium issue, and recommended:

That the City Council approve the formation of a 20-member Task Force appointed by the Mayor's Nominating and Screening Committee to evaluate and prepare a report on the mission, benefits, costs and possibilities of a major Sports and Entertainment Center and report back to the City Council in six months.<sup>45</sup>

During the six months time period, the Task Force soon found an urgent need for additional recreational facilities; they agreed to form two subcommittees to address the urgent needs for high school sports facilities and youth recreational facilities.

Although the Task Force identified the lack of recreational facilities for post high school youth, and young and old adults, the subcommittees focused only on varsity and city youth recreational demands.<sup>46</sup>

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<sup>44</sup> Chronological baseball information obtained from employment as Park Planner/Technical Project Manager of stadium development from 1989 to 1994, at City of Rancho Cucamonga; all information and chronology was confirmed with California League office by Jim McCue, Director of Media and Public Relations, telephone interview 16 July 1997.

<sup>45</sup> "Sports and Entertainment Center." *City Council Memorandum*, City of Riverside. March 19, 1996. Riverside, California, 2.

<sup>46</sup> "Sports and Entertainment Facility Task Force." *City Council Memorandum*, City of Riverside. November 12, 1996. Item no. 30; Riverside, California, 30 - 1.

As a result of the Task Force findings the task force subcommittees remained committed to the need for a Multi-Purpose Sports and Entertainment Facility for Riverside youth: youth sports leagues and regional varsity athletics; and, family oriented special events and entertainment. The Task Force stated, "it is not the goal of the Task Force to attract a minor league baseball team to this facility." To date the City of Riverside remains consistent on their decision not to build a minor league baseball stadium using taxpayers' dollars.<sup>47</sup>

The council, Task Force and subcommittees of the City of Riverside exercised a thorough investigation which was reviewed by local decision-makers; this process gained community-wide participation and support. The final recommendation was framed by four key arguments. They are: 1 - youth sports was a consensus priority; 2 - community and leaders cited other economic decisions, such as housing and redevelopment, more important than stadium issue; 3 - two former minor league teams not well supported by community; and 4 - a Multi-Purpose Sports and Entertainment Facility is an urgent need.

The following pages provide a photographic study of the Riverside community, and the Riverside Sports Center - former home of minor league professional baseball.

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<sup>47</sup> Ibid, 30 - 2.



Figure 41 City of Riverside entry monument at the 60 freeway; also an entry to Fairmont Park.



Figure 42 The Mission Inn, a Riverside historic landmark; adjoining city main library and pagoda.



Figure 43 Mission Inn Blvd. streetscape and Mission Inn entry; archways display architectural style.



Figure 44 Modern motor court and entry to the Mission Inn; recently renovated and re-open.



Figure 45 The Old City Hall as viewed from Mission Inn archway directly across Mission Inn Blvd.



Figure 46 View over Lake Evan, the central design feature of Fairmont Park.



**Figure 47** The Fox Theater at the corner of Mission Inn Boulevard and Market Street.



**Figure 48** Main Street pedestrian mall, designed by EDAW, provides human scale to downtown.





Figure 49 Main Street pedestrian mall looking south-west toward New City Hall facility.

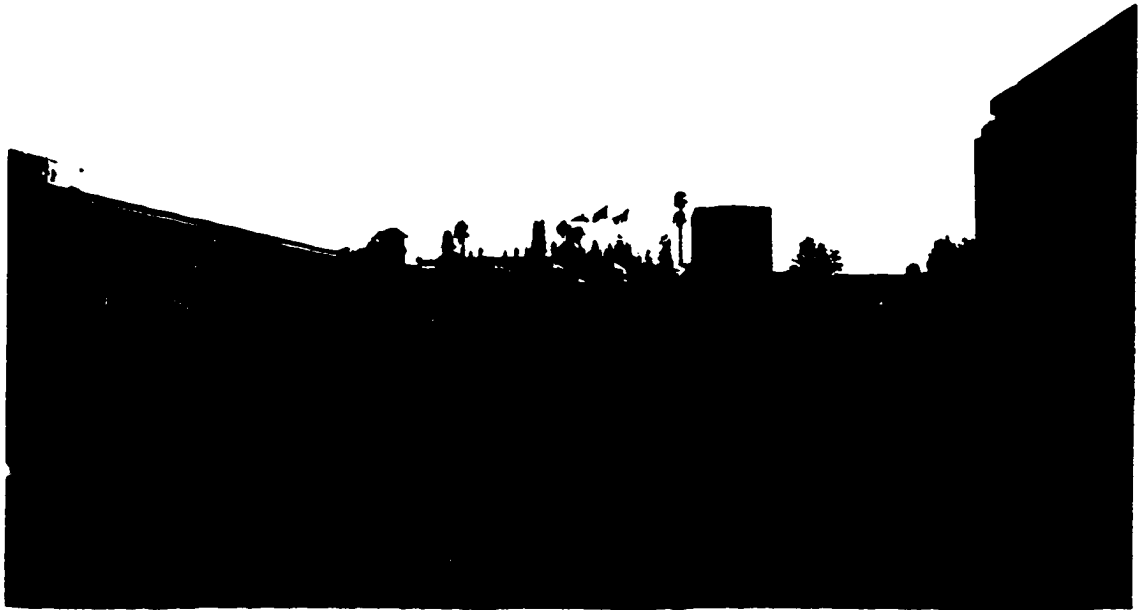


Figure 50 Raincross Square and adjacent hotel; at north-east end of Main Street pedestrian mall.



Figure 51 Riverside Sports Center, joint use multi-purpose facility for UCR and City of Riverside.



Figure 52 Limited seating opportunities and no stadium architecture are draw-backs of this facility.



Figure 53 Stadium facilities were deemed inadequate for Cal League professional baseball.

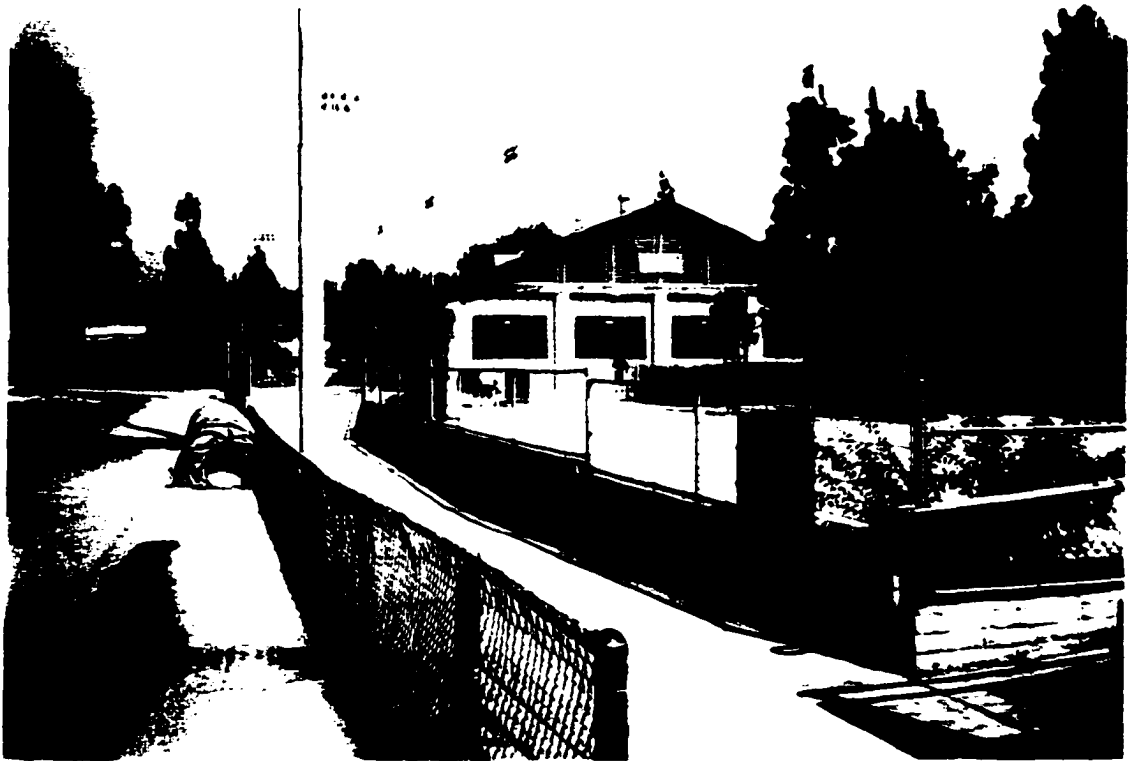


Figure 54 Concessions and maintenance units at first baseline; including an open plaza area.



Figure 55 Box office and clubhouse facilities for baseball clubs: UCR, (past) Red Wave and Pilots.



Figure 56 March Field; March Land Reuse Plan regional park element contained a stadium site.

The photographic studies give some definition to the style and flavor of each case study community. These local case studies have unique differences and relative similarities. Many of the key differences and similarities are summarized in the following four tables:

TABLE 6 General Profile of Case Studies

	<u>Rancho Cucamonga</u>	<u>Lake Elsinore</u>	<u>Riverside</u>
Year of Incorporation; City Law	1977; General Law	1888; General Law	1883; Charter Law
Form of Government	Council-Manager	Council-Manager	Council-Mngr
Population, (1998)	116,000	28,200	243,421
Total Square Miles	36.5	33.7	78.4
Percent of Build-out	46 %	38 %	72 %

Source: Information obtained from the respective local governmental agencies via general questions pertaining to the above data; answers provided by various personnel. The common baseline information was provided by the 1990 United States Census of Population and Housing for California - Rancho Cucamonga city, Lake Elsinore city and Riverside city. Also derived from base information found in the Proposed Rancho Cucamonga Sports Complex Feasibility Study (1990), Lake Elsinore Stadium Feasibility Study (1992), and City of Riverside - Sports and Entertainment Facility Task Force Reports (1996). Information was collected by telephone interviews and counter requests.

Table 6 presents the most basic data about the case studies/cities. Lake Elsinore is very unique; it is as old as Riverside, yet it is similar to Rancho Cucamonga in land area, build-out, and current growth patterns. However, Lake Elsinore's future population and development potential is still quite questionable.

Rancho Cucamonga and Riverside are most similar in population patterns and density; Rancho Cucamonga currently has 3,178 people/square mile, and Riverside's density is approximately 3,105 people/square mile. The common aspect for all three case studies is that each city is an Inland Empire (Riverside and San Bernardino Counties), region orientated community.

The following table, Table 7, presents a more detailed demographic review which investigates population factors of race and ethnic distribution, median age, education attainment and household income.

**TABLE 7**                      **Demographic Review of Case Studies**

	<u>Rancho Cucamonga</u>	<u>Lake Elsinore</u>	<u>Riverside</u>
Population, (1990):	101,409	18,285	226,505
<b>Race and Ethnic Distribution</b>			
White population	64.9 %	66.7%	70.8%
Hispanic population	21.7% a	26.0%	26.7% a
Black population	6.5%	3.9%	7.4%
Asian population	6.4%	2.3%	5.2%
Native American/other	0.5%	1.1%	0.8% /15.8%
Median Age	25.3	28.4	26.1
<b>Education Attainment (Pop. 25 yr.&gt;)</b>			
Some College Credit	62.7%	47.6%	52.6%
Receive Bachelor or Higher	21.1%	14.9%	19.3%
Median Household Income	\$56,741	\$30,801	\$36,471
Number of Households	48,709	6,066	75,763

a (Persons of Hispanic origin may be of any race, therefore the sum of the parts may exceed the total population.)

Source: Ibid, (of Table 6).

The most distinguishing data from Table 7 involves the City of Lake Elsinore. In the case study categories of education attainment and median household income, Lake Elsinore is remarkably lower than Rancho Cucamonga and Riverside. Combined with an older median age than the other two communities, the city of Lake Elsinore can be summarized as the most limited population of the three case studies. Lake Elsinore is limited by current infrastructure (housing/building industry), size/land area of community, human resources, education attainment of the population, as well as by a low population total.

Another degree of analysis is presented in the following table, Table 8 found on the following page, entitled Community Dynamics of Case Studies. This table profiles household/individual resources in contrast with growth, and percentages of growth stemming back to 1980 and concluding with 1998 figures. The information is factual from 1980 to 1990, however, figures that indicate growth from 1990 to 1998 are forecasts as obtained from source (case study) agencies.

From a cursory analysis of Table 8, the case study of Rancho Cucamonga can be identified as a community with significant household resources and substantial growth patterns in all areas. Lake Elsinore community also exhibits substantial new residential and commercial growth, as well as continued increased growth patterns. In keeping with an older median age, Lake Elsinore maintains a significant work-force and employment market locally. The case study of Riverside is presented as a community of modest growth and stable resources; it is the regional center for south-eastern Inland Empire and all of Riverside County.

TABLE 8 Community Dynamics of Case Studies

	<u>Rancho Cucamonga</u>	<u>Lake Elsinore</u>	<u>Riverside</u>
Households, (1990):	48,709	6,066	75,763
<b>Income Distribution of Households</b>			
Largest Percentage of Households/Stated Annual Earnings Bracket*	15.6% / \$45 to \$59.9K	18.4% / \$50 to \$74.9K	20.4% / \$35 to \$49.9K
Percent earning \$75K & over	28.4%	11.9%	13.5%
Working Age Population, (18-64 yrs.)	55,775	10,625	140,573
Percentage of total population (for 1990)	55.0%	58.1%	62.1%
Approximate Number of Jobs (in 1990)	28,416	7,000 b	68,500 c
Percentage of Working Age Population	50.9%	65.8%	48.7%
<b>Housing Units Growth Rate</b>			
Number Units/ Percent Increase:			
(Base) 1980	18,200	3,304	64,100
1990	36,400/ 100%	6,066/ 83.6%	78,567/ 22.5%
1998	40,000/ 9.9%	8,238/ 35.8%	84,685/ 7.8%
Percent Increase from 1980 to 1998	119.8%	149.3%	32.1%
Average Cost of Existing Home	\$162,322	\$115,250	\$160,748

(\* See Note at base of Table; also, 'K' denotes in \$1,000.)

b (estimate from employment figures of the Elsinore Valley Census County Division.)

c (estimate partially derived from discussions on Market Area demographics for Inland Empire; Source: Rancho Cucamonga Sports Complex Feasibility Study and Lake Elsinore Stadium Feasibility Study.)

Source: Ibid, (of Table 6): Note: Stated Annual Earnings Bracket(s) vary for each case, whereas no other bracket presented for each received a higher percentage of households - taken direct from source data.



The final of the four tables, Table 9 reviews the stadium project dynamics of each case study, as follows:

**TABLE 9 Stadium Project Dynamics**

	<u>Rancho Cucamonga</u>	<u>Lake Elsinore</u>	<u>Riverside</u>
Stadium Decision (Y/N); Year	Yes; 1993	Yes; 1994	No; 1996
Related Decision-making Study	Feasibility Study	Feasibility Study	Task Force Findings
Benefit-Cost Analysis Utilized	No	No	No
Projected Cost of Stadium	\$10.5 million	\$7.8 million	NA
Actual Cost of Stadium	\$11.8 million	\$12.3 million	NA
Estimate of Total Budget	\$16.5 million	\$11.4 million	NA
Overall Project Cost	\$18 million	\$22 million	NA
Additional Project Elements	On-site improvements, Parking, Recreational Sports Facilities.	On-site improvements, Parking.	NA
Total City Park Acreage	202	83	588
Number of Developed Parks	19	10	39
Baseball Fields in Parks	19	4	33

Source: Ibid, (of Table 6).

Table 9 establishes direction for the remaining analysis and conclusion of this paper's theory. Case studies Rancho Cucamonga and Lake Elsinore decided to build a stadium with taxpayers' dollars; Riverside has recommended and decided not to build -

the parameters of their respective decisions are outlined above.

The critical information and important findings about the three local case studies will refer directly to the manner in which the respective local agencies and officials address, handle and perform faced with the stadium issue and decision-making processes on whether or not to build a minor league baseball stadium. The method utilized to obtain this information was a series of fact-finding interviews with lead officials in each agency for the purpose of obtaining qualitative data through telephone contacts and scheduled personal interviews. Proper preparation for this series of interviews warranted the compilation of a standard outline of pertinent questions poised to obtain the necessary information to test the central theory of this paper.

Therefore, the pertinent questions examine the economic and political parameters of the stadium issue for each local agency and allow for inquiry into community planning, economic development, strategic planning, and public decision-making processes. Nine basic questions were prepared that constitute a standard outline of questioning and discussion to derive qualitative data from formal interview situations with local officials of each local agency/case study. To review the outline in total, refer to Template of Standard Outline of Questioning for Fact-Finding Interviews, in Appendix B.

#### Review of Data Collection and Fact-Finding Interviews

The fact-finding interview process and qualitative data collection provided, in a limited means, only information volunteered and shared by the local officials contacted and willing to participate, either by telephone interview or personal presence interview.

The personal presence interviews allowed for greater intimacy about the case studies and stadium issue discussions. Although, a consistent effort was made to address all nine questions in each interview, all local officials were decidedly more comfortable with some areas of questioning than others. Thus, the concentration of responses to the standard questioning varies with each local officials expertise and comfort levels at the time of the interviews. The remainder of this chapter will review the data collection and fact-finding interview results of each of the local case studies.

The qualitative data collected from fact-finding interviews will be presented in the order of the case studies listing (of Table 6), and in order of questioning within each case study. Only the most pertinent data and information will be presented, hence, the ordering of the nine questions from the standard outline (found in the Appendix), may not consistently coincide. A summary will be presented at the end of each case study discussion with regard to central theory testing and the chapter will conclude with results of overall theory testing.

#### City of Rancho Cucamonga

Fact-finding interviews were conducted with the following officials:

Linda Daniels, Redevelopment Agency Director. Personal interview; Rancho Cucamonga, March 13, 1997.

Jack Lam, City Manager/Secretary of the Redevelopment Agency. Personal interview; Rancho Cucamonga, March 18, 1997.

Jerry Fulwood, Deputy City Manager. Personal interview; Rancho Cucamonga, March 18, 1997.

Olen Jones, Former Redevelopment Senior Analyst. Personal interview; Rancho Cucamonga, March 19, 1997.

Duane Baker, Assistant to the City Manager. Personal interview; Rancho Cucamonga, March 24, 1997.

Rick Gomez, Community Development Director. Personal interview; Rancho Cucamonga, March 24, 1997.

Chuck Buquet, Former Councilman/Mayor Pro Tem and Agencymember. Personal interview; Rancho Cucamonga, March 25, 1997.

The following section is an account of the volunteered responses to the standard questioning; exact quotes will be identified by last name in parenthesis where applicable. Quotes or authored information will be identified when conflicting or inconsistent information exists within same question or topic of discussion, or when the volunteered information is critical to testing of central theory. Otherwise, the City (RC) responses are presented as consensus information on the stadium issue.

**DBS: What original circumstances generated stadium issue discussions and who championed the effort to consider stadium development?**

**RC:** In approximately 1984-85, a major conflict erupted between Little League baseball and adult baseball leagues city-wide over use of the existing ballfields in town. The parks and recreation staff began to address this conflict and demand. Shortly thereafter, the plans for an adult sports park rooted with the parks and recreation commission and the city council. During one of these early meetings a senior redevelopment analyst (Olen Jones), suggested that if we were planning an adult sports park that perhaps we should consider also a minor league professional stadium as a centerpiece to the project (Daniels).

The recreational demands on the current master plan for parks and recreation was the original catalyst; this helped generate the original conceptual framework of the

project. The City of San Bernardino executive management and council had concurrently been exploring the idea of replacing Fiscilini Field - they did not for political reasons, (this was a consensus refusal by San Bernardino's city council to deny team ownership stadium improvement demands on agency and public monies). We decided to call the California League offices and ask if we were far enough away from San Bernardino territorial rights to plan a new stadium ourselves. Their answer was yes - and we pursued it further (Jones).

**DBS:** Did stadium issue discussions parallel other economic growth or development opportunities in your local community?

**RC:** Not necessarily, as the conflict between youth and adult baseball opportunities would have or did occur without specific reference or regard to the state of the local economy. Once the project began to take shape many economic issues and considerations were visited, but they were secondary to the process. In actuality, the stadium issue began to create spin-off economic interests in the local community and economic marketplace; this was a positive element of the stadium/sports park development, in that, we set forth to solve baseball or recreational demand and as a result, created new economic opportunities also (Fulwood).

**DBS:** Was the stadium issue a part of a comprehensive economic strategic planning effort or over-riding local public policy?

**RC:** No. The over-riding public policy issue was recreational demand and the solution became central to the family orientation image that the City has been proudly developing since our incorporation in 1977 (Fulwood).

**DBS:** Was a stadium development project considered a central element of a larger scale planning mission?

RC: Yes, as discussed it became a central element or feature of the preliminary plan and design of an adult sports park - Rancho Cucamonga Adult Sports Park (Daniels).

DBS: Is local economic growth expected from the public investment in a stadium development project?

RC: Not initially, however, as we progressed with the plan it became evident that a select number of business and commerce opportunities would become a reality as a result of having a minor league baseball stadium with a professional Cal League 'home team'; the stadium itself should attract potentially 4,500 to 5,000 people a night, for 70 nights per year (Lam). <sup>48</sup>

DBS: Were there anticipated economic or public benefits to subsidizing a stadium and hosting a minor league professional baseball team?

RC: The anticipation for economic benefits was stated as follows: we expect to have a sunk cost with no return or minimal losses in revenue for the first couple of years, whereas, after five years we should begin to show a consistent 'break-even' forecast. Over the long term, if maintenance and operations cost stay reasonable - and debt retirement is manageable - there will perhaps be some economic return or benefit from the stadium. We expect to do better with our economic return on the entire project, given that softball and soccer provide essentially year round use of the facility (Gomez).

"This project is an economic spur to the community - we now have annually, approximately \$8 million more brought into the local economy as a result of the

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<sup>48</sup> McCue, telephone interview, 16 July 1997. The attendance after 142 home games at the end of the 1994 season was 406,974; this averages 2,906 attendance a night over the first two seasons - a Cal League record going into the 1995 season.

stadium. There is a 'synergy' in town that did not exist prior to the stadium development; we are receiving calls from prospective business people inquiring about Rancho Cucamonga, precisely, because they had heard mention of our minor league stadium. We have not begun to track this - I believe we should so we will know the extent of economic benefit to the local economy" (Buquet).

"Since the stadium opened up - 'America' is looking at us, we are getting national recognition - it's there for the ages. It has become a great marketing and publicity tool for putting Rancho Cucamonga on the map" (Buquet). Tommy Lasorda and Fred Claire first saw Hideo Nomo pitch as a Dodger at the 'Epicenter' (stadium), when he was initially assigned to Bakersfield Dodgers; Nomo's first game was an away game against the Rancho Cucamonga Quakes. "When I realized that Lasorda and Claire were in Hank's box (owner Hank Stickney's private suite), I offered them my front row seats directly behind home plate looking in on right-hand batters - they were thrilled - I was proud of our stadium. All the big television broadcast networks were at the game" (Buquet).

The public benefits certainly begin with the resolve of recreational demand conflicts. The community now benefits from this facility, as demand conflicts no longer complicate life in the neighborhood parks - although we continue to build more parks - the heat of earlier conflicts has dissipated. The community now has a stadium facility to identify with, to plan school or social group outings or special events within. It is a family environment that all ages benefit from, the entertainment is affordable and besides movies, there isn't much offered to all the ages or generations

like baseball, anywhere (Lam). A project of this kind brings a 'quality of life factor' to a community; "people make decisions where to live based on 'quality of life' factors," a region should be balanced, there should exist public facilities that all classes in a community or region benefit from (Fulwood).

DBS: How have economic or public benefits been evaluated and estimated?

RC: We realized that there were many positive aspects inherent in going forward with a development such as this. We assured ourselves that there was a financing vehicle for the project and that the economics would essentially pay for themselves. It is a project of goodwill, business promotional opportunities, a venue to promote as multi-purpose, a catalyst for other development such as hotels. We see the benefits as both internal and external to business and the local economy stemming from this stadium development (Lam).

Expecting to build or "bring the project in pretty much on budget - the approved budget - we would have created a project that is consistent with 'goal attainment' or our stated mission to the community. We delivered to the people of Rancho Cucamonga precisely what we had stated would be realized from approving the project. There was a recreational demand conflict to resolve (it is now resolved), and everything else accomplished with the stadium/sports complex has been a major plus for the region. We estimated some costs and a few benefits, but our commitment to the community, that may be difficult to evaluate. The greatest benefit is possibly that we have 'turned dreams into reality', and delivered on our word to the people of the community" (Buquet).



**DBS:** Was a decision-making process employed to decide whether or not to build a stadium?

**RC:** Not a sure or precise method (Daniels). We used a normative method which is the same for all economic development projects internally (Lam). The opportunity presented itself after some initial conceptualization. The remainder of the process was to secure the redevelopment based financing and convince the council of the stadium issue and adult sports park project. After that it followed a community development project standard format of bid administration, contract administration, project management, construction management, and basic public permits and inspections for implementation and completion (Baker).

An analytical decision-making process was not present or evident within Rancho Cucamonga's process to decide whether or not to build their stadium using taxpayers' dollars. What appeared to take priority or take the place of a decision-making process was the financial implementation plan to build. It is as though the decision-makers asked, 'do we have the financial resources to be able to afford to build this project', and rendered their decision solely on the financing available to commence with the project. (The issue of fiscal implementation decision-making will be analyzed in the following chapter.)

**DBS:** Was Benefit-Cost Analysis (BCA) utilized to aid the political decision to build or not; was there a set plan, distinct outline, or development model utilized to aid a decision about the stadium issue?

**RC:** BCA was not used; the ownership group for the team presented council with an economic analysis that concluded the stadium would potentially bring \$8 million annually into the local economy. This was a gross figure and it was not substantiated

locally by way of a BCA; the \$8 million represented a national average of revenues for minor league baseball stadiums around the country and in Canada, that had been in operation for at least two years or more (Lam).

The plan for the adult sports park and stadium - the design and development plan - did not have an actual public policy guideline or political process to decide to have the project built. The project had a life of its own, it did not to require a distinct development model, or outline, although it did require the integrated efforts of various departments and divisions to share in the process of building it (Fulwood). The project was 'Win-Win', it seemed not to require very much of a formal process or regimen about our decision to move ahead on the project and build - including the minor league professional baseball stadium. (Buquet).

Further discussion and analysis of the decision-making process and the narrative herein will be discussed in Chapter IV (Analysis of Case Studies).

In sum, the City of Rancho Cucamonga officials made the decision to build a minor league professional baseball stadium with their primary political focus on solving a public recreational demand conflict. Therefore, the stadium issue was seen as 'something of a whim' initially, with a consensus of belief that the stadium would be an economic benefit for the local economy and a positive public benefit for the community. However difficult to substantiate this belief, the past five years of hosting a (Cal League) home team suggests to the City officials that they should not feel or believe otherwise about the project. The local governmental agency and community has received a great degree of exposure and identity from the stadium and sports park

development.

There are still substantial indicators that the City of Rancho Cucamonga did not realize the full advantages of well executed decision-making, being guided by a prescribed plan or outline, and employing BCA for this scale of community/economic development project. Only one official of the six officials interviewed understood when asked directly about stadium economic costs and benefits; the typical answers to the stadium economics question was, the City was able to secure financing for the project with redevelopment funds, and had the City not been able to find a financing vehicle the stadium would not have been made a reality. This case study has the presence of mind similar to, "if you build it - they (he) will come", made famous by the 1989 movie *Field of Dreams*, starring Kevin Costner.

The stadium issue and the decision to build is a widely supported decision within the Rancho Cucamonga community, which is evident by California League record attendance levels set during the first five years of the team/stadiums existence. Also, during Redevelopment Agency public hearing meetings there was no significant opposition to the project, with the exception of concerns over a new library for the community. However, further analysis of City of Rancho Cucamonga, in the following chapter, will demonstrate short-comings of this local governmental agency's handling of the process and risks taken that could have been reduced or perhaps even eliminated.

#### City of Lake Elsinore

Fact-finding interviews were conducted with the following officials:

Dick Watenpaugh, City Manager. Personal interview; Lake Elsinore, March 31, 1997.

Adria Brining, Deputy City Clerk. Personal interview; Lake Elsinore, March 31, 1997.

Dave Sapp, Community Services Director. Personal interview; Lake Elsinore, March 31, 1997.

Ken Stickney, Owner Lake Elsinore Storm Professional Baseball Club. Personal interview; Lake Elsinore, March 31, 1997.

Armando Villa, Project Planner. Telephone interview; Ontario, April 01, 1997.

Linda Miller, Planning Technician. Telephone interview; Ontario, April 01, 1997.

The following section is an account of the volunteered responses to the standard questioning; exact quotes will be identified by last name in parenthesis were applicable. Quotes or authored information will be identified when conflicting or inconsistent information exists within same question or topic of discussion, or when the volunteered information is critical to testing of central theory. Otherwise, the City (LE) responses are presented as consensus information on the stadium issue.

**DBS:** What original circumstances generated stadium issue discussions and who championed the effort to consider stadium development?

**LE:** The City executive management group, including Mayor, Council and Redevelopment Agency (RDA), in early 1992, received word that a development proposal from private company Dan Young Associates on behalf of other partners within the East Lake Commercial Builders Association would be submitted within months ahead. The said development proposal evolved into an improvement plan and feasibility study for a 32 acre stadium development project. The development

proposal was to be submitted with respect to an option on 990 acres of land within the newly created 3,000 acre specific plan designed for the area south and east of the lake, known as the back basin. The stadium development plan and feasibility study was later defined and presented as the first phase of the association's intention to develop 900 acres of back basin vacant land (Watenpaugh).

The RDA was involved with the review of the development proposal from Dan Young Associates because the 900 acre area contained a 97 acre parcel of land that the RDA owned. The first phase of development - the 32 acre stadium development plan - was cited for implementation on RDA owned land. Later, when it became clear and known that the development group did not have the necessary financing to begin the stadium development project, RDA put up the original funding for the project with a municipal bond act to cover the market value of the project. This too became a point of contention when the project experienced over-riding financial difficulties essentially doubling the original project cost estimate (Villa).

**DBS:** Did stadium issue discussions parallel other economic growth or development opportunities in your local community?

**LE:** Yes; the development opportunities and consequently economic growth of our back basin region - the creation of a 3,000 acre specific plan - has spurred the developer and ourselves (City agency/officials), to consider the stadium issue. The stadium development has become a measure by which we can quickly demonstrate a vision and mission of purpose we wish to see, and have others see simultaneously, take that direction now and set a certain standard of community development for future build-out (Watenpaugh).

There has existed, since the factory outlet mall project a few years ago, an accelerated business and economic interest in Lake Elsinore; this was all realized because the Interstate 15 corridor project was finally completed by Cal Trans allowing a much greater degree of accessibility throughout this region. Lake Elsinore is situated central to this corridor development and we have aspired to be the leaders or standard bearers of economic development for this region (Brining). We, the city executive staff, realize that Lake Elsinore's heritage is a strong recreational and tourism base, thus, we have realized a stadium project that will support both the old and new growth aspects of our community (Sapp).

DBS: Was the stadium issue a part of a comprehensive economic strategic planning effort or over-riding local public policy?

LE: There was not a sports strategy or public policy in effect here with regard to the stadium development. However, our continued mission and support of recreational opportunities for the region is consistent with the focus of this project. The East Lake Master Plan, and phase one of the plan - the 'Liberty Project' - are the planning vehicles by which the economic strategic planning efforts are guided (Watenpaugh). The original master plan contained a general tourism recreational element providing for additional park sites, golf courses, and tournament quality sports facilities, for example tennis and swimming facilities. The stadium was later included in the development proposal/feasibility study - that which constitutes phase one of the plan (Miller).

The City Council responded favorably to the economic generator potential of the project; they were also excited about the community focal element of the stadium

development. The stadium was often referred to as the 'pride' development of the community and a benchmark for future community and economic development; the stadium has generated a local synergy of business opportunities, some planned for and some have been spontaneous business establishments (Watenpaugh).

Due to the fact that Dan Young and Associates first brought the stadium issue to focus, in 1995, we (City officials) did not have a stadium development project as a part of any economic strategic planning effort, prior to this proposal. Since that time, their proposal in 1995, the City has viewed the stadium as an integral part of future economic development of Lake Elsinore and the immediate surrounding region (Watenpaugh).

**DBS:** Was a stadium development project considered a central element of a larger scale planning mission?

**LE:** It currently is a central element of the East Lake Master Plan; we have included it as such since 1995, upon receipt of the feasibility study. The first phase of development, the 'Liberty Project' presented the stadium as such (Villa). As we planned for the continued growth of Lake Elsinore, we (the city staff) did not include a stadium development. A tournament class 18-hole golf course with premium class residential development circumscribing the course was considered a central element of the master plan (Watenpaugh).

**DBS:** Is local economic growth expected from the public investment in a stadium development project?

**LE:** There was consensus early on in the proposal/development feasibility process that defined anticipated economic growth from public investment in the stadium project.

Since completion of the stadium and our inaugural season of baseball there has been an acceleration of building and business permit applications at the city counters and the majority of this economic growth is taking place in the vicinity of the stadium and with a direct association to hosting the 'Storm' at the 'Diamond'. There are likely other reasons for this recent economic growth, however, there is not another more justifiable reason for the growth we have experienced than the stadium development and hosting a minor league professional baseball team. The current local synergy in business and economic development is at a peak (Watenpaugh).

DBS: Were there anticipated economic or public benefits to subsidizing a stadium and hosting a minor league professional baseball team?

LE: Originally, when the project estimated budget was just over \$11 million, there existed a more positive feeling toward a short-term and long-term economic benefit from subsidization of the stadium. However, the cost over-runs that became a stark reality for the City during the final stages of construction have shed a 'dark (storm) cloud' over the immediate success of this project. "The project group - Spectrum Group hired to be the design/engineer/build firm, by recommendation of Dan Young and Associates - were to address the changes and subsequent costs being proposed to the project to add a club-style restaurant and additional luxury boxes. We were never satisfied with Spectrum's justifications for basically incurring 100% cost over-runs; we would have accepted 25 to 30% increases, but even that is a huge bill of sale to pay on an \$11 million dollar base price" (Watenpaugh).

The citizens of Lake Elsinore have long awaited a regional scale recreational element to add variety to our community. The lake is obviously a constant benefit of



public use and enjoyment, yet this period of time - completion of the I-15 corridor and a construction boom of housing starts - was ripe for a diversification of recreational opportunities and community development. These public benefits were anticipated; the majority of private box holders are Lake Elsinore residents, who also maintain business interests in the community (Sapp).

Having the Lake Elsinore Storm Baseball Club this close to Anaheim - the affiliate parent organization - allows for a synergy of business, cross promotional opportunities and economic growth for this community. Baseball is a business; top-notch, well run organizations are capable of creating spin-off economic opportunities for local business establishments, especially when there is success on the field and at the gate of 'home field'. The merchants, chamber of commerce and business interests in Lake Elsinore have benefited from the stadium development and the relocation of Angels A-Level farm team; it has also benefited the Anaheim organization to procure a player development contract with us (the 'Storm' organization). "This is a 'Win-Win' situation for everyone involved: our organization, Anaheim, the City administration, local economy, and the general public - community and region" (Stickney).

DBS: How have economic or public benefits been evaluated and estimated?

LE: The economic and public benefits estimates were contained in the feasibility study presented by Dan Young and Associates; since that disclosure we (City staff) have reviewed, analyzed and evaluated the benefits as stated in the feasibility study. We did not conduct an independent study of economic or public benefits surrounding the stadium development project. Our major economic concerns were with regard to

whether or not the project could be substantiated financially, with a funding source.

The feasibility study was reviewed in detail and we found that it was not as in-depth an economic analysis as we liked to see; the city manager's office considered retaining an outside consultant to review the feasibility study and conduct an economic analysis that would either support or oppose the study findings. However, after a thorough review of the feasibility study by staff, it was agreed that the City not pay for the same work or level of analysis twice, and thus chose to move forward on the project without further analysis of the economic or public benefits. The staff analysis of the feasibility study, with regard to suggested economic and public benefits, indicated a strong potential for the realization of benefits from success of the stadium project (Watenpaugh).

**DBS:** Was a decision-making process employed to decide whether or not to build a stadium?

**LE:** We did not employ a complex decision-making process to decide, in the affirmative, to build the stadium. The process taken to approve the project was simply staff review and recommendation to council, ultimately seeking approval for the project; there always existed deliberations about the stadium with regard to the approval process and subsequent permit processes to complete the project. Council remained receptive and positive throughout the approval process; however, they have become very skeptical about the construction management (design/engineering/build) process that has led to increased spending far over the original proposed budget for the project.

We actually experienced our most involved and in-depth deliberations on the

stadium when the cost over-runs became the topic of priority, toward the end of the project. We recently have been deciding on appropriate restructuring of financing in order to protect the City general and reserve fund from any further fiscal impacts from additional spending incurred during stadium implementation, specifically from construction change orders and plan amendments (Watenpaugh).

**DBS:** Was Benefit-Cost Analysis (BCA) utilized to aid the political decision to build or not; was there a set plan, distinct outline, or development model utilized to aid a decision about the stadium issue?

**LE:** No, we did not utilize BCA to assist our decision to build the 'Diamond'. We reviewed thoroughly the feasibility study presented by the private development company and agreed to proceed on the project from that level of analysis. Project decisions were aided by the following scales of community development planning: East Lake Master Plan; the 'Liberty Project'; a specific plan (first phase of the master plan) and, on-site/off-site improvements construction plans.

The stadium issue was initiated by the private development company (Dan Young and Associates), therefore the feasibility study document became a preliminary outline for the stadium development. In the scheme of things - the private/public partnership - the private group championed the effort to build the 'Diamond' and decisions to proceed with the project were within our jurisdiction (public approvals process), given public subsidization of the stadium development (Watenpaugh).

In sum, the City of Lake Elsinore officials made the decision to build a minor league professional baseball stadium with their primary political focus on future economic growth for the back basin area of the community. Therefore, the stadium

issue was viewed as a private/public partnership that could begin to substantiate future development of the 'Liberty Project' and ultimately the 3,000 acre East Lake Master Plan. City officials proceeded with a consensus of belief that the stadium would be an economic benefit for the local economy, set a higher development standard and a positive public benefit through recreational diversification for the community. However, the local governmental agency has received a degree of opposition and criticism from citizens about the cost over-runs and the eminent risk of depleting general and reserve funds to finance the stadium.

There are substantial and strong indicators that the City of Lake Elsinore did not realize the full advantages of well executed decision-making, being guided by a prescribed plan or outline, and employing BCA for this scale of community/economic development project. When all officials were asked about stadium economic costs and benefits; the typical answers to the stadium economics question were. The City was able to secure financing for the project with redevelopment funds, had the City not been able to find a financing vehicle the stadium would not have been built.

This case study is also a *Field of Dreams* type scenario. However, there are greater fiscal problems occurring at the City of Lake Elsinore than with the fiscal realities at the City of Rancho Cucamonga over the stadium issue. What initially began as a private/public partnership agreement to build a public subsidized stadium (to be offset or paid down over time with profits from the stadium) has become an immediate financial crisis. Although direct and specific information about the fiscal difficulties were not volunteered, when the name Dan Young (and Associates) was

communicated in all interviews the responses were severely negative, such as: "Let's talk about the stadium and (Lake Elsinore's) future, shall we" (Sapp). "That deal was struck with the former City Manager and he is not here any longer" (Watenpaugh). "Dan Young is a swear - let's just say - a bad word around here" (Brining).

Although the city council did not conduct any public hearings on the stadium proposal, the decision to build was met with a positive community consensus (as indicated by city staff) and was initially anticipated to be a successful development for the Lake Elsinore community. In light of the fiscal difficulties, the 'jury is still out' on the overall success and acceptance of the project as a positive element of the community. Further analysis of the City of Lake Elsinore, in the following chapter, will focus on the short-comings of this local governmental agency's handling of the process and risks taken that could have been reduced or perhaps even eliminated.

#### City of Riverside

Fact-finding interviews were conducted with the following officials:

Ron Loveridge, Mayor of Riverside. Personal interview; Riverside, March 21, 1997.

Robert Moran, Economic Development Agency of Riverside County. Telephone interview; Ontario, March 24, 1997.

Bob Mees, Principal Planner. Telephone interview; Ontario, March 25, 1997.

Ameal Moore, Riverside City Council - Ward 2. Telephone interview; Ontario, March 27, 1997.

Richard Kupetsky, Chairman Greater Riverside Chamber of Commerce Sports Committee. Telephone interview; Ontario, March 28, 1997.

The following section is an account of the volunteered responses to the

standard questioning; exact quotes will be identified by last name in parenthesis were applicable. Quotes or authored information will be identified when conflicting or inconsistent information exists within same question or topic of discussion, or when the volunteered information is critical to testing of central theory. Otherwise, the City (RVD) responses are presented as consensus information on the stadium issue.

**DBS: What original circumstances generated stadium issue discussions and who championed the effort to consider stadium development?**

**RVD: Two events lead to stadium issue discussions. They were: 1) The Riverside Pilots Professional Baseball Team became the second ballclub choosing to leave Riverside in five years; as they were preparing to leave in 1995, a group of concerned citizens and baseball fans formed the Pilots Task Force in support of (minor league) professional baseball in Riverside. 2) March Air Force Base was closing down and there is a March Land Reuse Plan for the base lands; within the reuse plan there exists a regional park element and concept discussions for this park site also began in 1995.**

City staff and community groups have combined their effort to address the stadium issue; early stadium discussions and task force formation began in late 1995. By March 19, 1996, a Sports and Entertainment Center Task Force was officially formed to study the benefits and costs of not only a stadium development, but also a sports and entertainment complex.

The task force was certainly a concerted community effort and not necessarily championed by any one group or individual. There were twenty official members of this task force representing many interests within the Riverside community (Loveridge).

**DBS: Did stadium issue discussions parallel other economic growth or development opportunities in your local community?**

**RVD: The concern of the task force was to study and analyze the public support for a sports and entertainment center and determine if the need mirrored the support for this scale of facility. There were a number of economic growth opportunities that existed within the greater Riverside community, however, we did not give focus or parallel them with our study on the multi-purpose center. Our focus was to provide entertainment and recreational opportunities that were notably lacking; downtown revitalization projects, housing developments, and other economic development opportunities were inconsequential to our task force study (Kupetsky).**

The stadium issue could not compete with the economic development projects that were underway at the time of our task force study; the costs were great and the benefits could not be experienced by the majority of the general public. Our goal with economic development projects is to approve projects which demonstrate that the benefits out-weigh the costs; the stadium issue required a large investment with little evidence that the benefits would be as large (Loveridge).

**DBS: Was the stadium issue a part of a comprehensive economic strategic planning effort or over-riding local public policy?**

**RVD: No; the stadium issue was addressed in the tasks force study on the Sports and Entertainment Center. This study, although community oriented, was conducted with just the recreational and entertainment need and value in mind - if the findings of the study were convincing enough, the project would then become a regional park implementation project (Moran).**

**DBS:** Was a stadium development project considered a central element of a larger scale planning mission?

**RVD:** The stadium issue was handled independently from other planning efforts, unless the March Land Reuse Plan were to have a stadium development incorporated, then a stadium project perhaps would have become a central element of that planning mission (Mees).

**DBS:** Is local economic growth expected from the public investment in a stadium development project?

**RVD:** I think it is best to view the stadium issue for what it is; people go to a baseball stadium for baseball, and only the serious baseball fans are regular in attendance. I am not convinced that baseball stadiums at any level of play are anything but facilities to play baseball in and to go to watch baseball games at. Riverside, at this time has some demands for a baseball stadium, however these demands do not have the City believing in expected economic growth from a public investment in a stadium development project. No, we do not expect local economic development to result from moving ahead and building a baseball stadium (Loveridge).

**DBS:** Were there anticipated economic or public benefits to subsidizing a stadium and hosting a minor league professional baseball team?

**RVD:** The consensus with Riverside officials is it is not appropriate to anticipate many economic or public benefits from subsidizing a stadium and hosting a minor league professional baseball team. Our previous two ballclubs played to the lowest attendance figures in all of the California League of Professional Baseball, and many feel that absence of beer and wine sales had just as much to do with the low numbers



in attendance as compared to the team or game itself (Moore).<sup>49</sup>

The community will derive some public benefits from a stadium development project, however, exactly what those benefits are, beyond a facility to play baseball in or be entertained at, is still questionable. Even if we could be exact about the public benefits derived from a stadium development, those benefits are likely to be experienced only by a small percentage of the overall population.

DBS: How have economic or public benefits been evaluated and estimated?

RVD: We did not estimate or evaluate the economic or public benefits of the stadium issue with the task report study. The focus was to analyze existing community support and demand for a sports and entertainment center; this focus was guided by the efforts and success of the Rancho Cucamonga Adult Sports Park and Stadium. The directive of task force meetings was to address the severe shortage of youth public and high school varsity athletic facilities, therefore, not enough focus was given to the economic and public benefits that may be realized by a stadium development project. It was evident from the presentation by Rancho Cucamonga officials that a successful sports park and stadium project has inherent and unique economic and public benefits (Moran).

DBS: Was a decision-making process employed to decide whether or not to build a stadium?

RVD: The task force study was the process by which the task force and City officials

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<sup>49</sup> Ibid. Mr. Jim McCue, of Cal League offices concurred, "a visiting manager to a Pilot game, leaned over from the dugout to speak to me in the first row and said, about the 800 some people in attendance, 'I like when we play here at Riverside - you have to play your absolute best - because these are the most serious fans of baseball in the whole league.'"

concluded not to place a large investment into a professional baseball stadium. We moved to concentrate a public effort and investment for the purpose of locating a site and building a multi-purpose sports facility to meet the on-going unsatisfied demand for youth and varsity sports in Riverside (Kupetsky).

**DBS:** Was Benefit-Cost Analysis (BCA) utilized to aid the political decision to build or not; was there a set plan, distinct outline, or development model utilized to aid a decision about the stadium issue?

**RVD:** There was not a formal BCA performed; however, the process of uncovering a very significant and large demand for youth sports throughout the community and comparing it to the high cost of a professional stadium bore some semblance of a BCA. When funding sources were considered to pay for a stadium, it became a reality that the project would cost so much more than most had anticipated and we also found an absence of funding sources. Again, this process was an informal or simpler form of benefit-cost analysis, not a formal or standard BCA (Loveridge).

Having a 20 member task force provided us with an organized regimen of decision-making; there wasn't a formal plan, outline or model to follow (although we did consider Rancho Cucamonga as a case study). With the Sports and Entertainment Facility Task Force, we expanded our focus from the effort to reacquire a minor league baseball team to include considerations for additional recreational and sports facilities to accommodate baseball, softball, concerts, roller hockey, soccer, aquatic sports, car shows and commercial vendor fairs, to name a few possibilities (Moore).

In sum, the City of Riverside officials made the decision to not build a minor league professional baseball stadium with their primary political focus on providing a

greater degree of public benefit from the possibility of additional recreational and entertainment opportunities. Therefore, the stadium issue was seen as a costly proposition that "could not compete with other local economic development projects" (Loveridge). City officials and task force members shared the belief that a stadium development project would not be an economic benefit for the local economy and the community, due to the fact that costs required too great a monetary investment and benefits would be shared by a minority of baseball fans in the greater region of Riverside.

The City of Riverside special task force, was well organized and focused on the stadium issue and subsequent process of decision-making. However, they were not guided by a prescribed plan, outline or model, and they did not employ a BCA to determine if their belief about high costs with few benefits actually existed. All five officials interviewed indicated that they understood the economic implications when they were asked directly about stadium economic costs and benefits. The City realized that they were unable to secure financing for a stadium project with an adequate funding source; they also concluded that implicit costs of a stadium were likely to outweigh the benefits.

The stadium issue and the decision not to build was a task force supported decision within the local government of Riverside. The following chapter will provide further analysis and demonstrate how Riverside's task force was quick to exclude the possibility of a stadium development project and did so without an effective focus or analysis toward an appropriate decision about the stadium issue.

In conclusion, each of the profiled case studies present some major concerns about local governmental agencies' decision-making process about whether or not to build minor league professional baseball stadiums using taxpayers' dollars. The case studies provide appropriate information with regard to testing the theory: local governmental agencies can demand greater exactness from decision-makers rendering decisions about public subsidies for minor league professional baseball stadiums when they integrate sound economic development policy, precise municipal land-use planning guidelines and staff administrative expertise within the decision-making processes.

The case studies are proof that this theory has value with respect to the stadium issue, public subsidization and decision-making. The case studies indicate that the current decision-making process practices are not appropriately applied to local stadium issues. Stadium development projects are difficult to render a good public decision about and to champion the process. However, each case study agency had the opportunity to render a more appropriate and effective decision from a more careful and structured decision-making process.

Rancho Cucamonga officials took a huge risk by moving ahead and building their stadium without a secure tenant - a home team - for professional baseball; they became exploited for this decision when it came time to negotiate a stadium lease with the former 'Spirit' ownership relocating from San Bernardino.

Lake Elsinore officials have suffered fiscal crisis because they were convinced to allow a stadium to be designed, engineered, constructed, and managed by the same

private entity, the Spectrum group. Spectrum presented cost over-runs in the final 10% stage of completion, basically holding the stadium ransom for about 100% cost increases.

Riverside officials failed to realize that their well established community and surrounding region could support a minor league professional stadium, which would be the ideal target for young aspiring athletes interested in a career in baseball. The city had selected two possible sites for a stadium; a UCR/City facility renovation project or a stadium integrated with March Base Reuse Plan. These sites were developed as priorities for the City and the initial task force (the Pilot Task Force), and presented to Riverside Pilots management as an attempt to prevent the team from being the second team in five years to leave Riverside.

The case studies and literature review in contrast demonstrates that there is in fact a substantial void between current theories about the stadium issue and recent local governmental agencies attempts to exercise practical decision-making about stadium development projects. The central theory of the paper provides important information to fill the void and assist the public decision-making process on the stadium issue. Chapter IV, entitled Analysis of Case Studies, will present key aspects of each case study and discuss the qualitative data with regard to the central findings of the literature review.

## Chapter IV

### ANALYSIS of CASE STUDIES

Rationale for public subsidization of minor league professional baseball stadiums by local municipal governmental agencies is dependent on various social, political and economic aspects of the host community. A strong rational case can be made for some communities, while for other communities the economics prove weak. The public decision-makers of a local agency are set to task to determine how strong the rationale in their respective community is. After analyzing case studies of host communities to major league stadiums, Baim, in *The Sports Stadium as a Municipal Investment*, noted:

Supporters of stadium construction argue that the stadium attracts funds that would be spent outside the city limits. In this way, the city gains by creating jobs, which in turn means more money is spent again in the city through a multiplier process. Those who oppose municipal funding of stadiums argue that most expenditures by patrons of stadiums are just funds that would have been spent in the city on some other form of entertainment. As such, the stadium adds very little to the city's growth.<sup>1</sup>

In theory, these rationale are appropriate and useful; however, in practice, the utility of these rationale are not widely evident from the three case studies.

This chapter will analyze how each case study (local municipal government)

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<sup>1</sup> Dean V. Baim, *The Sports Stadium as a Municipal Investment* (Westport, Connecticut: Greenwood Press, 1994), 176.

executed their decision-making process about public subsidization of a minor league stadium. The cases will be further investigated and analyzed to identify what aspects (such as strategic planning/economic analysis), of public decision-making were predominant; key factors of the stadium development issue for each case, will also be identified. Following the discussion will be a synthesis of content and qualitative data. The synthesis, or summary of findings from the analysis of case studies, helps determine how different or similar each case public decision-making process was. The synthesis will focus is on the expectations and separate realities of each case.

The case studies profiled are good test cases that present varying degrees of specialization and expertise of strategic planning and decision-making with regard to their respective stadium issue and development process. This chapter will blend together critical theories from the research sources as presented in Chapter II (literature review), and the qualitative information of the case studies as presented in Chapter III. Important findings and pertinent models of economic development/decision-making will be utilized as an underlying basis for analysis of case studies. There will be three major categories of investigation for the analysis; those categories are as follows:

- Category One.           How do the local governmental agencies - case studies - frame the stadium development issue?
- Category Two.           Are the agency officials concerned with or discussing the same aspects of stadium/economic development within the public decision-making process?
- Category Three           Is the decision-making process (of each local case study), consistent with the important findings of the popular theories presented on public subsidization of minor league professional baseball stadiums?

A brief summary of the central theory, the important findings from the literature review, and the case studies manner of framing the stadium issue, will serve as a preface to the analysis. The central theory is as follows:

A local government agency decision about whether or not to build a minor league baseball stadium using taxpayers' dollars is most affectively and appropriately made by integrating sound economic development policy, precise urban land-use planning guidelines and public administrative staff professional expertise within the political decision-making process.

The key implications derived from the important findings are as follows:

- I. Stadiums as independent or isolated community development projects rarely demonstrate a positive economic rationale for public subsidization; a local agency would benefit from strategic economic development and community planning that may include a multi-purpose stadium as an integral part of a plan.
- II. It is demonstrated that stadiums create external and intangible public benefits; local governmental agency use of benefit-cost analysis, which can appropriately identify and evaluate public benefits, is not discussed in context of stadium issue analyses and decision-making processes for any of the case studies found in the source literature.
- III. Each case study of a host community with a public subsidized stadium is characterized as having a unique set of political and economic parameters; local officials and decision-makers should carefully investigate and identify what important conditions and parameters exist within their community for the basis and establishment of goal setting programs that may include a stadium development project.

The profiled case studies have been investigated to determine if there exists a common general outline or plan for a public decision-making model or guideline that each respective local government agency employed. The manner of framing the stadium issue by each case study is as follows:



**City of Rancho Cucamonga:**

- a. Solution to recreation demand conflict between youth and adult sports;
- b. Increase in family entertainment options;
- c. Integration with economic development plans to attract future business, and;
- d. Unique marketing opportunity to promote 'a world-class community'.

**City of Lake Elsinore:**

- a. Capitalize on positive development trends that resulted from completion of the Interstate-15 corridor project;
- b. Enhancement of Lake Elsinore's image as a recreation-orientated community;
- c. Integration/initiation of phase one of 'Liberty Plan' (a redevelopment plan), and;
- d. Unique marketing opportunity to promote community pride within Lake Elsinore and the Elsinore Valley region.

**City of Riverside:**

- a. Youth sports focus was a consensus community priority;
- b. Community leaders cited other economic decisions, such as housing and redevelopment, more important than stadium issue;
- c. Two former minor league teams were not well supported by community, and;
- d. Multi-Purpose Sports and Entertainment Facility targeted as the most urgent need.

The above summary and three major categories of investigation will be integrated throughout this chapter beginning with a detailed discussion of content and qualitative data and concluding with a statement of final analysis on each case study. The following discussion will analyze the realm of data gathered from the set of questions introduced on page 65 of Chapter III.

**Discussion of Content and Qualitative Data**

The City of Rancho Cucamonga officials were concerned with quality of life issues; this is evident from the manner in which the agency framed the stadium issue. The recreation demand conflict between adult and youth sports at various neighborhood facilities was a community pressure that both the administration and

public sought a solution for. The stadium/sports complex provided a quality solution for adult sports as well as for regional sports tournament opportunities, and community interest in minor league professional baseball.

The quality of life in Rancho Cucamonga has been enhanced by an increase in family entertainment options which was a design element of the stadium project. Those options are, but not limited to, concerts; sports spectacles other than baseball; multi-media presentations (journals, documentaries and commercials have all been staged at the stadium); civic holiday celebrations: 4th of July, Memorial Day, Labor Day festival/picnic, Halloween haunt; high school/elementary school competitions; special groups festivities/carnivals: Chamber of Commerce, Rotary Club, Knights of Columbus, Boy and Girl Scouts of America, 4-H; and, industry and trade show conventions. These options also allowed for local businesses and institutions to consider new economic development and fund-raising opportunities.

Rancho Cucamonga has a brief history - a twenty-two year old city - yet it can still be said that "the community has historically emphasized quality (over quantity), with its mission for growth and economic development".<sup>2</sup> The stadium was integrated into the community's economic development plans years after all other aspect of development had been established. Housing, industry, commerce, retail, institutional and governmental project developments were all widely promoted and implemented, with an exactness for quality, for about fifteen years before a stadium project was

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<sup>2</sup> Chuck Buquet - Former Councilmember/Mayor Pro Tem and Redevelopment Agency member. Interview: Rancho Cucamonga, March 25, 1997.

discussed. It was felt that the city's economic development (in 1990) had curtailed somewhat, thus, it was hoped that the stadium would heighten the community's desire for quality and possibly stimulate new business growth simultaneously.

The stadium and new business growth opportunities have affected the way the city is able to promote itself today. The effect is that with the stadium development project having had received international exposure, community leaders and executive administrators are able to get the word out that "Rancho Cucamonga is a world-class community".<sup>3</sup> The city had adopted this quality of life slogan before implementing the stadium - the quality aspect is more convincing with the scale of success realized by the stadium. There was a certain confidence that the stadium project was going to be successful; Buquet stated, "we delivered to the people of Rancho Cucamonga precisely what we had stated would be realized from approving the project".<sup>4</sup>

The City of Rancho Cucamonga expertly selected a framework for their stadium development issue. Mark H. Moore, in *Creating Public Value*, discusses "The Utility of the Framework", for a public organization:

If citizens and their representatives are demanding what the organizations are happily producing, managers might well rest easy. If, however, important inconsistencies exist between what citizens and their overseers desire and what the organizations supply, then the executives have to realign their mandates and

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<sup>3</sup> Ibid. C. Buquet was restating the slogan of the City as associated with the 1992-94 Redevelopment/City Manager's office promotional campaign revolving around the stadium development project; the slogan was replaced with 'Rancho Cucamonga a Visionary City' shortly after the stadium was established - associated with the 1994-1996 promotional campaign.

<sup>4</sup> Ibid.

their organizations.<sup>5</sup>

The expertise demonstrated by Rancho Cucamonga's utility of its framework is the aspect of understanding that the citizens have desired quality community development. The quality of life that the community has desired and expected was promoted further by the stadium development project. The only realigning of focus for the organization was to convince the citizens that economic development needed new stimulation. The capital and resources dedicated to the stadium development project were perceived as necessary, while the stadium was touted as a quality stimulus for the community.

Rancho Cucamonga's timing was perfect. While in the throes of a prolonged recession (1991 to 1997), many community and business leaders "believed in the stadium project for want of better times and opportunities".<sup>6</sup> Although, the timing and framework for the stadium issue were both positive, it is necessary to discern from the data whether or not Rancho Cucamonga's decision was either appropriate or effective.

Growth and development factors for Rancho Cucamonga were dynamic during the initial planning stage of the stadium. By the end of the 1980's, approximately 55% of the community's land area was still undeveloped land. Housing had reached its

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<sup>5</sup> Mark H. Moore, *Creating Public Value: Strategic Management in Government* (Cambridge, Massachusetts: Harvard University Press, 1995), 72.

<sup>6</sup> Rick Gomez, Community Development Director. Interview; Rancho Cucamonga, March 24, 1997; A side light of related interest - Toronto's Maple Leaf Gardens was built during the height of the Great Depression. It was planned for in 1929, built in 1930-31, and opened to the public with an National Hockey League game, Chicago Blackhawks versus Toronto Maple Leafs on November 12, 1931. The man who championed this great feat was Major Conn Smythe. He was oft asked, *Why build it then - during the depression?* His reply - "as a leader of the people, I felt it my duty to create work and provide men jobs; as a businessman, I must take risks; and as an Irishman, there is a new dollar to be earned each and everyday!" An excerpt from the televised closing ceremonies of Maple Leaf Gardens, February 1999.

highest period of growth, as housing units doubled from 1980 to 1990. These growth trends helped support the stadium decision to build.

From the interview sessions with Rancho Cucamonga officials it was noted that the stadium development project was not considered to be a part of an economic strategic planning process. Officials also unanimously indicated that the stadium project was not expected to directly impact local economic development and growth opportunities. The officials did qualify their answers consistently, by adding that the stadium development project initially began as a solution to recreation demand conflicts. The original project team consisted predominantly of Community Services staff, which included recreation programmers and park planners. Redevelopment analysts and planners became involved later, during the fiscal planning and implementation phase of the project.

In effect, the realization that the stadium may actually provide some local economic growth opportunities by becoming a central fixture or landmark representing the city's quality of life evolved within the stadium development process. Community Services staff promoted the project for its programming aspects; however, the redevelopment agency and the city manager's office later promoted the project as a community development element that draws businesses to locate or relocate into the community. This promotional strategy became the 'plot to the theme' that Rancho Cucamonga is a 'world-class community'.

There is evidence to indicate that Rancho Cucamonga's decision to build a stadium using taxpayers' dollars was appropriate, yet this does not indicate that the

decision to build a stadium was an effective public agency decision. Johnson, after analyzing 15 case studies of minor league host communities, had concluded:

Even in the absence of a comprehensive plan, however, many of the case study communities applied a development logic to stadium projects. This helped them make appropriate choices among potential sites, assisted them with other decisions, guided them in establishing negotiating positions with intergovernmental partners and the team owner, and made it easier to justify the project to the public.<sup>7</sup>

When the question was posed, how have economic or public benefits been evaluated and estimated, to Rancho Cucamonga's City Manager, Jack Lam, the focus of his answer was on the financial aspects of the project. There was an apparent lack of a comprehensive plan; a thorough evaluation of benefits and costs would have included an analysis of expected direct and indirect benefits versus costs. Benefit-cost analysis was not applied, nor was an economic decision-making process employed to render an affective decision to build a stadium project. The simple decision-making process employed by the agency was somewhat obscured from normal public hearings and citizen inputs.

The City of Lake Elsinore also applied a development logic to the manner in which the stadium issue became framed. Development trends were a new aspect to this 111 year old community; the population had grown over 200% from 1980 to 1990, as a result of the completion of the Interstate 15 corridor project. Lake Elsinore's public agency took full advantage of this dynamic up-turn in growth and development to justify creating large land-use planning areas, which involved their

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<sup>7</sup> Johnson, *Minor League Baseball and Local Economic Development*, 245.

stadium development project. The development trend also made a huge impact on the organization of the City of Lake Elsinore.

The 149% increase in housing development, since 1980, created a surge in community development. The agency had to reorganize their administrative and staff resources in order to control this boom in development. Considering also that the land area of the city was only 38% built-out (in 1990), the executive management mandated a greater level of development processing and control to the planning department and the redevelopment agency. Land-use planning consultants, redevelopment specialists, and fiscal planning experts were retained to assist with future development plans and strategies. <sup>8</sup>

The planning department and redevelopment agency's initial focus was to create a land-use master plan for 3,000-acres of raw land. The master plan calls for about a 121% increase in housing units; over 10,000 new homes would be added (build-out would take approximately 15 years); the population would more than double during this period. Phase one, of the master plan, known as the 'Liberty Plan', is a 97-acre plot owned by the redevelopment agency. <sup>9</sup>

Enveloped on this 97-acre 'Liberty Plan' was a targeted development project for a 32-acre stadium development plan. The stadium issue was given a specific purpose: to drive the entire/overall master plan development proposal into prominence with community-wide acceptance of the initial phase - the Lake Elsinore 'Diamond'.

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<sup>8</sup> Dick Watenpugh, City Manager. Interview; Lake Elsinore, March 31, 1997.

<sup>9</sup> Ibid.

Johnson cautiously advises:

If new development is the goal, more is needed than building a stadium in the middle of a corn field and waiting for businesses to grow around it. The area in which the stadium is to be built must be selected with care. Necessary infrastructure must be in place or put in place. Consumers must be nearby or about to move into the area. A stadium, by itself, will not attract business or residential development, (as the Colorado Springs case indicates).<sup>10</sup>

The Lake Elsinore 'Diamond' project required building up new infrastructure on over 10-acres of the overall site due to a lack of infrastructure in place on a remotely located site. A carefully selected plot requiring about 22 acres and costing approximately a \$10 to \$11 million to build a baseball stadium, would have been a more appropriate development decision.

The 'Liberty Plan' was controlled by a public-private agreement; through a recent redevelopment bond act, a private firm was given the development rights to this land.<sup>11</sup> The public agency (redevelopment), having released development rights to a firm of developers and investors, had allowed the firm to champion the stadium project. Unlike the City of Rancho Cucamonga, the City of Lake Elsinore did not directly frame the project for the people of Lake Elsinore to consider supporting the project. City officials, realizing full control over the stadium project was not theirs, indirectly framed the project with suitable public promotions. The City promoted the 'Diamond' to be an enhancement of Lake Elsinore's image as a recreation oriented community and as a unique opportunity to promote Lake Elsinore community pride.

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<sup>10</sup> Johnson, 249.

<sup>11</sup> Watenpugh, Interview; March 31, 1997.



The utility of framework was a difficult scenario for the City of Lake Elsinore; officials had expected and hoped to exercise some control, yet the project leadership was held by Young Investment Group, a private firm. City officials became distraught over the virtual mounting lack of financial control that had evolved from within the stadium development process. Public officials were beginning to feel as though they had been 'framed' into approving a stadium development project for the benefit of an investment firm, which returned a near 100% cost-over-run.<sup>12</sup>

The City of Lake Elsinore had many factors that may have led to an appropriate decision being rendered in favor of public subsidization of a minor league professional baseball stadium. Positive community growth and development were present; the agency had begun to develop a land-use planning and economic growth management strategy for vast future build-out. Local economic growth and community support was anticipated to stem from the stadium development project; the 'Diamond' is essentially the only modern family entertainment facility of this scale that this community and environs has witnessed since the late 1800's, when tourism boasted about natural hot spas and modern hotel facilities.

Nevertheless, what had the potential to be an appropriate decision ultimately came close to bankrupting the City of Lake Elsinore. With an original \$11 million probable cost of construction, Young Investment Group and agents drew out a final cost of about \$22 million. Not only was the City's general fund depleted, monies were taken out of the emergency reserve to float the project and avoid a stop-work situation

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<sup>12</sup> Adria Brinning, Deputy City Clerk. Interview; Lake Elsinore, March 31, 1997.

that could potentially have lead to closing the doors on City Hall. The case study of Lake Elsinore presents some important findings through hard lessons.<sup>13</sup>

Lake Elsinore is a classic example of a small city administration with limited resources taking too big a risk on a stadium development proposal. The project was driven by a pro-development private firm who had streamlined the development process by securing design/engineering/construction services through contractual obligations. The private firm proceeded to spend all \$15 million of the original municipal (redevelopment) bond, which was backed by motor vehicle in lieu fees. Furthermore, a \$7 million demand was issued to cover final construction costs and essentially open the stadium for baseball.<sup>14</sup> This private-public development agreement left the City financially crippled. Note the emphasis on putting private ahead of public; private goods/needs ahead of public goods/needs.

During a fact-finding interview, City Manager Watenpugh disclosed that executive management was consulted about the gravity of their financial situation. They were advised to restructure the stadium debt to intervene and prevent the depletion of the City's emergency funds. Sumitomo Bank provided a 10-year note worth \$25 million - a commercial bank loan with a high interest rate.<sup>15</sup> Thus began the difficult process and arduous task of correcting the imperfections of a bad deal.

If it was necessary for Lake Elsinore to undertake a stadium development

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<sup>13</sup> Dave Sapp, Community Services Director. Interview: Lake Elsinore, March 31, 1997.

<sup>14</sup> Watenpugh, Interview: March 31, 1997.

<sup>15</sup> Ibid.

project, separate public competitive bid processes should have been executed and administered directly by city staff, on behalf of the people of Lake Elsinore, for stadium design, development and implementation. A minimum of three separate bid processes would have been appropriate: one for design/architectural services, one for site/infrastructure engineering services, and, one for lowest responsible bidder to construct/complete the stadium. A series of well written and administered contracts (with reasonable contingency factors), would have safe-guarded the City, or City's project team, and ultimately the people, against any negative financial impacts.

Lake Elsinore's public decision-making was limited to cursory reviews of stadium development progress and schedule datelines. Quantitative studies of expected benefits, anticipated or estimated benefits versus costs were not executed. Lake Elsinore officials succumbed to development pressures beyond the means of their municipal resources. Hence, ill-advised risks were taken and solutions sought by way of inappropriate and ineffective public decisions.

The City of Riverside qualifies as the only one of three cases which investigated the stadium development issue and rendered a 'no' decision to public subsidization of a professional minor league baseball stadium. Given that contrast, the Riverside case will draw a stronger comparative analysis to the other two cases - Rancho Cucamonga and Lake Elsinore - which decided to build using taxpayers' dollars. The City of Riverside conducted a very careful and mindful investigation of their stadium issue. In general, Riverside paid more attention to providing a local democratic process to their manner of investigating the stadium issue.

The City of Riverside proceeded with their investigation with the premise that officials and involved staff would maintain a neutral viewpoint on the stadium issue. Nevertheless, there were various key factors that led to a framework on the stadium issue that portrayed a negative picture. The community was dealing with the departure of two previous California League 'home' teams; the Red Wave left in 1990, and, the Pilots left in 1995 (after only three seasons). Both teams (management) had cited inadequate stadium facilities as their primary reason for wanting out of Riverside. Each team had operated out of the University of California, Riverside campus varsity ballfield, also known as the Sports Complex.

One school of thought is that this situation indicated that Riverside needed a state-of-the-art minor league baseball stadium to secure a professional home team for the long-term. However, this factor became a negative aspect of the framing of the stadium issue. It was suggested that the people of Riverside and environs had demonstrated that they would not support professional minor league baseball well enough to sustain a 'home' team, thus why invest in a new stadium. Community leaders also cited other economic decisions and redevelopment issues to be much more important and beneficial to Riverside.

In downtown Riverside, major redevelopment plans were underway to revitalize housing, commercial outlets and marketplaces, professional/office land-use, and public spaces (including White Park public improvements). City of Riverside Redevelopment Agency managed this large urban revitalization project, entitled Mission Village, and with it created a new/unique Homeownership Zone for the downtown. This \$28

million dollar project created a variety of housing types (planning 425 units), market opportunities, historic Fox Theater 'face-lift' renovation, and express transportation connections in and out of downtown Riverside. An appropriate blend of mixed-use development for commercial/office and residential land-uses were targeted to be either new or rehabilitated development.<sup>16</sup>

The Redevelopment Agency had generated over 40 projects since 1990 and the Mission Village project had become their highest profile and grandest in scale for the community. Riverside's RDA was unlike Rancho Cucamonga and Lake Elsinore; the agency believed it was far less a necessity to use the stadium issue as a targeted development for economic stimulation or development growth. Riverside's administration as a whole was more confident and realistic that if their goal was to revitalize housing it would not be accomplished by first plugging \$15 million into a stadium development.<sup>17</sup> Therefore, housing issues and downtown redevelopment needs also evolved as a framing aspect of the stadium decision, but this created a negative rationale.

It would be incorrect to state that Riverside officials did not express any positive feelings or attitudes about a stadium development. Two political issues reached prominence by 1995: professional minor league baseball was not successful in Riverside at the UCR facility; and, athletic union (of school districts) and youth sports organizations were stressing that limited facilities and very over-used conditions

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<sup>16</sup> City of Riverside Redevelopment Agency. *Mission Village: A Riverside Homeownership Zone*; project information brochure - obtained from Mayor Loveridge's office, March 21,1997.

<sup>17</sup> Mayor Ron Loveridge, City of Riverside. Interview: Riverside, March 21, 1997.

of these facilities had greatly impacted youth sports in the community. These two issues appropriately framed the stadium issue and encouraged a pro viewpoint or positive rationale for stadium development.

As a result of the Riverside Pilots departure, two special interest groups formed with a similar purpose. One group was the Pilots Task Force (PTF), constituted of people charged with keeping the Pilots in Riverside and ultimately in a new stadium; the other group was the Chamber of Commerce Sports Commission (CCSC). Each group was optimistic about a stadium development project for Riverside. Meetings with the City Council were conducted, immediately at the conclusion of the 1995 baseball season, to discuss how to interpret community support (or a lack of support) of a professional baseball team and the necessity for a sports complex, including a minor league professional multi-purpose baseball stadium.<sup>18</sup>

In early 1995, the Riverside City Council (along with the PTF and CCSC present), received a group of officials from the City of Rancho Cucamonga who impressed their hosts with a professional presentation about Quakes Stadium. It was noted that the Rancho Cucamonga presentation set a standard of stadium development for Riverside's organization:

The report from the Mayor and Councilman Moore proposing the task force pointed out the success of the Rancho Cucamonga Sports Complex, otherwise known as Quakes Stadium, an example of a successful multi-purpose center.<sup>19</sup>

The Mayor and City Council carried and passed the proposal to appoint a 20-member

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<sup>18</sup> City Council Memorandum, City of Riverside. Item No.: NA; March 19, 1996.

<sup>19</sup> City Council Memorandum, City of Riverside. Item No.: 30; November 12, 1996.

task force to investigate and evaluate the necessity of "uses, siting and costs of a sports and entertainment complex to be located in the City of Riverside."<sup>20</sup>

This (additional) task force was appointed by Council, and named the Sports and Entertainment Facility Task Force (SEFTF). Even though there were three special groups in the community at this time (investigating and evaluating needs, benefits and costs of a multi-purpose stadium project), the SEFTF decided at their first meeting to name two sub-committees. Those subcommittees were the Multi-Purpose Sports and Entertainment Facility Sub-Committee (MPSEF Sub-committee) and, the High School Football Stadium Sub-Committee (HSFS Sub-committee). Hence, the public decision-making body or vehicle that had set out with a clear and focused mission quickly evolved into a bureaucratic process by design.

With the Riverside case there is a sense that the mission to evaluate uses, siting, and costs to render an appropriate and effective multi-purpose stadium decision is secondary to the public political contests that surrounded the issue. The process executed to formulate task force committees grew to a scale that overshadowed the stadium decision to be investigated. Task force meetings lead to discussions of items that veered from the stadium agenda and over to agenda subjects that were more closely allied to task force members specific interests. In a City Council Memorandum, from the Task Force, it was reported that "by the end of the first meeting, Task Force members had forged a broad consensus that the City had an

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<sup>20</sup> Ibid.

urgent need for additional recreational facilities".<sup>21</sup> The task force members eventually began to discuss items such as targeting certain high school football stadiums and sports facilities throughout Riverside for renovation improvement projects; this led to developing and siting a Sports and Entertainment Facility without a professional stadium included in the plan.

Danielson, in *Home Team: Professional Sports and the American Metropolis*, suggests that there are organizational trappings to issues related to stadium decisions. He states:

Major sports facilities are complex undertakings. Disagreements tend to multiply as proposals move to the specifics of the organizational responsibilities, financing arrangements, siting, and agreements with teams.<sup>22</sup>

Danielson is referring to major cities across North America when he discusses the politics of developing a stadium project for a home team in major league sports. However, the scale of a smaller city politicking for a minor league level stadium is an equivalent scenario and process. Riverside's multi-purpose stadium/sports facility issue, unlike the streamlining exercised by Rancho Cucamonga and Lake Elsinore, was shared by political and community leaders. However, the complexity of an expanded decision-making process led to a stale-mate in their decision-making process about a professional stadium development project.

After two years of investigation, limited evaluation, and several meetings, the SEFTF simply concurred with what most had recognized as fact when the task force

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<sup>21</sup> Ibid.

<sup>22</sup> Michael N. Danielson, *Home Team: Professional Sports and the American Metropolis* (Princeton, New Jersey: Princeton University Press, 1997), 272.



study began, that there was the need for a multi-purpose sports and entertainment facility in Riverside.<sup>23</sup> There was also the recommendation to continue to search for a specific site and account for probable costs of development, yet the original approval for the formation of a task force was precisely for this purpose. Therefore, the result was two years of discussions, no real progress and the original focus of the initial decision-makers had been replaced by a political consensus issue.

The many layers of political and public decision-making diluted the specific task at hand, or at minimum diverted a positive resolution for the multi-purpose stadium issue. The redevelopment agency may have provided uniformity to the process, however, they chose to be withdrawn from the process foregoing a remarkable opportunity to establish a downtown stadium and sports/entertainment facility. This may prove to be a significant oversight for downtown revitalization in Riverside. The task force study of March airfield base as prime siting (on the southeast city limit with the City of Moreno Valley), seemingly didn't encourage enthusiasm or interest for a minor league professional stadium development.

Although downtown oriented stadiums are criticized for being located too far from large populations out-in-the-suburbs, the Mission Village project primary goal was downtown housing revitalization through the creation of a homeownership land-use zone.<sup>24</sup> An effective decision would have been to analyze the opportunities and social benefits of integrating a multi-purpose stadium facility within specific proximity

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<sup>23</sup> City Council Memorandum: November 12, 1996.

<sup>24</sup> Baim, *The Sports Stadium as a Municipal Investment*, 220; Baim states the question arises, "Why are stadiums located in the downtown area if it increases consumer's travel time?"

to Mission Village. Riverside's bureaucratically driven decision not to subsidize a stadium development project may prove to be a costly foregone economic opportunity.

#### Different and Common Expectations; Separate Realities

As indicated in the above analysis of case studies, a stadium decision is a difficult public decision to make successfully. To conclude this analysis, a summary of each case is stated, as follows:

Rancho Cucamonga's local governmental agency decision to build a stadium (and sports complex), was an appropriate and astute public decision; however, it demonstrated only partial integration with a development strategy. The stadium/sports park development was integrated with park and recreation/community services strategy and evolved to become a highlight to the city manager's community development promotional strategy. There was no fully integrated economic development plan nor land-use policy better defining the stadium issue to the people of the community. Rancho Cucamonga officials did not initiate or conduct a BCA; external and/or intangible social benefits were not realized and presented. With regard to Rancho Cucamonga as a case study with a unique set of political and economic parameters, respective officials and staff utilized characteristic aspects for goal setting and successful framing of their stadium issue.

Lake Elsinore's local governmental agency decision to build a stadium caused a scenario of disastrous proportions. Although the finished product - the 'Diamond' - demonstrates a certain quality of community development, the risks taken during the public decision-making and implementation phases were large. The stadium

development was a target development contrary to the primary promotion of the stadium as an initial phase of a larger land-use development specific plan. The stadium was supplanted as an economic motivator, hence, integration with an economic development strategy was not evident. The larger specific plan set parameters for future development in Lake Elsinore; however the stadium was independent of these land-use policy matters. Lake Elsinore officials did not initiate or conduct a BCA; external or intangible benefits were not realized, thus cost overruns were not off-set by social benefits. Lake Elsinore is a case study with a unique set of political and economic parameters, officials and staff did not carefully craft an optimum utility of framework or goal setting via their stadium issue.

Riverside's local governmental agency decision to not build a stadium was the result of bureaucratic decision-making (and political consensus), with over-looked positive economic rationale for public subsidization of a downtown stadium. Public and political leaders within the Task Force were focused on community planning efforts and decision-making strategies. However, the decision not to integrate a stadium project into the proposed Multi-Purpose Sports and Entertainment Facility development plan was not effective. The complexity of Riverside's decision-making process led to two key integration opportunities to be foregone: 1) a downtown stadium project in conjunction with redevelopment strategies of downtown revitalization and creation of a home ownership zone; and 2) a central design/project feature for a multi-purpose and entertainment facility development. Riverside officials did not initiate or conduct a BCA; external or intangible benefits were not realized and

presented, thus economic rationale for public subsidization remained quite weak. With regard to Riverside as a case study with a unique set of political and economic parameters, the Task Force and RDA both over-looked positive community aspects for project goal setting and successful framing of their stadium issue.

From the analysis of these case studies it is evident that each stadium issue carries both common and different expectations for a specific degree of project success. The degree of success is contingent upon the level of specialization and expertise that is employed in the public decision-making process for each municipal stadium issue. The most common expectation is limited positive economic rationale for public subsidization of a minor league stadium, whereas, the utility of framing the stadium issue is a characteristically different set of factors for each case study. Each stadium development project falls upon a unique set of political and economic parameters (or separate reality), from one community to another. In chapter five, implications will be stated with regard to the case studies and compared to the implications developed from the literature review, followed by a brief conclusion.

## **Chapter V**

### **IMPLICATIONS and CONCLUSION**

The current trend of professional sports stadium and arena facilities construction across the United States has provided an interesting opportunity to engage in a real world laboratory of investigation, evaluation and education about public decision-making processes regarding the stadium issue. The boom in minor league professional baseball stadium development in Southern California carried its greatest momentum during the middle years of this decade (1992 to 1996). Coincidentally, since about 1997 to date, major league stadiums have returned to the media spotlight with regard to public subsidization, private corporation sponsorships and the development issue of stadium modernization.

Scholarly literature about public subsidization of minor league baseball stadiums by governmental agencies of small to mid-sized municipalities, is limited, yet substantial for an academic paper. The abundance of case studies justifies greater scholarly interest and efforts to add to the present level of literature. The current scholarly and practical sources provide an opportune situation to derive two sets of implications about public decision-making and subsidization: implications from the literature review; and, implications from the case studies. This chapter will discuss the two sets of implications by highlighting the similar, different and unique aspects.

Main implications will be drafted together to form an outline for public decision-making about whether or not to build a stadium using taxpayers' dollars.

Table 10 provides a summary of implications, represented by key factors of findings from the literature review and the case studies. Following the table, a brief discussion of each implication and respective key factors will be presented.

**TABLE 10** **Summary of Implications**

<b>Implication</b>	<b>Literature Review</b>	<b>Case Studies</b>
Economic Rationale	Minimal support - Negative.	Fiscal implementation plans.
Development Strategy	Economic planning/development.	Targeted developments.
Public Benefits	Externalities/intangible benefits.	Non-use of BCA as a tool.
Political Parameters	Public-Private agreements.	Goal setting/issue framing.
Design Project/Planning	Urban (re-)development realm.	Community development.

Source: Compiled from research: source literature findings and research methods (interviews on case studies).

The following section provides further definition to Table 10:

**Economic Rationale from the Literature Review**

**Minimal support - Negative.** The majority of scholarly literature supports that there is no or weak economic rationale for public subsidization of stadium

development projects - a fair to small number of authors indicate that economic rationale can be positive and exist in certain case scenarios, where ultimately the majority of a community benefit.

#### Economic Rationale from the Case Studies

Fiscal implementation plans. City of Rancho Cucamonga - did not explore fully (beyond a feasibility study), justification for economic rationale, they designed and secured a fiscal implementation plan with the RDA; City of Lake Elsinore - did not explore justification of economic rationale (allowed private development investment firm to conduct feasibility study), lost control financially of project spending and fiscal implementation plan; and City of Riverside - didn't explore justification of economic rationale, task force only discussed preliminary probable costs of stadium construction, there was no attempt to create a fiscal implementation plan as outlook on such spending was negative.

#### Development Strategy from the Literature Review

Economic planning/development. Two schools of thought exist: 1) that other land-use strategies of (housing, commercial and industrial), economic planning and development all have much greater economic rationale; and 2) the most successful stadium development projects are well integrated with good strategic planning programs for economic development.

#### Development Strategy from the Case Studies

Targeted developments. City of Rancho Cucamonga - built a multi-use stadium/sports complex project; managed by community services and funded by RDA.

It was a targeted development plan but it was not integrated with an overall economic development strategy. Strategic planning was isolated to solving community's recreational demand conflicts; City of Lake Elsinore - they proposed a single-use stadium project as a targeted development with the intent that stadium development progress and success would spur further economic growth in community; City of Riverside - originally discussed as a targeted development for March Air Force Base Re-use reclamation plan, with County Parks and Recreation as a joint venture.

#### Public Benefits from the Literature Review

Externalities/intangible benefits. Again, two schools of thought are; 1) external and intangible public benefits do not result in significant justification of economic rationale for public subsidization of stadium issue; 2) use of benefit-cost analysis - BCA - provides significant value and measurement of some public benefits to compare and rationalize against projected stadium development, implicit costs, for a useful political decision-making tool.

#### Public Benefits from the Case Studies

Non-use of BCA as a tool. City of Rancho Cucamonga - did not consider externalities or intangible benefits, nor execute a BCA on stadium development plan; City of Lake Elsinore - did not consider externalities or intangible benefits, nor execute a BCA on stadium development plan; City of Riverside - did not consider externalities/intangible benefits during task force investigations, did not have a detailed enough stadium development plan to execute a BCA.

#### Political Parameters from the Literature Review



**Public-Private agreements.** Literature supporting the stadium issue provides parameters for good public-private agreements; governmental agencies are advised to be enterprising and firm in prospective public-private negotiations - take heed to rights of property issues.

#### Political Parameters from the Case Studies

**Goal setting/issue framing.** City of Rancho Cucamonga - staff worked independently of a public-private relationship until it was necessary to locate a private party, owner of a 'home team'. The goal setting and utility of framing the stadium development project was executed without private interests; City of Lake Elsinore - more focus was placed on goal setting and utility of framing than groundwork for a constructive public-private relationship (yet either area left a lot to be desired). The goals and framing of the stadium issue were driven by private investment/development group interest; a private (first)-public relationship here; City of Riverside - goal setting and utility of framework became the sticking-point in the task force public decision-making process. a clear goal or mission statement for a stadium development could not be defined. The framework was not utilized to its full potential, thus negativity existed in framing the stadium issue and an opportunity cost resulted.

#### Design Project/Planning from the Literature Review

**Urban (re-)development realm.** Analysis for stadium development projects implies that most decision-making for stadiums includes aspects of development or redevelopment of urban environments - predominantly central cities where urban revitalization efforts are needed.

### Design Project/Planning from the Case Studies

Community development. City of Rancho Cucamonga - project focus was one of community and park development, applied to an industrial land-use redevelopment zone in a non-conforming manner, (a recreational/entertainment use, not an industrial use). City of Lake Elsinore - project focus was targeted community development in a specific plan multi-use zoning for future development and growth, RDA held a portion of the land rights of larger specific plan area, which were given up as a development option to private party. City of Riverside - two major stadium development options were considered; 1) re-use reclamation plan focus; and 2) community youth and scholastic sports facilities renovation program; the need and opportunity to apply and integrate a stadium development project into downtown revitalization efforts was not realized.

These key factors of findings help identify the implications that define this paper. Each factor has an integral role in any decision-making process employed by a local governmental agency on whether or not to build a stadium using taxpayers' dollars. From the analysis of Chapter IV, it can be concluded that the decision-making process of each case study was very different and unique. The literature review identified pertinent models of economic development and decision-making, yet the case studies offered very little evidence of utility of logical models or processes. Local governmental agencies must set the groundwork for the 'game-plan', at minimum, their decision-making process should be a simple, well understood and applied, outline or strategy.

### Good Strategic Economic Planning and Decision-Making

Whether or not a local municipal governmental agency subsidizes a stadium development project brings to light the dichotomy of current governmental organizations. Local public agencies will employ either a traditional form of governmental bureaucracy or a modern form of enterprising governmental management. The stadium issue will require an organization to expand their bureaucracy by growth of a department budget and manager's empire, or as a modern thinking agency, creatively explore the enterprising opportunities the stadium development presents. The manner in which the leadership of an agency employs specialization in strategic planning and decision-making on the stadium issue provides a 'window' on the type of organization that exists.

The probable costs borne of a stadium development proposal can prove to be prohibitive to a bureaucratic public agency. Typically, a parks and recreation or community services department would be assigned leadership responsibilities, thus the stadium issue would be focused on whether the departmental budget and resources can manage such growth, cost and spending. Osborne and Gaebler identify one fundamental problem that bureaucratic agencies suffer from, that they are not "results-oriented governments"; they offer some reasoning and state the following:

Because they don't measure results, bureaucratic governments rarely achieve them. They spend ever more on public education, yet test scores and dropout rates barely budge. They spend ever more on job training for welfare recipients, yet welfare rolls continue to grow. They spend ever more on police and

prisons, yet crime rates continue to rise. <sup>1</sup>

Bureaucratic agencies would simply lack the specialization of strategic planning and decision-making necessary to identify the value of an investment - such as a stadium development project. A successfully planned and executed stadium development can achieve results that a community would benefit from. However, the public agency must first be an enterprising governmental organization, not a bureaucracy. Osborne and Gaebler indicate why bureaucratic governments generally think of inputs and not of result-oriented outcomes:

With so little information about results, bureaucratic governments reward their employees based on other things: their longevity, the size of budget and staff they manage, their level of authority. So their employees assiduously protect their jobs and build their empires, pursuing larger budgets, larger staffs, and more authority. This legacy has endured because the ultimate test in government is not performance, but reelection. Private organizations focus on results because they will go out of business if the key numbers go negative. But governments don't go out of business. Failure in government is not failure to achieve results, it is failure to secure reelection. <sup>2</sup>

In today's society and changing times, there is a growing concern that taxation be at a minimum, and of taxes collected, taxpayers are ever more demanding of what they're getting for their money. Product and results are essentially what governmental agencies must focus toward to satisfy their constituents, in order to achieve reelection.

Enterprising public agencies are better geared and focused toward creating public value product and results-oriented government. Public servants and officials of

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<sup>1</sup> David Osborne and Ted Gaebler. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. (Reading, Massachusetts: Addison-Wesley Publishing Company, Inc., 1992), 139.

<sup>2</sup> Ibid, 139-140.

bureaucratic governments can become enterprising managers and planners, and, help transform their respective agency to become an enterprising government. Such a transformation requires a new mind-set about public good and a modern perspective about public value. Moore notes that abstract and creative thinking will lead to a new set beliefs about organizational duties, managerial responsibilities and roles of employees within a public organization:

More abstract characterizations of purpose also have the advantage of inviting people in the organization to feel responsible for and participate in the mission of the enterprise in a different way. They are no longer cogs in a machine designed by others; they are partners in a joint operation that requires initiative and imagination as well as responsiveness and technical competence. To the extent that this new role increases the motivation of employees, and increases the number of minds working on the problem that the organization faces, it may improve performance.<sup>3</sup>

Bureaucratic governments inherently do not provide opportunities for highly abstract thinking and advanced managerial strategies to exist. Strategic planning and effective decision-making are specialized skills that one must obtain from applied education or practical experience; an enterprising governmental agency is much more apt to support this area of specialization for its employees. Specialization will help develop entrepreneurial skills in key personnel or valued employees of a bureaucracy in transition. Osborne and Gaebler state:

Entrepreneurial public organizations are learning organizations. They constantly try new things, find out what works and what doesn't, and learn from the experience. But if an organization doesn't measure results and can't identify success when it happens, can it learn from success? Without feedback on outcomes, innovation is often stillborn. The greatest opportunity for innovation in business, Peter Drucker counsels, are "unexpected successes." When a

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<sup>3</sup> Moore, *Creating Public Value: Strategic Management in Government*, 97.

product or service takes off unexpectedly, there are inevitably important lessons to be learned. The same principle applies to government. <sup>4</sup>

If a public agency is willing to be an enterprising government and venture to subsidize a stadium development project, then the agency's success will rest upon the degree by which they are truly enterprising and how well they can apply specialization of strategic planning and decision-making. But, the issue of most importance is stadium ownership. Ultimately, the stadium issue will narrow down to an economic development issue of property rights and ownership. It is here where public enterprising skills and specialization are most critical; the agency will either derive public value or costly mismanagement. Baim astutely recognizes this economic aspect of specialization with regard to stadium public ownership, he states:

When property rights are clearly defined the decision-maker becomes more aware of the costs and benefits of his or her actions. When rights are easily traded, they flow from low valued users to high valued users. Since productive resources are valued for the profits they generate, the individual who purchases a firm does so because he or she believes his, or her talent, combined with the firm's resources, will bring a higher return than it did to his or her predecessor. What will develop is a degree of specialization in knowledge regarding specific industries, such as automobile parts or sports (stadium) management. Those who successfully identify mismanagement will be rewarded with increased wealth. <sup>5</sup>

It is important to resolve municipal economic/community development issues with a degree of specialization in strategic planning and decision-making. Stadium decisions are very difficult for local public decision-makers to execute successfully; failure is eminent without leadership and organizational specialization integrated into

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<sup>4</sup> Osborne and Gaebler, 150-151.

<sup>5</sup> Baim, *The Sports Stadium as a Municipal Investment*, 14.

the public decision-making process. Baim notes that the local decision-maker's specialization will lead to a higher community value placed upon the project through a social/political process of creating and utilizing productive resources and developing a community consensus about public ownership; "everyone who lives in the jurisdiction shares in the costs and benefits of management's behavior."<sup>6</sup> When public organizations employ specialization in strategic planning and effective managerial leadership (and decision-making), a better level of community acceptance of a local governmental agency's stadium development decision should result.

In making critical decisions about public subsidization of minor league baseball stadiums, local political leaders must concern themselves with the issues that most closely impact their jurisdiction and administration, in that order. Therefore, the issues or implications that are largely unique to a municipal government and respective community should be well integrated into the decision-making process. Johnson more specifically indicates that, "if the stadium and team are to be evaluated as true community resources they must serve the entire community"<sup>7</sup> Therefore, developing an outline to guide each political decision-maker is essential; without an outline (or guideline), objective viewpoints can evolve into political opinions about the smallest of details.

Positive political leadership and enterprising public agency organizations can affectively identify and evaluate community needs. The focus is to achieve results that

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<sup>6</sup> Ibid.

<sup>7</sup> Johnson, *Minor League Baseball and Local Economic Development*, 252.

serve the community; the mission is to create public value through sound investment; however, a simple outline for successful public decisions is tantamount. A good decision-making strategy should employ a general outline resembling the following cumulative aspects:

**TABLE 11    General Outline for Strategic Planning and Public Decision-making**

- 
1. Understand overall service mission of public agency;
  2. Identify departmental and staff level expertise;
  3. List goals and programs of all integrated staff divisions;
  4. State community growth needs and demands;
  5. Investigate growth management element and quality of life issues;
  6. Analyze general plan and land-use planning options;
  7. Indicate opportunities with master plan of city parks element;
  8. Provide local economic development profile and forecast;
  9. Survey community for consensus on development and programming;
  10. Promote development program via positive utility of framework;
  11. Assemble project team from agency resources; and,
  12. Invite community to public design workshops.
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Source: Comprised of cumulative aspects and findings from the literature review of Chapter II, Figures 1 through 7; from profile of case studies in Chapter III; and also from the analysis of case studies in Chapter IV.

This recommended outline presents twelve key aspects which will have a significant impact on a local governmental agency decision to entertain a stadium development project. A general outline should not be limited to these aspects for



effective public decision-making. Furthermore, there are various specific studies and analyses that should also be executed as tools for decision-making, such as: feasibility study; market analysis; economic impact report; task force recommendations; and, benefit-cost analysis, to name a few. However, a stadium development will ultimately be successful or not by how well a stadium project fits the needs and orientation of the community and its people.

The critical factor in evaluating success, however, is how well the stadium serves the community's nonbaseball recreational and entertainment needs. When officials utilize a stadium during the months baseball is not played, not only will a community's quality of life be enhanced, but the economic development function of the stadium will be maximized as well.<sup>8</sup>

Johnson, as indicated by the above quotation, has sensitively applied a practitioner's perspective to his academic study and analysis of minor league baseball stadiums and local economic development decision-making. From this perspective it is clearly concluded and understood why the Rancho Cucamonga multi-purpose stadium development has proven to be a well received addition to the community and how the Lake Elsinore officials became the subject of immense criticism from the community for being so overwhelmed financially for a single-purpose stadium.

However, this perspective prompts questions about Riverside officials not being able to reach consensus about a downtown multi-purpose and professional baseball stadium development project. For the City of Riverside, such a development would at minimum, continue the tradition of minor league baseball in a tradition-steeped community with greater resources than both Rancho Cucamonga and Lake Elsinore.

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<sup>8</sup> Ibid. 253.

The Future of Private-Public Relationships: Value of Public Benefit

Baseball, hockey and football have produced professional level competition at both the major and minor league level throughout this century. Public-private relationships in professional sports has become the norm in just the past forty years, with a substantial increase in public-private partnerships between professional baseball stadiums and minor league home teams. Over this span of time, public officials have been aware that the taxpayers' dollar has been the desired capture of private parties from public purses. However, of late, public officials have had to be on guard from private parties with a modern strategy and vigor that is quite different than before. Private parties are aiming much higher for grandiose stadium designs and they are less respectful of the taxpayers' dollar. Public agencies and officials can gain some advantage to this era of private-public relationships, but those whom enter into critical negotiations without preparation and a reasonable plan or strategy have much to lose.

Moore, in his book *Creating Public Value*, offers a unique perspective about public agencies organizational behavior that relates to this new era of public-private relationships. Moore comments on the aspect of risking democratic accountability:

In general, in a democracy, it is probably a greater virtue to keep lines of communication and accountability open to many people with interests and views in what should be done. That remains true until such openness allows too many 'special interests' to creep in and makes it impossible for managers to respond to new political or technical possibilities.<sup>9</sup>

In the case of Riverside, a community which could support minor league baseball (with an adequate facility), a city which has great development possibilities for a well

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<sup>9</sup> Moore, 303.

integrated stadium, decision-makers allowed too many special interest participants to be involved with the final decision.

Riverside's decision ended up not being about the original pursuit or problem statement. The community's potential for a successful multi-purpose stadium was foregone to rectify high school football and youth sports interests and demands. Riverside officials did not present an enterprising perspective on their stadium issue. The opportunity existed for Riverside to promote investment in their downtown by spending money on a stadium project integrated with the Mission Village plan, an investment that by gauging or measuring would very likely result in a return on investment. Osborne and Gaebler suggest:

Businesses focus on both sides of the balance sheet: spending and earning, debits and credits. They don't care as much about the spending side as the earning side: they will spend whatever is necessary to maximize their returns. But governments look only at the spending side of the ledger. Ignoring returns, they concentrate only on minimizing costs. Frequently they refuse even to consider significant investments that would generate significant returns - simply because of the cost.<sup>10</sup>

Rancho Cucamonga officials began their decision-making process internally through staff level ideation and expertise; the stadium development maintained a parks and recreation demand resolution focus throughout. Public officials felt that the public-private relationship was not the primary factor for building the multi-purpose baseball stadium and sports complex. Once a private party identified themselves with great interest to be a part of a quality stadium development, public officials later enacted this relationship successfully for both parties.

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<sup>10</sup> Osborne and Gaebler, 205.

Lake Elsinore's scenario provides proof of the alternate: when a public agency is guided and persuaded to enact public-private relations to build a stadium by private interests (an investment/development entity), they stand to be the loser in what is essentially a business deal without a public good motive. Danielson forewarns about the effects of privatization:

Privatization has become a favored solution for many public problems, but privatization in professional team sports has meant more private profits and greater public liabilities. Almost everywhere, the increasingly aggressive behavior of teams and leagues has enhanced the influence of local political and business leaders who seek sports at any price. And the public costs are bound to mount. Each new deal ratchets up the going price while every innovation speeds the financial and physical obsolescence of existing buildings and their leases. The classic ballparks lasted half a century or more, the initial public stadiums thirty or so years, and more recent facilities only a decade or two.<sup>11</sup>

A local government agency decision about whether or not to build a minor league baseball stadium using taxpayers' dollars is most effectively and appropriately made by integrating sound economic development policy, precise urban land-use planning guidelines and public administrative staff professional expertise within the political decision-making process. Hence, this theory employed does not necessarily suggest that a successful stadium development project will result. However, the economic and community impact of a stadium are two measures by which success can be determined.

It is expected that a stadium which serves the community well is likely to be evaluated as a successful development. As previously noted, the total community should be considered - the baseball aficionado as well as the non-baseball user - if the

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<sup>11</sup> Danielson, *Home Team: Professional Sports and the American Metropolis*, 305.

stadium is to be accounted as a positive community resource. In order to determine whether a particular community is well served by a stadium development, many externalities and intangible benefits will be considered, along with the indirect and direct benefits which are more aptly defined. Baim suggests that public officials analyze the "advisability of stadium funding" by devoting resources to "measuring the external economic benefits of teams and stadiums";<sup>12</sup>

So that city planners and financial advisors can more precisely project if a stadium project is worthwhile, they must be able to project not only what economic benefits might accrue in different environments, but the magnitude of those benefits, when they are likely to arrive, where geographically they are likely to occur, and which sectors of the economy will be benefited or (in some cases) harmed.<sup>13</sup>

The sector which is least likely to benefit from the stadium development project is the not-for-profit (or public-benefit) sector. The portion of the community aligned to the public-benefit sector are those in the community at large that are considered needy and poor. Public officials, when evaluating stadium benefits, will obviously focus primarily on the financial bottom line. Indirect public benefits are predominantly overlooked. To realize the true public value of a stadium development, direct and indirect public benefit projections should be evaluated for all of the community that can or will derive benefit from the stadium.

A public agency deciding on whether or not to build a stadium using taxpayers' dollars should mandate the decision-makers to include in the plan (physical design and

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<sup>12</sup> Baim, 221.

<sup>13</sup> Ibid.

facilities programming), use and benefit opportunities for the population of the community that are typically needy and poor. Private-public-public benefit relationships is an area of academic study which should be expanded, to assist public officials against private windfalls from public subsidized stadiums.

### CONCLUSION

This paper has investigated the current scholarly literature and three Southern California local municipal case studies about how public officials should and do render decisions on public subsidization of professional minor league baseball stadiums.

While there is some certainty and consensus amongst authors that economic rationale for public subsidization of stadiums is weak and that public officials should carefully evaluate all public benefits before spending taxpayers' dollars, this is not the case for the local case studies. Local officials and decision-makers of the case studies were concerned with a much different set of parameters than that of which the literature implies.

There does not exist a common decision-making process or model utilized with any uniformity from the study of local cases herein. Decision-makers of the case studies did not attempt to integrate a stadium development project with an economic development strategy. It can also be concluded that the local governmental agencies made uniquely different public decisions and in two cases, built very different stadium development projects. The common denominator from the case studies is that the public officials of each case belabored about the fiscal implementation of a specific stadium plan. The financial concerns were real - the stadium issue was carrying an

average price tag of \$18 million dollars between 1993 to 1996.

Local officials were not fully prepared to make appropriate and effective decisions regarding public subsidization of professional minor league baseball stadiums. The process of making the decision to build, or not, essentially became the first such experience that the public officials engaged in. From a community resource standpoint, local municipal agency administrations provided 'on-the-job' training for officials and decision-makers to become experienced in this scale of public decision-making. However, seemingly no consideration was provided to avoid making costly mistakes, nor to enterprising and maximizing returns through choice investment decisions with public subsidies as capital.

Ultimately, local public decision-makers are costing their residents large sums of taxpayers' dollars with decisions to subsidize stadiums. Local Southern California governmental agencies should consider the stadium decision as a process which requires a great deal of specialization, strategic planning and appropriate decision-making methods. A decision to subsidize a baseball stadium should enhance the quality of life of a community and be a fully integrated and shared public resource. If a minor league professional baseball stadium development can not improve upon the economic, social, or environmental quality of life of a local municipality, then the stadium issue should be foregone. This would ultimately lead to a better economy of informed local governmental agency decisions about whether or not to build a minor league baseball stadium using taxpayers' dollars.

## APPENDIX



**Appendix A. Template of literature review and research summary notes**

**A. Book or paper/Author(s):** \_\_\_\_\_

**B. Focus of Writing; Major:** \_\_\_\_\_

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**Minor (if found):** \_\_\_\_\_

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**C. Summary Discussion, (Relationship to paper and theoretical development):** \_\_\_\_\_

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**D. Main or Critical Viewpoint expressed by Author(s); Economics, Politics, Politicians, Public and/or Business Administrations , etc. :** \_\_\_\_\_

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**E. Analysis: Findings and Implications:** \_\_\_\_\_

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**Appendix B. Template of Standard Outline of Questioning for Fact-Finding Interviews**

**1. What original circumstances generated stadium issue discussions and who championed the effort to consider stadium development?**

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**2. Did stadium issue discussions parallel other economic growth or development opportunities in your local community?**

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**3. Was the stadium issue a part of a comprehensive economic strategic planning effort or over-riding local public policy?**

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**4. Was a stadium development project considered a central element of a larger scale planning mission?**

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5. Is local economic growth expected from the public investment in a stadium development project?

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6. Are there expected economic or public benefits from subsidizing a stadium and hosting a minor league professional baseball team?

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7. How have economic or public benefits been evaluated and estimated?

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8. Was a decision-making process employed to decide whether or not to build a stadium?

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9. Was Benefit-Cost Analysis (BCA) utilized to aid the political decision to build or not; was there a set plan, distinct outline, or development model utilized to aid a decision about the stadium issue?

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**ADDITIONAL COMMENTS AND DISCUSSION** \_\_\_\_\_

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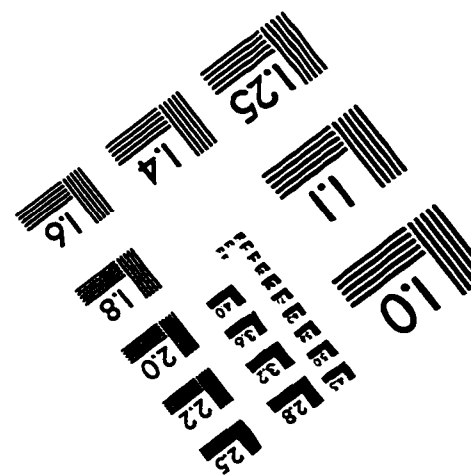
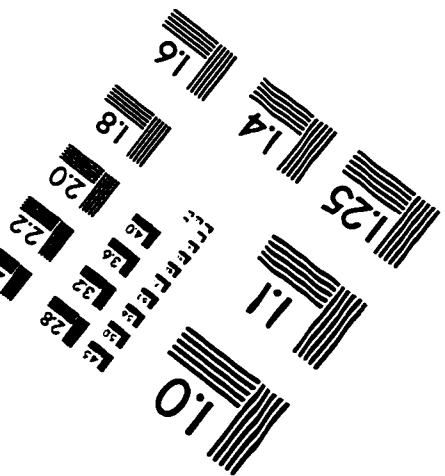
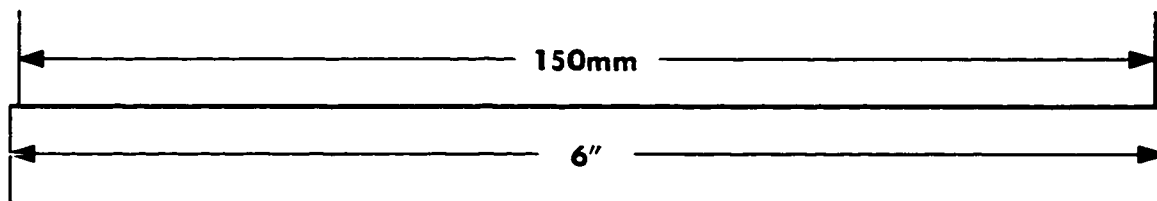
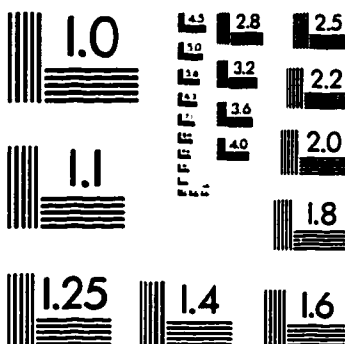
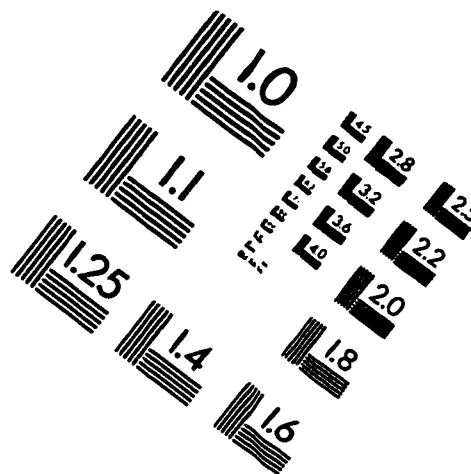
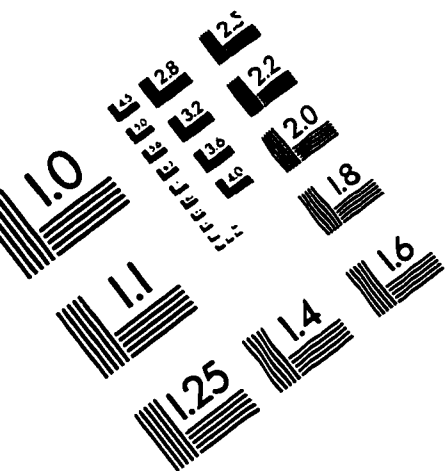
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APPLIED IMAGE, Inc  
1653 East Main Street  
Rochester, NY 14609 USA  
Phone: 716/482-0300  
Fax: 716/288-5989

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